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

FORM 20-F

(Mark One)

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

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2017.

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

OR

o **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 . . . . . .
Commission file number 001-37485

Jupai 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)

Yinli Building, 8/F
788 Guangzhong Road
Jingan District
Shanghai 200072
People's Republic of China

(Address of principal executive offices)

Min Liu, Chief Financial Officer
Yinli Building, 8/F
788 Guangzhong Road
Jingan District
Shanghai 200072
People's Republic of China
Phone: (86 21) 6026-9003
Email: maine.liu@jpinvestment.cn
Fax: (86 21) 6086-8856

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Name of each exchange on which registered
American Depositary Shares, each representing six ordinary shares	**New York Stock Exchange**
Ordinary shares, par value US$0.0005 per share*	

***Not for trading, but only in connection with the listing on the New York Stock Exchange 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.

198,143,739 ordinary shares as of December 31, 2017 (excluding 10,107,882 ordinary shares issued to our depositary bank for bulk issuance of ADSs reserved under our share incentive plan and 593,466 unvested restricted shares)

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). x Yes o No

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

Large accelerated filer o Accelerated filer x Non-accelerated filer o Emerging growth company x

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. x

*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 x International Financial Reporting Standards as issued by the International Accounting Standards Board o Other o

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. o Item 17 o 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). o Yes x No

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

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

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INTRODUCTION

Unless otherwise indicated and except where the context otherwise requires, references in this annual report on Form 20-F to:

- "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;
- "Jupai," "we," "us," "our company" and "our" refer to Jupai Holdings Limited and its subsidiaries, the Company's variable interest entities, or VIEs, and their respective subsidiaries;
- "Asset under management" or "AUM" refers to the amount of capital contributions made by investors to the funds we manage, for which we are entitled to receive management fees. The amount of our AUM is recorded and carried based on the historical cost of the contributed assets instead of fair market value of assets for almost all our AUM. For assets denominated in currencies other than Renminbi, the AUM are translated into Renminbi upon their contribution, without interim value adjustments solely due to changes in foreign exchange rates;
- "ordinary shares" or "shares" refers to our ordinary shares of par value US$0.0005 per share;
- "RMB" and "Renminbi" refer to the legal currency of China;
- "US$," "U.S. dollars," "$," and "dollars" refer to the legal currency of the United States; and
- "U.S. GAAP" refers to generally accepted accounting principles in the United States.

This annual report on Form 20-F includes our audited consolidated financial statements including the statement of operations for the years ended December 31, 2015, 2016 and 2017 and the consolidated balance sheet as of December 31, 2016 and 2017.

Effective July 1, 2016, we changed our reporting currency from the U.S. dollars to Renminbi. The aligning of the reporting currency with the underlying operations better reflects our results of operations for each period, and reduces the impact that the increased volatility of the Renminbi to U.S. dollars exchange rate will have on our reported operating results. This annual report contains translations of certain Renminbi amounts into U.S. dollars for convenience. Prior period financial results for the years ended December 31, 2013, 2014 and 2015 have been recast into the new reporting currency.

Unless otherwise noted, all translations from Renminbi to U.S. dollars in this annual report were made at RMB6.5063 to US$1.00, the noon buying rate for December 29, 2017 as set forth in the H. 10 statistical release of the Board of Directors of the Federal Reserve System. We make no representation that the Renminbi or U.S. dollar amounts referred to in this annual report could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. The PRC government restricts the conversion of Renminbi into foreign currency and foreign currency into Renminbi

for certain types of transactions. On April 6, 2018, the noon buying rate set forth in the H. 10 statistical release of the Board of Directors of the Federal Reserve System was RMB6.3045 to US$1.00.

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FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements that relate to our current expectations and views of future events. The forward-looking statements are contained principally in the items entitled "Information on the Company," "Risk Factors," "Operating and Financial Review and Prospects," "Financial Information" and "Quantitative and Qualitative Disclosures About Market Risk." Our forward-looking statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under "Risk Factors," which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigations Reform Act of 1995. You can identify some of these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions, although not all forward-looking statement contain these words. Forward-looking statements include, but are not limited to, statements relating to:

- our goals and strategies;
- our future business development, financial condition and results of operations;
- the expected growth of the wealth management services market as well as the asset management services market;
- our expectations regarding demand for, and market acceptance of, our services;
- PRC governmental regulations and policies governing the financial services and wealth management industries;
- competition in the wealth management services industry as well as the asset management services industry; and
- general economic and business conditions, particularly in China.

You should read thoroughly this annual report and the documents that we refer to herein with the understanding that our actual future results may be materially different from and/or worse than what we expect. Other sections of this annual report, including the Risk Factors and Operating and Financial Review and Prospects, discuss factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

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

PART I.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

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ITEM 3. KEY INFORMATION

A. Selected Financial Data

Our Selected Consolidated Financial Data

The following table presents our selected consolidated financial information. The selected consolidated statements of operations and comprehensive income data for the years ended December 31, 2015, 2016 and 2017, the selected consolidated balance sheet data as of December 31, 2016 and 2017 and the selected consolidated cash flow data for the years ended December 31, 2015, 2016 and 2017 have been derived from our audited consolidated financial statements included elsewhere in this annual report. The selected consolidated statements of operations and comprehensive income data for the years ended December 31, 2013 and 2014, the selected consolidated balance sheet data as of December 31, 2013, 2014 and 2015 and the selected consolidated cash flow data for the years ended December 31, 2013 and 2014 have been derived from our audited consolidated financial statements not included in this annual report. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP.

Our historical results do not necessarily indicate our results expected for any future periods. You should read the following information in conjunction with our consolidated financial statements and related notes included elsewhere in this annual report.

	For the Year Ended December 31,					
	2013	2014	2015	2016	2017	2017
	RMB	RMB	RMB	RMB	RMB	USD
Summary Data of Consolidated Income and Comprehensive Income:						
Revenues:						
Third-party revenues	125,662,898	204,497,122	266,182,435	415,295,453	479,917,547	73,761,977
Related-party revenues	14,225,910	34,558,013	336,254,013	716,130,680	1,232,785,709	189,475,694
Total revenues	139,888,808	239,055,135	602,436,448	1,131,426,133	1,712,703,256	263,237,671
Business taxes and related surcharges	(1,016,347)	(1,378,386)	(7,427,171)	(3,715,689)	(6,541,634)	(1,005,431)
Net revenues	138,872,461	237,676,749	595,009,277	1,127,710,444	1,706,161,622	262,232,240
Operating cost and expenses:						
Cost of revenues	(22,926,199)	(65,094,587)	(235,943,955)	(477,034,912)	(737,507,904)	(113,352,889)
Selling expenses	(23,816,649)	(35,233,118)	(87,091,525)	(237,297,482)	(282,171,751)	(43,369,004)
General and administrative expenses	(27,309,878)	(42,813,000)	(91,777,836)	(155,958,876)	(204,052,576)	(31,362,307)
Other operating income — government subsidy	4,813,132	14,438,658	23,684,945	37,385,834	41,138,443	6,322,863
Total operating cost and expenses	(69,239,594)	(128,702,047)	(391,128,371)	(832,905,436)	(1,182,593,788)	(181,761,337)
Income from operations	69,632,867	108,974,702	203,880,906	294,805,008	523,567,834	80,470,903
Other income:						
Realized exchange gain (loss)	—	—	2,095,199	(19,568)	(2,040,641)	(313,640)
Gain from deconsolidation of subsidiaries	—	623,560	—	—	—	—
Interest income	403,016	1,143,937	2,794,977	3,712,918	11,385,895	1,749,980
Investment income	6,764,375	12,544,293	19,076,015	12,619,887	10,012,216	1,538,849
Gain from disposal of investment in affiliates	—	—	2,330,001	—	—	—
Interest expense	(96,595)	(91,382)	—	—	—	—
Total other income	7,070,796	14,220,408	26,296,192	16,313,237	19,357,470	2,975,189
Income before taxes and income (loss) from equity in affiliates	76,703,663	123,195,110	230,177,098	311,118,245	542,925,304	83,446,092
Income tax expense	(19,829,671)	(34,310,731)	(67,246,490)	(82,612,132)	(122,998,509)	(18,904,525)
(Loss) gain from equity in affiliates	(841,335)	476,516	4,333,847	1,539,316	2,579,447	396,453
Net income	56,032,657	89,360,895	167,264,455	230,045,429	422,506,242	64,938,020
Net loss (income) attributable to non-controlling interests	648,181	(1,574,887)	(13,787,949)	(22,461,561)	(13,014,063)	(2,000,224)
Net income attributable to Jupai shareholders	56,680,838	87,786,008	153,476,506	207,583,868	409,492,179	62,937,796
Deemed dividend on Series B convertible redeemable preferred shares	—	(46,198,890)	—	—	—	—
Net income attributable to ordinary shareholders	56,680,838	41,587,118	153,476,506	207,583,868	409,492,179	62,937,796

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	For the Year Ended December 31,					
	2013	2014	2015	2016	2017	2017
	RMB	RMB	RMB	RMB	RMB	USD
Net income per share:						
Basic	0.56	0.36	1.06	1.08	2.09	0.32
Diluted	0.56	0.36	1.01	1.03	1.99	0.31
Weighted average number of shares used in computation:						
Basic	100,000,000	83,683,960	114,124,300	192,674,014	195,467,414	195,467,414
Diluted	100,866,480	114,445,361	119,598,947	200,765,917	205,671,904	205,671,904

	As of December 31,					
	2013	2014	2015	2016	2017	2017
	RMB	RMB	RMB	RMB	RMB	USD
Summary of Consolidated Balance Sheet Data:						
Cash and cash equivalents	32,577,822	193,098,712	795,497,163	1,123,166,156	1,527,777,270	234,815,067
Short-term investments	30,785,443	65,236,935	72,446,602	25,210,000	23,203,612	3,566,330
Total current assets	157,761,135	327,609,547	993,964,105	1,473,455,429	1,908,518,999	293,333,999
Goodwill	—	—	259,714,506	277,752,765	261,621,691	40,210,518
Advanced payment for acquisition	—	—	94,888,600	77,560,000	—	—
Investment in affiliates	10,620,000	13,980,000	34,732,868	85,830,444	181,922,556	27,960,986
Total assets	198,480,537	411,893,528	1,569,402,314	2,128,054,419	2,626,087,778	403,622,302
Total current liabilities	46,797,006	119,101,678	377,516,287	482,937,736	697,973,210	107,276,519
Total liabilities	53,111,321	126,878,719	465,133,224	579,783,669	772,219,777	118,688,007
Total liabilities, mezzanine equity and equity	198,480,537	411,893,528	1,569,402,314	2,128,054,419	2,626,087,778	403,622,302

	For the Year Ended December 31,					
	2013	2014	2015	2016	2017	2017
	RMB	RMB	RMB	RMB	RMB	USD
Summary of Consolidated Cash Flow Data:						
Net cash provided by (used in) operating activities	105,515,396	149,448,775	369,053,507	188,263,729	617,527,056	94,912,172
Net cash provided by (used in) investing activities	(92,293,897)	(36,776,769)	(75,307,251)	1,878,091	(74,041,982)	(11,380,044)
Net cash provided by (used in) financing activities	12,956,595	47,730,387	293,994,196	114,406,429	(121,147,657)	(18,620,053)
Effect of exchange rate changes	368,193	118,497	14,657,999	23,120,744	(17,726,303)	(2,724,485)
Net increase in cash and cash equivalents	26,546,288	160,520,890	602,398,451	327,668,993	404,611,114	62,187,590
Cash and cash equivalents at beginning of period	6,031,534	32,577,822	193,098,712	795,497,163	1,123,166,156	172,627,477
Cash and cash equivalents at end of period	32,577,822	193,098,712	795,497,163	1,123,166,156	1,527,777,270	234,815,067

Exchange Rate Information

Unless otherwise noted, translations of all Renminbi to U.S. dollar amounts in this annual report were made at a rate of RMB6.5063 to US$1.00, which was the certified exchange rate in effect as of December 29, 2017 published by the Board of Directors of the Federal Reserve System. The certified exchange rate on April 6, 2018 was RMB6.3045 to US$1.00. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all.

The following table sets forth information concerning exchange rates between Renminbi and U.S. dollars for the periods indicated. The exchange rates refer to the exchange rates as set forth in the H.10 statistical release of the Board of Directors of the Federal Reserve System. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this annual report or will use in the preparation of our periodic reports or any other information to be provided to you.

Period	Noon Buying Rate			
	Period-End	Average[1]	Low	High
	(RMB per US$)			
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
October	6.6328	6.6254	6.6533	6.5712
November	6.6090	6.6200	6.6385	6.5967
December	6.5063	6.5932	6.6210	6.5063
2018				
January	6.2841	6.4233	6.5263	6.2841
February	6.3280	6.3183	6.3471	6.2649
March	6.2726	6.3174	6.3565	6.2685
April (through April 6)	6.3045	6.2960	6.3045	6.2785

(1) Annual averages are calculated using the average of month-end rates of the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant month.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Related to Our Business and Industry

Our limited operating history makes it difficult to evaluate the prospects of our business model, which relies heavily on our wealth management product advisory services.

We have a limited operating history. We commenced our wealth management services to distribute wealth management products in July 2010. We refer to "wealth management product" as an investment venture in which investors participate for wealth preservation or appreciation. From January 2013, we have also started from January 2013 to provide asset management services, including management of real estate or related funds and other fund products, to complement our wealth management product advisory services. Our net revenues increased from RMB595.0 million in 2015 to RMB1.1 billion in 2016 and to RMB1.7 billion in 2017. However, our historical growth rate may not be indicative of our future performance, especially if we are unable to maintain and further improve our wealth management product advisory and asset management capabilities to achieve our clients' expectation of the investment returns.

Prior to 2015, substantially all of our revenue was attributable to one-time commissions and recurring service fees generated through our wealth management product related services. However, these revenues may not grow at the same rate as it had in the past. In addition, as the provision of our asset management and other services is at an early stage, we cannot assure you that these businesses will continue to grow or our attempts to further expand our service offerings will be successful.

In addition, the development of our business will primarily depend on the continued and growing demand for our services and products. Any failure on our part to keep up with the development of the wealth management service and asset management service sectors or our failure to respond to product innovation may materially and adversely affect the growth of our business.

You should consider our prospects in light of the risks and uncertainties that fast-growing companies with limited operating histories may encounter.

We may not be able to effectively manage our growth or implement our future business strategies, in which case our business and results of operations may be materially and adversely affected.

We have experienced a period of rapid growth and expansion that has placed, and continues to place, significant strain on our management and resources. Factors relating to our business that may impact our growth and cause fluctuations include:

- a decline or slowdown of the growth in the value of products we distribute or manage;
- a reduction of the value of our invested assets and the investment returns credited to investors, which could reduce revenues from the asset management services;
- changes in laws or regulatory policies that could impact our ability to provide wealth management product advisory services and/or asset management services to our clients;
- negative publicity regarding the financial services industry in China;

- unanticipated delays of product or service rollouts;
- unanticipated changes to economic terms in contracts with our wealth management product providers, including renegotiations that may not be favorable to us or our clients;
- failure to enter into contracts with new wealth management product providers and cancellations of existing contracts with wealth management product providers;
- increases in the number of clients who decide to terminate their relationship with us or who ask us to redeem their investment in the products that we distribute; and
- continued volatility or declines in the equity, debt or real estate markets that reduce the assets under our management and may result in the clients' withdrawing their investments.

We believe that our continued growth will depend on our ability to effectively implement our business strategies and address the above listed factors that may affect us.

In order to strengthen our leading market position in the third-party wealth management service industry in China, we need to allocate substantial resources to design and develop high-quality products, enhance our ability to source and distribute third-party wealth management products and continue to grow our asset management business, all of which require us to further expand, train, manage and motivate our workforce and maintain our relationships with our clients, third-party product developers, corporate borrowers, and other industry players such as financial institutions and asset management companies. Our capital expenditure may increase due to establishment of additional offices and client centers so as to increase our market penetration. We anticipate that we will also need to implement a variety of enhanced and upgraded operational and financial systems, procedures and controls, including the improvement of our accounting and other internal management systems. All of these endeavors involve risks and will require substantial management efforts, attention and skills, and significant additional expenditure. We cannot assure you that our current and planned personnel, systems, procedures and controls will be adequate to support our future operations. In addition, we cannot assure you that we will be able to manage our growth or implement our future business strategies effectively, and failure to do so may materially and adversely affect our business and results of operations.

We may fail to obtain and maintain licenses and permits necessary to conduct our operations in China, and our business may be materially and adversely affected as a result of any changes in the laws and regulations governing the financial services industry in China.

The laws and regulations governing the financial services industry in China are still evolving. Substantial uncertainties exist regarding the regulatory system and the interpretation and implementation of current and any future PRC laws and regulations applicable to the financial services industry and companies that operate wealth management or asset management businesses. Depending on the type of products and services being offered, our business operation may be subject to the supervision and scrutiny by different authorities. To date, the PRC government has not adopted a unified regulatory framework governing the distribution or management of wealth management products. However, there are laws and regulations governing certain wealth management products that we distribute or manage, such as private equity products, private securities investment funds, asset management plans managed by securities companies or mutual fund management companies, trust products and insurance products.

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New laws and regulations may be adopted to require additional licenses and permits. Our business may be adversely affected if the relevant authorities enhance their scrutiny over the wealth management products we distribute or manage. Currently, a license is required for sales of asset management plans. We believe such license is not required for our sourcing and distribution of wealth management products which feature asset management plans because, while we facilitate the sale of these products and provide ancillary consulting services, we are not directly selling asset management plans to and do not enter into the agreements with end customers. However, due to the lack of a clear and consistent regulatory framework for the sale of asset management plans, we cannot assure you that the relevant PRC government will agree with our interpretation of sales of the relevant rules. If the PRC government interprets the relevant rules differently and deems our services as sales of asset management plans, we may have to change our business model or cease to provide services relating to asset management plans. As a result, our business, results of operations and prospects would be adversely affected.

We cannot assure you that we will be able to maintain our existing licenses or permits, renew any of them when their current term expires or obtain additional licenses necessary for our future business expansion. For example, we sell mutual fund products and asset management plans relying on a license that was issued by the China Securities Regulatory Commission, or the CSRC, to Shanghai Jupai Yumao Fund Sales Co., Ltd., or Yumao, a subsidiary of Shanghai Jupai Investment Group Co., Ltd., or Shanghai Jupai, in December 2014 to sell mutual fund products or other regulated fund products. We refer to "mutual fund" as a securities investment fund as defined under the PRC Law on Securities Investment Fund, which raises capital through public offerings of fund shares within China, and the related capital are managed by fund managers and placed in the custody of fund custodians, and invested in securities portfolios for the holders of fund shares. We cannot assure you that we will be able to maintain our license to sell mutual fund products or other regulated fund products.

Furthermore, new laws and regulations may impose additional restrictions on our business operations. For example, in January 2018, the Asset Management Association of China, or AMAC, issued Notice regarding Filing of Private Investment Fund, or the Filing Notice, which provides that, among others, private investment funds should not make debt investments, including (i) investing in private loans, small loans or factoring facilities or other assets or beneficiary interests of which the nature is borrowing;(ii) lending money through entrusted bank loans or trusts; and (iii) conducting the aforementioned activities through the form of special purpose vehicle or investment enterprise. If the underlying assets of a private investment funds are debt, such private investment funds will not be able to complete the filing with AMAC. Before the release of the Filing Notice, a majority of the private investment funds managed by us invest in corporate bonds with underlying assets as real estate projects. Starting from February 2018, we have ceased to make any new investment in debt assets through our private investment funds, and have started to focus on equity investment in real estate developers with high quality real estate projects. We cannot assure you that after such adjustment our private investment fund will continue to be well received by our clients or will receive the investment return as we expect, or at all.

If future PRC regulations require that we obtain additional licenses or permits, adjust our business strategies or change our products or services in order to continue to conduct our business operations, there is no guarantee that we would be able to do so in a timely fashion, or at all. If any of these

situations occur, our business, financial condition and prospects would be materially and adversely affected. See "Item 4. Information on the Company — B. Business Overview — Regulation."

We may not be able to continue to retain or expand our high-net-worth client base or maintain or increase the amount of investment made by our clients in the products we distribute.

We target China's large population of high-net-worth individuals as our clients. In light of China's ever-evolving wealth management industry for high-net-wealth individuals we cannot assure you that we will be able to maintain and increase the number of our clients or that our existing clients will maintain the same level of investment in the wealth management products that we distribute. As this industry in China is at an early stage of development and highly fragmented and has low barriers to entry, our existing and future competitors may be better equipped to capture market opportunities and grow their client bases faster than us. In addition, the evolving regulatory landscape of China's financial service industry may not affect us and our competitors proportionately with respect to the ability to maintain or grow our client base. We may lose our leading position if we fail to maintain or further grow our client base at the same pace. A decrease in the number of our clients or a decrease in their spending on the products that we distribute may reduce revenues derived from commissions and recurring service fees and monetization opportunities for our asset management services. If we fail to continue to meet our clients' expectations on the returns from the products we distribute or manage or if they are no longer satisfied with our services, they may leave us for our competitors and our reputation may be damaged by these clients, affecting our ability to attract new clients, which will in turn affect our financial condition and operational results.

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If we cannot identify or effectively control the various risks involved in the wealth management products that we distribute or manage, our reputation, client relationships and overall business operations will be adversely affected.

We distribute a broad selection of third-party and self-developed wealth management products, including fixed income products, private equity and venture capital funds, public market products, insurance products and foreign-currency denominated alternative investments, for which we may generate revenue based on one-time commissions and recurring fees. These products often have complex structures and involve various risks, including default risks, interest risks, liquidity risks and others. In addition, we are subject to risks arising from any potential misconduct or violation of law by the product providers or corporate borrowers. Although, the product providers or corporate borrowers of the wealth management products we distributed are typically directly liable to our clients in the event of a product default or otherwise, these incidences may negatively impact the performance of the applicable products that we distribute and adversely affect our reputation. Our success in maintaining our brand image depends, in part, on our ability to effectively control the risks associated with these products. Our wealth management product advisors not only need to understand the nature of the products but also need to accurately describe the products to, and evaluate them for, our clients. Although we enforce and implement strict risk management policies and procedures, they may not be fully effective in mitigating the risk exposure of our clients in all market environments or against all types of risks.

If we fail to identify and effectively control the risks associated with the products that we distribute or manage, or fail to disclose such risks to our clients in a sufficiently clear manner, and as a result our clients suffer financial loss or other damages resulting from their purchase of the wealth management products following our recommendations, our reputation, client relationship, business and prospects will be materially and adversely affected. The poor performance of such products and services, whether self-developed or sourced from third parties, or negative perceptions of the firms offering such products and services, may adversely:

- affect our distribution of such products and reduce our revenue;
- impact client confidence in the products we distribute; or
- impede the launch of new products or fund-raising activities in connection with our asset management business.

Any harm to our reputation or failure to further enhance our brand recognition may materially and adversely affect our business, financial condition and results of operations.

Our reputation and brand recognition, including the brand of E-House Capital, is critical to the success of our business. We believe a well-recognized brand is crucial to increasing our high-net-worth client base and, in turn, facilitate our effort to monetize our services and enhancing our attractiveness to our clients and product providers. Our reputation and brand are vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Regulatory inquiries or investigations, lawsuits and other claims in the ordinary course of our business, employee misconduct, perceptions of conflicts of interest and rumors, among other things, could substantially damage our reputation, even if they are baseless or satisfactorily addressed.

Any perception that the quality of our wealth management product recommendations or the management capabilities of our fund products may not be the same as or better than that of other wealth management advisory firms or product distributors or other asset management firms can also damage our reputation. For example, if the performance of our fund of funds products or real estate or related fund products falls below expectations, they may be linked to negative perceptions that may damage our reputation and brand recognition. Moreover, any negative media publicity about any of the products that we distributed, the financial services industry or wealth management service industry in general, or product or service quality problems at other firms in the industry, including our competitors, may also negatively impact our reputation and brand. Negative perceptions of certain financial products and services, or the financial industry in general, may increase the number of withdrawals and redemptions or reduce purchases made by our clients, which would adversely impact our revenues and liquidity position.

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If we are unable to maintain a good reputation or further enhance our brand recognition, our ability to attract and retain clients, wealth management product providers and key employees could be harmed and, as a result, our business and revenues would be materially and adversely affected.

Our future success depends on our continued efforts to retain our existing management team and other key management as well as to attract, integrate and retain highly skilled and qualified personnel, and our business may be disrupted if we lose their services.

Our future success depends heavily on the continued services of our current executive officers. If any of our executive officers or other key management are unable or unwilling to stay in their present positions, we may not be able to find suitable replacements, which may disrupt our business operations. We do not have key personnel insurance in place. If any of our executive officers or other key management joins a competitor or forms a competing company, we may lose clients, know-how, key professionals and staff members. Each executive officer has entered into confidentiality and non-competition agreements with us. However, if any dispute arises between our executive officers and us, we cannot assure you of the extent to which any of these agreements could be enforced in China, where these executive officers reside, because of the uncertainties of China's legal system. See "— Risks Related to Doing Business in China — Uncertainties in the interpretation and enforcement of PRC law and regulations could limit the legal protections available to you and us."

We also rely on the skills, experience and efforts of our experienced service professionals, including our wealth management product advisors, client managers and product development personnel. Our wealth management product advisors and client managers mainly recommend wealth management products. Our asset management personnel also design our self-developed products. The investment performance of products distributed or managed by us and the retention of our clients are partly dependent upon the strategies carried out and performance by our talents. The market for these talents is extremely competitive. The turnover rate of our wealth management product advisors, client managers and product development personnel for 2015, 2016 and 2017 is approximately 34%, 37% and 37%, respectively. If we are unable to attract and retain qualified individuals or our recruiting and retention costs increase significantly, our financial condition and results of operations could be materially and adversely impacted.

Our acquisition of or investment in complementary businesses and assets as well as formation of strategic alliances involves significant risk and uncertainty that may prevent us from achieving our objectives and harm our financial condition and results of operations.

We from time to time consider opportunities for strategic acquisitions or investments in complementary businesses and assets and strategic alliances. In July 2015, we acquired Scepter Pacific. In 2016, we acquired UP Capital Management Limited, Non-Linear Investment Management Limited and Shanghai Jupai Yongyu Insurance Brokers Co., Ltd. (previously known as Jiangsu Kang'an Insurance Brokers Co. Ltd.). In 2017, we acquired Pushing International Trade (China) Co., Ltd., which is the holding company of a financial leasing company in the PRC. In addition, we may not be able to complete proposed acquisitions and the completed ones may not benefit our business as intended. See also "Item 4. information on the Company—C. History and Development of the Company." Our future strategic acquisitions and investments could subject us to uncertainties and risks, including:

- costs associated with, and difficulties in, integrating acquired businesses and managing newly acquired business;
- potentially significant goodwill impairment charges;

- high acquisition and financing costs;
- potential ongoing financial obligations and unforeseen or hidden liabilities;
- failure to achieve our intended objectives, benefits or revenue-enhancing opportunities;
- potential claims or litigation regarding our board's exercise of its duty of care and other duties required under applicable law in connection with any of our significant acquisitions or investments approved by the board; and
- diversion of our resources and management attention.

Our failure to address these uncertainties and risks may affect our ability in implementing our acquisition strategies, which may in turn have a material adverse effect on our liquidity, financial condition and results of operations.

Our business may be materially and adversely affected by various fluctuations and uncertainties in China's real estate industry, including government measures aimed at the industry.

To date, a significant portion of the products that we distribute involve real estate or related assets. Historically, this concentration is predominantly among the fixed income products that we distribute. In 2015, 2016 and 2017, the total value of the fixed income products we distributed that have real estate developers as corporate borrowers accounted for 68%, 73% and 69%, respectively, of the total transaction value of all fixed income products we distributed in 2015, 2016 and 2017. Since 2018, we have adjusted to focus on private equity products that make equity investment in real estate developers with high-quality real estate projects. We expect that the real estate or related products will continue to account for a significant portion of the products we distribute.

The success of such products depends significantly on conditions in China's real estate industry and more particularly on the volume of new property transactions in China. Demand for private residential real estate in China has grown rapidly in recent years but such growth is often coupled with volatility and fluctuations in real estate transaction volume and prices.

The PRC government has from time to time taken measures to cool the real estate market and to curb the increase of housing prices by requiring more stringent implementation of housing price control measures. Such measures may depress the real estate market, dissuade potential purchasers from making purchases, reduce transaction volume, cause a decline in selling prices, and prevent developers from raising the capital they need and increase developers' costs to start new projects. In addition, we cannot assure you that the PRC government will not adopt new measures in the future that may result in lower growth rates in the real estate industry. Frequent changes in government policies may also create uncertainty that could discourage investment in real estate.

We are also susceptible to the risks inherent in the operation of real estate-related businesses and assets. These risks include those associated with general and local economic conditions, changes in supply of and demand for competing properties in an area, natural disasters, changes in government

regulations, changes in real property tax rates, changes in interest rates, the reduced availability of mortgage funds, which may render the sale or refinancing of properties difficult or impracticable, and other factors that are beyond our control.

In February 2017, the AMAC, released the No. 4 Filing Rules to regulate real estate investments by the securities and futures institutions. According to the No. 4 Filing Rules, private fund managers, such as our company, are required to follow relevant rules with respect to the investment in the real estate development enterprises or projects. See "Item 4. Information on the Company—B. Business Overview—Regulations." To comply with the No. 4 Filing Rules, we have adjusted our investment strategies and started to increase our investment in real estate or related assets in the cities other than certain popular areas as specified in such rules. AMAC and other regulatory authorities may continue to release new rules and regulations which may impose additional restriction on our business or require us to adjust our current products, services or business practices. As a result, our business, cash flow, or prospect could be materially and adversely affected.

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If significant fluctuations occur in China's real estate industry, or the risks inherent in the ownership and operation of real estate materialize, they may result in decreased value and increased default rates of the wealth management products linked to real estate or the construction and development of the real estate that we distribute or manage, and reduced interest of our clients in purchasing such products, which account for a significant portion of our product choices. As a result, our revenues from such products could be adversely affected, which in turn may materially and negatively affect our overall financial condition and results of operations.

A drop in the investment performance for products distributed or managed by us, a decline in the value of the assets under our management or any decrease in our other services could negatively impact our revenues and profitability.

Investment performance is a key competitive factor for products distributed or managed by us. Strong investment performance helps us to retain and expand our client base and helps generate new sales of products and services. Strong investment performance is therefore an important element to our goals of maximizing the value of products and services provided to our clients or the assets under our management. There can be no assurance as to how future investment performance will compare to our competitors or that historical performance will be indicative of future returns. Any drop or perceived drop in investment performance as compared to our competitors could cause a decline in sales of our investment products and services. These impacts may also reduce our aggregate amount of assets under management and management fees. Poor investment performance could also adversely affect our ability to expand the distribution of third-party wealth management products and our self-developed products.

In addition, the profitability of our growing asset management services depends on fees charged based on the value of assets under management. Any impairment on the value of the assets we manage, whether caused by fluctuations or downturns in the underlying markets or otherwise, will reduce our revenues generated from asset management business, which in turn may materially and adversely affect our overall financial performance and results of operations.

Starting from 2016, we offered consulting services to some peer firms in the asset management industry and other companies seeking for equity investments. Depending on the availability of products suitable, we may not continue this line of services in the future. Furthermore, we negotiate our service fees with our counterparts on a deal-by-deal basis, adding to the level of uncertainty in our revenues from this business.

If we breach the contractual obligations under the fund management documents or fiduciary duties we owe to the fund counterparties in connection with our asset management services, our results of operations will be adversely impacted.

Our asset management business has experienced substantial growth and is expected to continue to grow in the future. We intend to further develop our fund management business by offering and managing a broader variety of funds, including funds of securities investment funds, funds of hedge funds and funds of fixed income funds.

Our asset management business involves inherent risks. For some of the funds that we self-develop or manage, such as contractual funds, we may be exposed to indemnity or other legal liabilities if we are deemed to have breached our legal obligations as fund managers under the fund management documents or fund subscription agreements, and are therefore susceptible to legal disputes and potentially significant damages. In cases where we serve as the general partner or co-general partner for the funds that are in the form of limited partnership, we are required to manage the funds for the limited partners or the investors. We may be removed by the limited partners without cause by their exercising their kick-out rights if they are not satisfied with our services in the roles of general partner or co-general partner of the funds. If we are deemed to have breached our fiduciary duty, we may be exposed to risks and losses related to legal disputes. We could also experience losses on our principal for funds invested by us and the entity as the general partner shall bear unlimited joint and several liabilities for the debts of any fund managed by it out of all its assets. We cannot assure you that our efforts to further develop the fund management business will be successful. If our asset management business fails, our future growth may be materially and adversely affected and our reputation and credibility may be damaged among high-net-worth individuals, which in turn may affect our wealth management product advisory services business.

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Our risk management policies and procedures may not be fully effective in identifying or mitigating risk exposure in all market environments or against all types of risk, including employee and financial advisor misconduct.

We have devoted significant resources to developing our risk management policies and procedures and will continue to do so. Nonetheless, our policies and procedures to identify, monitor and manage risks may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. Many of our risk management policies are based upon observed historical market behavior or statistics based on historical models. During periods of market volatility or due to unforeseen events, the historically derived correlations upon which these methods are based may not be valid. As a result, these methods may not predict future exposures accurately, which could be significantly greater than what our models indicate. This could cause us to incur investment losses or cause our hedging and other risk management strategies to be ineffective. Other risk management methods depend upon the

evaluation of information regarding markets, clients, catastrophe occurrence or other matters that are publicly available or otherwise accessible to us, which may not always be accurate, complete, up-to-date or properly evaluated.

Moreover, we are subject to the risks of errors and misconduct by our employees and advisors, which include:

- engaging in misrepresentation or fraudulent activities when marketing or distributing wealth management products to clients;
- improperly using or disclosing confidential information of our clients, third-party wealth management product providers or other parties;
- concealing unauthorized or unsuccessful activities; or
- otherwise not complying with laws and regulations or our internal policies or procedures.

Although we have established an internal compliance system to supervise service quality and regulation compliance, these risks may be difficult to detect in advance and deter, and could harm our business, results of operations or financial performance.

In addition, although we perform due diligence on potential clients, we cannot assure you that we will be able to identify all the possible issues based on the information available to us. If certain investors do not meet the relevant qualification requirements for products we distribute or under applicable laws, we may also be deemed in default of the obligations required in our contract with the product providers. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk.

Non-compliance on the part of third parties with which we conduct business could disrupt our business and adversely affect our results of operation.

Our third-party wealth management product providers or other business counterparties may be subject to regulatory penalties or punishments because of their regulatory compliance failures, which may affect our business activities and reputation and in turn, our results of operations. Although we conduct due diligence on our business counterparties, we cannot be certain whether any such counterparty has infringed or will infringe any third parties' legal rights or violate any regulatory requirements. We require the business counterparties in the financial services industry to provide their licenses, permits or filing documents in respect of the wealth management products before we distribute their products, but we cannot assure you that these counterparties will continue to maintain all applicable permits and approvals, and any noncompliance on the part of these counterparties may cause potential liabilities to us and in turn disrupt our operations.

The impairment or negative performance of other financial services companies could adversely affect us.

We routinely work with counterparties in the financial services industry, including asset management companies, trust companies, insurers and other institutions, when providing our services. A decline in the financial condition of one or more financial services institutions may expose us to credit losses or defaults, limit our access to liquidity or otherwise disrupt the operations of our businesses. While we regularly assess our exposure to different industries and counterparties, the performance and financial strength of specific institutions are subject to rapid change, the timing and extent of which cannot be known.

Downgrades in the credit or financial strength ratings assigned to the counterparties with whom we transact or other adverse reputational impacts to such counterparties could create the perception that our financial condition will be adversely impacted as a result of potential future defaults by such counterparties. As a result, our operations and financial performances may be adversely impacted.

If the PRC governmental authorities penalize us for our historical promotion of collective fund trust plans, or trust plans, our business, results of operations and prospects may be adversely affected.

Under the Administrative Rules Regarding Trust Company-Sponsored Collective Fund Trust Plans, or the Trust Plan Rules, issued by the China Banking Regulatory Commission, or the CBRC, on January 23, 2007, which became effective on March 1, 2007 and was subsequently amended on February 4, 2009, entities that are not financial institutions cannot conduct "promotion" of collective fund trust plans, or trust plans. A "trust plan" refers to a collective investment arrangement under which a trust company, in its capacity as trustee, manages funds entrusted to it by multiple sources for the interest of specified beneficiaries (often the same as the entrusting parties), by investing the entrusted funds in pre-determined assets or projects to generate returns for the beneficiaries. Investments in trust plans are referred to as trust products. Trust products have been a major wealth management product available to high-net-worth individuals in China. The CBRC strengthened the regulation on promotion of trust plans in a recent circular and its implementation rules, which explicitly prohibit the trust companies from engaging any non-financial institutions to promote trust plans directly or indirectly through advisory, consulting, brokerage or other services. Our distribution of the trust plans and the relevant services we provided may be deemed as "promotion" of the trust plans under the PRC regulations and rules. We have ceased to provide service to new trust plans after the issuance of this circular by the CBRC in April 2014. However, we could also be penalized by the CBRC or other governmental authorities in relation to the trust plans that we assisted to distribute prior to the issuance of the CBRC circular, which could adversely impact our results of operations. See "Item 4. Information on the Company — B. Business Overview — Regulations — Regulations on Trust Products."

Any material decrease in the commission and fee rates for our services may have an adverse effect on our revenues, cash flow and results of operations.

We derive a significant portion of our revenues from commissions and recurring fees paid by wealth management product providers and corporate borrowers when our clients invest in the products we distribute. The commission and recurring fee rates are set by such product providers and corporate borrowers or negotiated between such parties and us, and vary from product to product. Although the fee rates within any given category of the products we distribute remained relatively stable during the applicable periods referenced in this annual report, future commission and recurring fee rates may be subject to change based on the prevailing political, economic, regulatory, taxation and competitive factors that affect product providers or corporate borrowers. These factors, which are not within our control, include the capacity of product providers to place new business and realize profits, client demand and preference for wealth management products, the availability of comparable products from other product providers at a lower cost, the availability of alternative wealth management products to clients and the tax deductibility of commissions and fees. In addition, the historical volume of wealth management products that we distributed or managed may have a significant impact on our bargaining power with third-party wealth management product providers in relation to the

commission and fee rates for future products. Because we do not determine, and cannot predict, the timing or extent of commission and fee rate changes with respect to the wealth management products, it is difficult for us to assess the effect of any of these changes on our operations. In order to maintain our relationships with the product providers and to enter into contracts for new products, we may have to accept lower commission rates or other less favorable terms, which could reduce our revenues. Although we believe that substitute third-party providers for most of the wealth management products we distribute are generally available, if some of our key wealth management product providers decide not to enter into new contracts with us, or our relationships with them are otherwise impacted, our business and operating results could be materially and adversely affected. Furthermore, as we continue to grow our asset management services, we may face similar fee rates risk in connection with our asset management services.

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We derive a substantial portion of our revenues from several affluent cities in China, and we face market risk due to our concentration in these cities.

As of December 31, 2017, we derived our revenues from 72 client centers in 46 affluent cities in China and overseas, such as Shanghai, Beijing, Hangzhou and Shenzhen. In 2017, approximately 28.4% of our total revenues were derived from Shanghai and Hangzhou alone. We expect these two urban centers to continue to be important sources of revenues. If any of these major urban centers experiences an event that negatively impacts the local real estate or financial industries, such as a serious economic downturn or contraction, a natural disaster, or slower growth due to adverse governmental policies or otherwise, demand for our services could decline significantly and our business and growth prospects could be materially and adversely impacted.

We may face increased competition and if we are unable to compete successfully, we could lose our market share and our results of operations and financial condition may be materially and adversely affected.

The wealth management market in China is at an early stage of development and is highly fragmented. As the industry develops, we may face increased competition. In distributing wealth management products, we face direct competition primarily from other third-party wealth management service providers such as Noah Holdings Limited. We also compete with many local PRC commercial banks and insurance companies that have their own wealth management teams and sales forces to distribute their products. In addition, there is a risk that we may not successfully identify new product and service opportunities or develop and introduce these opportunities in a timely and cost-effective manner. New competitors that are better adapted to the wealth management service industry may emerge, which could cause us to lose market share in key market segments.

Our competitors may have better brand recognition, stronger market influence, greater financial and/or marketing resources. For example, the commercial banks we compete with tend to enjoy distribution advantages due to their nationwide distribution networks, longer operating histories, broader client bases and settlement capabilities. Moreover, many wealth management product providers with whom we currently have relationships, such as commercial banks and trust companies, are also engaged in, or may in the future engage in, the distribution of wealth management products and may benefit from the integration of wealth management products with their other product offerings.

In addition, in the asset management service sector, we may face competition from mutual fund management companies and securities firms that have emerged or will emerge in the asset management business in China in the foreseeable future. With an increasing portion of wealth management products being distributed through online or mobile platforms, we expect we may potentially compete with an increasing number of internet finance enterprises.

Any failure to protect our clients' privacy and confidential information could lead to legal liability, adversely affect our reputation and have a material adverse effect on our business, financial condition or results of operations.

Our services involve the exchange, storage and analysis of highly confidential information, including detailed personal and financial information regarding our high-net-worth clients, through a variety of electronic and non-electronic means, and our reputation and business operations are highly dependent on our ability to safeguard the confidential personal data and information of our clients. We rely on a network of process and software controls to protect the confidentiality of data provided to us or stored on our systems. We face various security threats on a regular basis, including cyber-security threats to and attacks on our technology systems that are intended to gain access to our confidential information, destroy data or disable our systems.

If we do not take adequate measures to prevent security breaches, maintain adequate internal controls or fail to implement new or improved controls, this data, including personal information, could be misappropriated or confidentiality could otherwise be breached. We could be subject to liability if we fail to prevent security breaches, improper access to, or inappropriate disclosure of, any client's personal information, or if third parties are able to illegally gain access to any client's name, address, portfolio holdings, or other personal and confidential information. Although we have developed systems and internal control processes that are designed to prevent or detect security breaches and protect our clients' data, we cannot assure you that such measures will provide absolute security. Any such failure could subject us to claims for identity theft or other similar fraud claims or claims for other misuses of personal information, such as unauthorized marketing or unauthorized access to personal information. In addition, such events would cause our clients to lose their trust and confidence in us, which may result in a material adverse effect on our business, results of operations and financial condition.

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We may not be able to prevent unauthorized use of our intellectual property, which could reduce demand for the products that we distribute and our services, adversely affect our revenues and harm our competitive position.

We rely primarily on a combination of copyright, trade secret, trademark and anti-unfair competition laws and contractual rights to establish and protect our intellectual property rights. We cannot assure you that the steps we have taken or will take in the future to protect our intellectual property or piracy will prove to be sufficient. For example, although we require our employees, wealth management product providers and others to enter into confidentiality agreements in order to protect our trade secrets, other proprietary information and, most importantly, our client information, these agreements might not effectively prevent disclosure of our trade secrets, know-how or other proprietary information and might not provide an adequate remedy in the event of unauthorized disclosure of such confidential information. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any trade secret rights against such parties. Implementation of intellectual property-related laws in China has historically been lacking, primarily due to ambiguity in the PRC laws and enforcement difficulties. Accordingly, intellectual property rights and confidentiality protection in China may not be as effective as in the United States or other countries. Current or potential competitors may use our intellectual property without our

authorization in the development of products and services that are substantially equivalent or superior to ours, which could reduce demand for our solutions and services, adversely affect our revenues and harm our competitive position. Even if we were to discover evidence of infringement or misappropriation, our recourse against such competitors may be limited or could require us to pursue litigation, which could involve substantial costs and diversion of management's attention from the operation of our business.

We may face intellectual property infringement claims, which could be time-consuming and costly to defend and may result in the loss of significant rights by us.

Although we have not been subject to any litigation, pending or threatened, alleging infringement of third parties' intellectual property rights, we cannot assure you that such infringement claims will not be asserted against us in the future. Some third parties may own technology patents, copyrights, trademarks, trade secrets and Internet content, which they may use to assert claims against us. We require our advisors, managers and relevant staff to sign agreements upon joining our company, to undertake to follow certain procedures designed to reduce the likelihood that we may use, develop or make available any content or applications without the proper licenses or necessary third party consents. However, these procedures may not be effective in completely preventing the unauthorized posting or use of copyrighted material or the infringement of other rights of third parties.

Intellectual property litigation is expensive and time-consuming and could divert resources and management attention from the operation of our business. If there is a successful claim of infringement, we may be required to alter our services, cease certain activities, pay substantial royalties and damages to, and obtain one or more licenses from third parties. We may not be able to obtain those licenses on commercially acceptable terms, or at all. Any of those consequences could cause us to lose revenues, impair our client relationships and harm our reputation.

Legal or administrative proceedings or allegations against us or our management could have a material adverse impact on our reputation, results of operations, financial condition and liquidity.

We have not been subject to legal or administrative proceedings or third-party allegations historically which were likely to have had a material adverse effect on our business, financial condition or results of operations. We have been, and may from time to time in the future become, a party to such proceedings or claims arising in the ordinary course of our business. Any lawsuit or allegation against us, with or without merit, or any perceived unfair, unethical, fraudulent or inappropriate business practice by us or perceived wrong doing by any key member of our management team could harm our reputation, distract our management from day-to-day operations and cause us to incur significant expenses in the defense of such matters. A substantial judgment, award, settlement, fine, or penalty may generate negative publicity against us and could be materially adverse to our operating results or cash flows for a particular future period, depending on our results for that period. This risk may be heightened during periods when credit, equity or other financial markets are volatile, or when clients or investors are experiencing losses.

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If we fail to maintain our relationship with E-House and SINA, our business and results of operations could be materially and adversely affected.

Both E-House (China) Holdings Limited, or E-House, and SINA Corporation, or SINA, are our existing principal shareholders and are strategically significant for our business and they may help us grow our real estate or real estate-related wealth management products and expand our presence online. By leveraging our partnerships with E-House and SINA, we seek to capture new business opportunities and increase our addressable markets by exploring and entering into the online third-party wealth management and asset management markets. To a certain extent, we rely on continued cooperation with them to develop, innovate and diversify our products offerings. Either of E-House and SINA could, at any time, reduce its support for our business. In addition, their dual role as our substantial shareholders and contractual counterparty could result in conflicts of interest. If for any reason E-House or SINA reduces its support for our real estate or related wealth management products and our online services, our business may be materially and adversely affected.

If the operation of 100run.com is found to violate PRC law, we may no longer distribute products through this platform and our reputation may be negatively affected.

Before August 2014, Shanghai Jupai held 48% equity in Yibairun Investment Consulting (Beijing) Co., Ltd., or Yibairun, which operates the website of *100run.com*. *100run.com* displays information on debt and equity securities fund products online, and its clients can invest in such products through the website with a relatively low minimum investment amount. We used to engage Yibairun in the distribution of certain debt and equity securities, but we did not generate any profit from *100run.com*. In August 2014, we sold our entire holding in Yibairun to a third-party individual. In August 2016, Shanghai Runju Financial Information Service Co., Ltd., or Runju, entered into a website authorization agreement with Yibairun, pursuant to which Runju can control, and receive economic benefits from, the operation of *100run.com*. In September 2017, we acquired a non-controlling interest in Runju. The aggregate value of wealth management products we sold to *100run.com* amounted to RMB1.9 billion, RMB4.5 billion and RMB3.7 billion in 2015, 2016 and 2017, respectively. The laws and regulations regarding peer-to-peer lending and asset management business are constantly and rapidly evolving. The interpretation and enforcement of these laws and regulations remain unclear and are subject to substantial discretion of the regulatory authorities. It is uncertain under the current legal regime whether the business model of *100run.com* would require any business licenses or permits it has not obtained. But we cannot rule out the possibility that the relevant regulatory authorities would take a view that require significant adjustment to the business of *100run.com*, or even view such business model as conducting asset management business through internet without requisite license, which is prohibited by the relevant regulations. See "Information on the Company—Business Overview—Regulation—Regulations on P2P Lending Business." If PRC regulatory authorities deem its operations illegal and order *100run.com* to cease operations, or promulgate new rules and impose restrictions on the operations of *100run.com*, we may no longer be able to distribute products through *100run.com*, our investment interest in Runju may be harmed, and our reputation in the investor community may be adversely affected by our historical affiliation with it. As of the date of this annual report, neither Runju nor us has received any rectification notice from government authorities. If we acquire the controlling interest in Runju or Yibairun in the future or other similar platforms to distribute wealth management products, we may also be subject to greater regulatory oversight due to our ownership of those companies.

We are required to register our client centers outside of our corporate residence address as branch offices under PRC law and any failure to do so may subject our centers to shut-down or penalties.

Under PRC law, a company setting up premises for business operations outside its residence address must register the premises as branch offices with the competent local industry and commerce bureau and obtain business licenses for them as branch offices. We have 72 client centers in 46 cities across China and overseas as of December 31, 2017. As of February 28, 2018, 22 of these client centers in their relevant cities have not been registered as branch offices and the net revenues attributable to these centers, in the aggregate, accounted for 9.5%, 9.7% and 6.4% of our net revenues in 2015, 2016 and 2017,

respectively. We are in the process of applying for the registration of these client centers, and we cannot assure you whether the registration can be completed in a timely manner. Although we have not been subject to any query or investigation by any PRC government authority regarding the absence of such registration, if the PRC regulatory authorities determine that we are in violation of the relevant laws and regulations, we may be subject to penalties, including fines, confiscation of income and suspension of operation. If we become subject to these penalties, our business, results of operations, financial condition and prospects could be materially and adversely affected.

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

As of March 31, 2018, Mr. Jianda Ni, our chairman of the board of directors and chief executive officer, and Mr. Xin Zhou, a director of our company, beneficially own an aggregate of approximately 32.4% of our share capital. As a result of this high level of shareholding, Mr. Ni and Mr. Zhou have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. Also, SINA and Mr. Tianxiang Hu hold 10.9% and 16.0% of our total outstanding shares as of March 31, 2018, respectively. Our principal shareholders may take actions that are not in the best interests of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our ADSs. These actions may be taken even if they are opposed by our other shareholders, including those who hold ADSs. For more information regarding our principal shareholders and their affiliated entities, see “Item 6. Directors, Senior Management and Employees— E. Share Ownership.”

We have granted, and may continue to grant, share options and other share-based compensation in the future, which may materially impact our future results of operations.

As of March 31, 2018, options to purchase 15,642,600 ordinary shares and 8,028,548 restricted shares have been granted, and options to purchase 9,726,528 ordinary shares and 4,135,535 restricted shares are outstanding under our currently effective incentive share plan. As a result of these grants and potential future grants under the plans, we have incurred, and will incur in future periods, significant share-based compensation expenses. We account for compensation costs for all stock options using a fair-value based method and recognize expenses in our consolidated statement of income in accordance with the relevant rules in accordance with U.S. GAAP, which may have a material adverse effect on our net income. Any additional securities issued under share-based compensation schemes will dilute the ownership interests of our shareholders, including holders of our ADSs. See “Item 6. Directors, Senior Management and Employees—B. Compensation of Directors and Executive Officers.” We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key employees and consultants, and we will continue to grant share-based compensation to directors, employees or consultants in the future.

If we fail to implement and maintain an effective system of internal controls, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud.

We are subject to the reporting obligations under the U.S. securities laws. The Securities and Exchange Commission, or the SEC, as required under Section 404 of the Sarbanes-Oxley Act of 2002, has adopted rules requiring a public company to include a report of management on the effectiveness of such company’s internal control over financial reporting in its annual report on Form 20-F. As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules promulgated by the SEC, our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2017 using criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2017.

If we fail to achieve and maintain an effective internal control environment for our financial reporting, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with the Sarbanes-Oxley Act. We may therefore need to incur additional costs and use additional management and other resources in an effort to comply with Section 404 of the Sarbanes-Oxley Act and other requirements going forward. Moreover, effective internal control over financial reporting is necessary for us to produce reliable financial reports. As a result, any failure to maintain effective internal control over financial reporting could result in the loss of investor confidence in the reliability of our financial statements which in turn could negatively impact 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.

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We have limited insurance coverage.

Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies in more developed economies. Other than casualty insurance on some of our assets, we do not have commercial insurance coverage on our other assets and we do not have insurance to cover our business or interruption of our business, litigation or product liability. Moreover, the low coverage limits of our property insurance policies may not be adequate to compensate us for all losses, particularly with respect to any loss of business and reputation that may occur. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured occurrence of loss or damage to property, litigation or business disruption may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating certain of our operations in China do not comply with PRC regulations relating to 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 sell mutual funds and asset management plans sponsored by mutual fund management companies from time to time. While the distribution of mutual funds and asset management plans sponsored by mutual fund management companies is not explicitly categorized as restricted to foreign investment, a license is required for the direct sales of mutual fund and asset management plans sponsored by mutual fund management companies. In practice, such license is generally unavailable to foreign-invested enterprises or their subsidiaries. In order to conduct our direct sales services in the future, we have entered into contractual arrangements through Shanghai Juxiang Investment Management Consulting Co., Ltd., or Shanghai Juxiang, which is one of our PRC subsidiaries, with Shanghai Jupai. Yumao, a wholly owned subsidiary of Shanghai Jupai, holds such license.

Part of our business includes conducting market surveys, which is defined by the current Foreign Investment Catalogue to mean the collection and analysis of information concerning the performance and prospects of certain commercial products and/or services. Market survey is categorized as restricted to foreign investment. The Measures for the Administration of Foreign-Related Investigation, promulgated by the National Bureau of Statistics on July 19, 2004, states that foreign-invested entities cannot conduct market survey unless a license has been granted by the relevant authority. The license application is subject to stringent requirements and is ultimately subject to the discretion of the relevant authority. Because Shanghai Juxiang is unable to obtain such license, we conduct such activities through Shanghai Jupai, which, as a domestic PRC company, is not required to obtain such license for market survey.

In terms of our asset management business, although foreign-invested enterprises incorporated in China are not expressly prohibited from providing asset management services in China, in practice, when managing the various funds, we may also need to invest in projects or funds at the same time. Some targeted projects, such as high-end hotel and office building rental projects are in prohibited or restricted categories for foreign investment. Therefore, we provide asset management services through contractual arrangements between Baoyi Investment Consulting (Shanghai) Co., Ltd., or Shanghai Baoyi, which is one of our PRC subsidiaries, and Shanghai E-Cheng Asset Management Co., Ltd., or Shanghai E-Cheng.

Our contractual arrangements with Shanghai Jupai and Shanghai E-Cheng, and their respective shareholders enable us to (1) have power to direct the activities that most significantly affect the economic performance of Shanghai Jupai and Shanghai E-Cheng; (2) receive substantially all of the economic benefits from Shanghai Jupai and Shanghai E-Cheng in consideration for the services provided by Shanghai Juxiang and Shanghai Baoyi, respectively; and (3) have an exclusive option to purchase all or part of the equity interests in Shanghai Jupai and Shanghai E-Cheng when and to the extent permitted by PRC law, or request any existing shareholder of Shanghai Jupai and Shanghai E-Cheng to transfer any or part of the equity interest in Shanghai Jupai and Shanghai E-Cheng to another PRC person or entity designated by us at any time at our discretion. Because of these contractual arrangements, we are the primary beneficiary of Shanghai Jupai and Shanghai E-Cheng and hence treat each of Shanghai Jupai and Shanghai E-Cheng as our VIE, and consolidate their and their respective subsidiaries' results of operations into ours.

If the PRC government finds that our contractual arrangements do not comply with its restrictions on foreign investment in the wealth management or asset management business, or if the PRC government otherwise finds that we, Shanghai Jupai, Shanghai E-Cheng or any of their respective subsidiaries or client centers are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities, including the CSRC, would have broad discretion in dealing with such violations or failures, including, without limitation:

- revoking our business and operating licenses;
- discontinuing or restricting our operations;
- imposing fines or confiscating any of our income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements with which we or our PRC subsidiaries and consolidated entities may not be able to comply;
- requiring us or our PRC subsidiaries and consolidated entities to restructure the relevant ownership structure or operations;
- restricting or prohibiting our use of the proceeds from the initial public offering or other financing activities of Jupai Holdings Limited to finance the business and operations of our VIEs and their respective subsidiaries; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of any of our consolidated entities in our consolidated financial statements, if the PRC government authorities find our legal structure and contractual arrangements to be in violation of PRC laws, rules and regulations. If any of these penalties results in our inability to direct the activities of Shanghai Jupai or Shanghai E-Cheng that most significantly impact its economic performance and/or our failure to receive the economic benefits from Shanghai Jupai or Shanghai E-Cheng, we may not be able to consolidate Shanghai Jupai or Shanghai E-Cheng into our consolidated financial statements in accordance with U.S. GAAP.

We rely on contractual arrangements with our VIEs, and their respective shareholders for a portion of our China operations, which may not be as effective as direct ownership in providing operational control.

We rely on contractual arrangements with our VIEs, Shanghai Jupai and Shanghai E-Cheng, and their respective shareholders to operate a portion of our operations in China, including asset management services, market survey and the direct sale of mutual funds and asset management plans sponsored by mutual fund management companies. These contractual arrangements may not be as effective as direct ownership in providing us with control over our VIEs. For example, our VIEs and their respective shareholders could breach their contractual arrangements with us by, among other things, failing to operate our business in an acceptable manner or taking other actions that are detrimental to our interests. These risks exist throughout the period in which we operate our businesses through the contractual arrangements with our VIEs. If we were the controlling shareholder of the VIEs with direct ownership, we would be able to exercise our rights as shareholders to effect changes to their board of directors, which in turn could implement changes at the management and operational level. However, under the current contractual arrangements, as a legal matter, if our VIEs or their respective shareholders fail to perform their obligations under these contractual arrangements, we may have to incur substantial costs to enforce such arrangements, and rely on legal remedies under PRC law, including contract remedies, which may be time-consuming, unpredictable and expensive. If 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, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and damage our reputation. See "Risks Related to Doing Business in China — Uncertainties in the interpretation and enforcement of Chinese laws and regulations could limit the legal protections available to you and us."

In 2015, 2016 and 2017, Shanghai Jupai, Shanghai E-Cheng and their respective subsidiaries and branches contributed 40%, 65% and 37% of our total net revenues, respectively. In the event we are unable to enforce the contractual arrangements, we may not be able to have the power to direct the activities that most significantly affect the economic performance of Shanghai Jupai, Shanghai E-Cheng and their respective subsidiaries and branches, and our ability to conduct our business may be negatively affected, and we may not be able to consolidate the financial results of Shanghai Jupai, Shanghai E-Cheng and their respective subsidiaries and branches into our consolidated financial statements in accordance with U.S. GAAP.

The shareholders of our VIEs may have potential conflicts of interest with us, and if any such conflicts of interest are not resolved in our favor, our business may be materially and adversely affected.

We have designated individuals who are PRC nationals to be the shareholders of Shanghai Jupai and Shanghai E-Cheng. These individuals may have conflicts of interest with us. Shanghai Jupai is approximately 67.7% owned by Mr. Tianxiang Hu, who is one of our principal shareholders, and collectively 32.3% by other four individuals. Conflicts of interest may arise between the roles of Mr. Hu as shareholder of our company and as shareholder of our VIEs. Shanghai E-Cheng is 70.0% owned by Ms. Qimin Wu and 30.0% owned by Mr. Tianxiang Hu. Ms. Wu is our employee. We cannot assure you that when conflicts arise, shareholders of our VIEs will act in the best interest of our company or that conflicts will be resolved in our favor. These individuals may breach or cause the VIEs to breach the existing contractual arrangements. If we cannot resolve any conflicts of interest or disputes between us and these shareholders, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

Our ability to enforce the equity pledge agreements between us and the shareholders of Shanghai Jupai and Shanghai E-Cheng may be subject to limitations based on PRC laws and regulations.

Pursuant to the equity pledge agreements relating to Shanghai Jupai, the shareholders of Shanghai Jupai pledged their equity interests in Shanghai Jupai to Shanghai Juxiang to secure Shanghai Jupai's performance of the obligations and indebtedness under the consulting services agreement. Pursuant to the equity pledge agreements relating to Shanghai E-Cheng, the shareholders of Shanghai E-Cheng pledged their equity interests in Shanghai E-Cheng to Shanghai Baoyi to secure Shanghai E-Cheng's performance of the obligations and indebtedness under the consulting services agreement. The equity pledges under the equity pledge agreements in connection with Shanghai Jupai have been registered with the relevant local branch of the State Administration for Industry and Commerce, or the SAIC. And the equity pledges under the equity pledge agreements in connection with Shanghai E-Cheng have not been registered with the relevant local branch of SAIC. Under the PRC Property Law, when an obligor fails to pay its debt when due, the pledgee may choose to either conclude an agreement with the pledgor to obtain the pledged equity or seek payments from the proceeds of the auction or sell-off of the pledged equity. The PRC Property Law further provides that the registration with the local branch of SAIC is necessary to create security interest on the equity interests of a PRC limited liability company, which means that before the equity interest pledge is duly registered with the local branch of SAIC, such pledge is unenforceable even though the relevant equity pledge agreement is binding. The shareholders of Shanghai E-Cheng are in the process of applying with the local branch of SAIC in Shanghai for registration of their equity interest pledge. However, there is no guarantee that the shareholders of Shanghai E-Cheng will complete the registration in a timely manner, or at all. If any shareholder fails to complete such registration, then no security interests will be created and Shanghai Juxiang will not be able to effectively exercise the pledge of such shareholders' equity interests in Shanghai E-Cheng or at all. Moreover, if Shanghai Jupai or Shanghai E-Cheng fails to perform its obligations secured by the pledges under the equity pledge agreements, one remedy in the event of default under the agreements is to require the pledgor to sell the equity interests in Shanghai Jupai or Shanghai E-Cheng, as applicable, in an auction or private sale and remit the proceeds to our subsidiaries in China, net of related taxes and expenses. Such an auction or private sale may not result in our receipt of the full value of the equity interests in our VIEs. We consider it very unlikely that the public auction process would be undertaken since, in an event of default, our preferred approach would be to ask our PRC subsidiary that is a party to the exclusive call option agreement with the VIE's shareholders, to designate another PRC person or entity to acquire the equity interests in such VIE and replace the existing shareholders pursuant to the exclusive call option agreement.

In addition, in the registration forms of the local branch of the SAIC for the pledges over the equity interests under the equity pledge agreements, the amount of registered equity interests pledged to our PRC subsidiary was stated as the pledgor's portion of the registered capital of the VIE. The equity pledge agreements with the shareholders of our VIEs provide that the pledged equity interest constitute continuing security for any and all of the indebtedness, obligations and liabilities of our VIEs under the relevant contractual arrangements, and therefore the scope of pledge should not be limited by the amount of the registered capital of the applicable VIE. However, there is no guarantee that a PRC court will not take the position that the amount listed on the equity pledge registration forms represents the full amount of the collateral that has been registered and perfected. If this is the case, the obligations that are supposed to be secured in the equity pledge agreements in excess of the amount listed on the equity pledge registration forms could be determined by the PRC court to be unsecured debt, which takes last priority among creditors and often does not have to be paid back at all. We do not have agreements that pledge the assets of our VIEs and their respective subsidiaries for the benefit of us or our PRC subsidiaries, although our VIEs grant our PRC subsidiaries options to purchase the assets of our VIEs and their equity interests in their subsidiaries under the exclusive call option agreements.

If any of our VIEs and their subsidiaries becomes the subject of a bankruptcy or liquidation proceeding, we may lose the ability to use and enjoy their assets, which could reduce the size of our operations and materially and adversely affect our business.

We do not have priority pledges and liens against the assets of our VIEs. As a contractual and property right matter, this lack of priority pledges and liens has remote risks. If Shanghai Jupai or Shanghai E-Cheng undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and we may not have priority against such third-party creditors on the assets of our VIEs. If our VIEs liquidate, we may take part in the liquidation procedures as a general creditor under the PRC Enterprise Bankruptcy Law and recover any outstanding liabilities owed by Shanghai Jupai to Shanghai Juxiang or by Shanghai E-Cheng to Shanghai Baoyi under the applicable service agreement.

If the shareholders of our VIEs were to attempt to voluntarily liquidate our VIEs without obtaining our prior consent, we could effectively prevent such unauthorized voluntary liquidation by exercising our right to request the shareholders of our VIEs to transfer all of their respective equity ownership interests to a PRC entity or individual designated by us in accordance with the option agreement with the shareholders of our VIEs. In addition, under the operation agreement signed by Shanghai Juxiang, Shanghai Jupai and its shareholders and according to the PRC Property Law, the shareholders of Shanghai Jupai do not have the right to issue dividends to themselves or otherwise distribute the retained earnings or other assets of Shanghai Jupai without our consent. Similarly, the shareholders of Shanghai E-Cheng do not have the right to issue dividends to themselves or otherwise distribute the retained earnings or other assets of Shanghai E-Cheng without our consent. In the event that the shareholders of our VIEs initiate a voluntary liquidation proceeding without our authorization or attempts to distribute the retained earnings or assets of our VIEs without our prior consent, we may need to resort to legal proceedings to enforce the terms of the contractual arrangements. Any such litigation may be costly and may divert our management's time and attention away from the operation of our business, and the outcome of such litigation will be uncertain.

Our contractual arrangements with our VIEs may result in adverse tax consequences to us.

As a result of our corporate structure and the contractual arrangements among our PRC subsidiaries, our VIEs, their respective shareholders and us, we are effectively subject to the PRC value-added tax at rates from 3% to 6% and related surcharges on revenues generated by our subsidiaries from our contractual arrangements with our VIEs. The PRC 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 affiliates or related parties to the relevant tax authorities. These transactions may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year during which the transactions are conducted. We may be subject to adverse tax consequences if the PRC tax authorities were to determine that the contracts between us and our VIEs were not on an arm's length basis and therefore constitute favorable transfer pricing arrangements. If this occurs, the PRC tax authorities could request that our VIEs and any of its respective subsidiaries adjust their taxable income upward for PRC tax purposes. Such a pricing adjustment could adversely affect us by reducing expense deductions recorded by such VIE and thereby increasing the VIE's tax liabilities, which could subject the VIE to late payment fees and other penalties for the underpayment of taxes. Our consolidated net income may be materially and adversely affected if our VIEs' tax liabilities increase or if either of them becomes subject to late payment fees or other penalties.

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

The Ministry of Commerce, or the MOFCOM, published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The draft 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. While the MOFCOM solicited comments on this draft earlier this year, substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. The draft Foreign Investment Law, if enacted as proposed, may materially impact the entire legal framework regulating foreign investments in China and may also impact the viability of our current corporate structure, corporate governance, business operations and financial results to some extent.

Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of "actual control" in determining whether a company is considered a foreign-invested enterprise, or an FIE. The draft Foreign Investment Law specifically provides that an entity established in China but "controlled" by foreign investors will be treated as an FIE, whereas an entity set up in a foreign jurisdiction would nonetheless be, upon market entry clearance by the MOFCOM, treated as a PRC domestic investor provided that the entity is "controlled" by PRC entities and/or citizens. In this connection, "control" is broadly defined in the draft law to cover any of the following summarized categories: (i) holding 50% or more of the voting rights or similar equity interest of the subject entity; (ii) holding less than 50% of the voting rights or similar equity interest of the subject entity but having the power to secure at least 50% of the seats on the board or other equivalent decision making bodies, or having the voting power to exert material influence on the board, the shareholders' meeting or other equivalent decision making bodies; or (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity's operations, financial matters or other key aspects of business operations. Once an entity is determined to be an FIE, and if its investment amount exceeds certain thresholds or if its business operation falls within a "negative list" to be separately issued by the State Council in the future, market entry clearance by the MOFCOM or its local counterparts will be required. Otherwise, all foreign investors may make investments on the same terms as Chinese investors without being subject to additional approval from the government authorities as mandated by the existing foreign investment legal regime.

The "variable interest entity" structure, or VIE structure, has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. See "—If the PRC government finds that the agreements that establish the structure for operating certain of our operations in China do not comply with PRC regulations relating to 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" and "History and Development of the Company." Under the draft Foreign Investment Law, a VIE that is controlled via contractual arrangements will also be deemed as an FIE, if it is ultimately "controlled" by foreign investors. Therefore, for companies with a VIE structure in an industry category that is on the "negative list," the existing VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/are of PRC nationality (either PRC state owned enterprises or agencies, or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the VIE will be treated as an FIE and any operation in the industry category on the "negative list" without market entry clearance may be found illegal.

The draft Foreign Investment Law has not taken a position on what will happen to the existing companies with a VIE structure, although a few possible options were proffered at the comment solicitation stage. Under these options, a company with VIE structures and in the business on the "negative list" at the time of enactment of the new Foreign Investment Law has either the option or obligation to disclose its corporate structure to the authorities, while the authorities, after reviewing the ultimate control structure of the company, may either permit the company to continue its business by maintaining the VIE structure (when the company is deemed ultimately controlled by PRC citizens), or require the company to dispose of its businesses and/or VIE structure based on circumstantial considerations. Moreover, it is uncertain whether the market survey services and the direct sales of mutual fund and asset management plans that we operate or plan to operate through our consolidated entities, will be subject to the foreign investment restrictions or prohibitions set forth in the "negative list" to be issued. If the enacted version of the Foreign Investment Law and the final "negative list" mandate further actions, such as MOFCOM

market entry clearance, to be completed by companies with existing VIE structure like us, we will face uncertainties as to whether such clearance can be timely obtained, or at all. Furthermore, due to lack of guidance under this draft law, we are unable to ascertain the controlling status of our company although no more than 50% of the total share capital of our company is held on record by PRC residents, and we cannot assure you of the controlling status of our company after the completion of our initial public offering. If we are not considered as ultimately controlled by PRC domestic investors, further actions required to be taken by us under the enacted Foreign Investment Law may materially and adversely affect our business and financial condition.

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The draft Foreign Investment Law, if enacted as proposed, may also materially impact our corporate governance practice and increase our compliance costs. For instance, the draft Foreign Investment Law imposes stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable FIEs. Aside from investment implementation report and investment amendment report that are required at each investment and alteration of investment specifics, an annual report is mandatory, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be non-compliant with these information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

Risks Related to Doing Business in China

Adverse changes in the political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could adversely affect our business.

Substantially all of our assets are located in China and substantially all of our revenues are derived from our operations there. Accordingly, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in China. 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. While the Chinese economy has experienced significant growth in the past 30 years, the growth has been uneven across different periods, regions and among various economic sectors of China and the rate of growth has been slowing. We cannot assure you that the Chinese economy will continue to grow, or that if there is growth, such growth will be steady and uniform, or that if there is a slowdown, such slowdown will not have a negative effect on our business.

The PRC government also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policies and providing preferential treatment to particular industries or companies. It is unclear whether PRC economic policies will be effective in stimulating growth, and the PRC government may not be effective in achieving stable economic growth in the future. Any slowdown in the economic growth of China could lead to reduced demand for the products we distribute or manage, which could materially and adversely affect our business, as well as our financial condition and results of operations.

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

The PRC legal system is based on written statutes and court decisions have limited precedential value. The PRC legal system is evolving rapidly, and the interpretation of many laws, regulations and rules may contain inconsistencies and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC judicial and administrative authorities have significant discretion in interpreting and implementing statutory provisions and contractual terms, it may be more difficult to predict the outcome of a judicial or administrative proceeding 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, but which may have retroactive effect. As a result, we may not always be aware of any potential violation of these policies and rules. Such unpredictability towards our contractual, property (including intellectual property) and procedural rights could adversely affect our business and impede our ability to continue our operations.

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We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of financial services businesses, service providers and financial products we distribute.

The PRC government extensively regulates the financial services industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the financial services industry, including wealth management and asset management companies. These financial service-related laws and regulations are evolving, and their interpretation and enforcement involve significant uncertainty. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violations of applicable laws and regulations. Issues, risks and uncertainties relating to PRC regulation of the financial services business include, but are not limited to, the following:

- There are uncertainties related to the regulation of the wealth management and asset management business in China, including evolving licensing practices. Operations at some of our subsidiaries and consolidated entities may be subject to challenge, or we may fail to obtain permits or licenses that may be deemed necessary for our operations or we may not be able to obtain or renew certain permits or licenses. See "— Risks Related to Our Business and Industry — We may fail to obtain and maintain licenses and permits necessary to conduct our operations in China, and our business may be materially and adversely affected as a result of any changes in the laws and regulations governing the financial services industry in China" and "Item 4. Information on the Company—B. Business Overview— Regulation."

- The evolving PRC regulatory system for the financial service industry may lead to the establishment of new regulatory agencies. If these new laws, regulations or policies are promulgated, additional licenses may be required for our operations. If our operations do not comply with these new regulations after they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the financial services industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, financial services businesses in China, including our business. There are also risks that we may be found in violation of existing or future laws and regulations given the uncertainty and complexity of China's regulation of financial services business.

Besides, the regulations relating to financial services or products may change, and as a result we may be required to discontinue the supply of certain wealth management products that we currently distribute or cease managing certain products in our asset management business.

Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment.

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. In July 2005, the PRC government changed its decades-old policy of pegging the value of Renminbi to the U.S. dollar, and Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. Since October 1, 2016, Renminbi has joined the International Monetary Fund (IMF)'s basket of currencies that make up the Special Drawing Right (SDR), along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, Renminbi has depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. Subsequently in 2017, Renminbi has again appreciated significantly against U.S. dollar. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and there is no guarantee 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 policies may impact the exchange rate between Renminbi and the U.S. dollar in the future.

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To the extent that we need to convert U.S. dollars into Renminbi for capital expenditures and working capital and other business purposes, appreciation of Renminbi against the U.S. dollar would have an adverse effect on Renminbi amount we would 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, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against Renminbi would have a negative effect on the U.S. dollar amount available to us.

The reporting currency of our company is Renminbi. Substantially all of our sales contracts, costs and expenses were denominated in Renminbi, while our dividend payments are denominated in U.S. dollars. We have not used any forward contracts or currency borrowings to hedge our exposure to foreign currency risk. Any significant revaluation of the Renminbi or the U.S. dollar may adversely affect our cash flows, earnings and financial position, and the value of, and any dividends payable on, our ADSs. For example, an appreciation of the Renminbi against the U.S. dollar would make any new RMB-denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars into Renminbi for such purposes. An appreciation of the Renminbi against the U.S. dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our U.S. dollar-denominated financial assets into Renminbi. Conversely, if we decide to convert Renminbi into U.S. dollars for the purposes of making payments for dividends on our ordinary shares or ADSs, or strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on 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 adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

Governmental control of conversion of Renminbi into foreign currencies may limit our ability to utilize our revenues effectively and affect the value of your investment.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in Renminbi. Under our current corporate structure, our company may rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our PRC subsidiary is able to pay dividends in foreign currencies to us without prior approval from SAFE by complying with certain procedural requirements. 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, and we cannot assure you that the required governmental approval or registration can be obtained or completed in time when such capital needs arise, or at all. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

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

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and consolidated entities. In utilizing the proceeds that we will receive from our initial public offering, we are permitted under PRC laws and regulations as an offshore holding company to provide

funding to our PRC subsidiaries only through loans or capital contributions and to our consolidated entities only through loans.

Any loans by us to our PRC subsidiary, which is treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our wholly owned PRC subsidiary to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of the SAFE. If we decide to finance our wholly owned PRC subsidiaries by means of capital contributions, these capital contributions must be filed with or approved by the MOFCOM or its local counterpart. We may also extend loans to our consolidated entities, which are treated as PRC domestic companies under PRC law, and loans with a term more than one year must be approved by the National Development and Reform Commission, or the NDRC, and must also be registered with the SAFE or its local branches, loans with term less than one year must be approved by the SAFE or its local branches.

The SAFE promulgated a circular on November 19, 2010, known as Circular No. 59, which tightens the examination of the authenticity of settlement of net proceeds from our initial public offering and requires that the settlement of net proceeds shall be in accordance with the description in this annual report.

On March 30, 2015, the SAFE issued the Circular on Reform of the Administrative Rules of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which became effective on June 1, 2015. Pursuant to SAFE Circular 19, foreign-invested enterprises may either continue to follow the current payment-based foreign currency settlement system or elect to follow the "conversion-at-will" regime of foreign currency settlement. Where a foreign-invested enterprise follows the conversion-at-will regime of foreign currency settlement, it may convert part or all of the amount of the foreign currency in its capital account into Renminbi at any time. The converted Renminbi will be kept in a designated account labeled as settled but pending payment, and if the foreign-invested enterprise needs to make payment from such designated account, it still needs to go through the review process with its bank and provide necessary supporting documents. SAFE Circular 19, therefore, has substantially lifted the restrictions on the usage by a foreign-invested enterprise of its RMB registered capital converted from foreign currencies. According to SAFE Circular 19, such Renminbi capital may be used at the discretion of the foreign-invested enterprise and the SAFE will eliminate the prior approval requirement and only examine the authenticity of the declared usage afterwards. Nevertheless, foreign-invested enterprises like our PRC subsidiary are still not allowed to extend intercompany loans to our PRC consolidated entities. In addition, as Circular 19 was promulgated recently, there remain substantial uncertainties with respect to the interpretation and implementation of this circular by relevant authorities.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, including SAFE Circular 19, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or consolidated entities or with respect to future capital contributions by us to our PRC subsidiary. Our failure to complete such registrations or obtain such approvals may negatively affect our ability to use the proceeds we receive from our initial public offering and to capitalize or otherwise fund operations of our PRC operating entities, Shanghai Juxiang and Shanghai Jupai, and any other new subsidiaries we may establish in the future for business purposes, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Our PRC subsidiaries and consolidated entities are subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements.

We are a holding company incorporated in the Cayman Islands. We rely on dividends from our PRC subsidiaries as well as consulting and other fees paid to us by our consolidated entities for our cash and financing requirements, such as the funds necessary to pay dividends and other cash distributions to our shareholders, including holders of our ADSs, and service any debt we may incur. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiary is required to set aside at least 10% of its after-tax profits after making up previous years' accumulated losses each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiaries and consolidated entities incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us, which may restrict our ability to satisfy our liquidity requirements.

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In addition, the EIT Law and its implementation rules provide that withholding tax rate of 10% will be applicable to dividends payable by PRC companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC-resident enterprises are incorporated.

China's M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of PRC 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 M&A Rules, and other recently adopted 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. For example, the M&A Rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that impact or may impact national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress on August 30, 2007 and effective as of August 1, 2008 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds (i.e., during the previous fiscal year, (i) the total global turnover of all operators participating in the transaction exceeds RMB10.0 billion and at least two of these operators each had a turnover of more than RMB400.0 million within China, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB2.0 billion, and at least two of these operators each had a turnover of more than RMB400.0 million within China) must be cleared by the MOFCOM before they can be completed. In addition, on February 3, 2011, the General Office of the State Council promulgated a Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the Circular 6, which officially established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Further, on August 25, 2011, the MOFCOM promulgated the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors, or the MOFCOM Security Review Regulations, which became effective on September 1, 2011, to implement the Circular 6. Under Circular 6, a security review is required for mergers and acquisitions by foreign investors having "national defense and security" concerns and mergers and acquisitions by which foreign investors may acquire the "de facto control" of domestic enterprises with "national security" concerns. Under the

MOFCOM Security Review Regulations, the MOFCOM will focus on the substance and actual impact of the transaction when deciding whether a specific merger or acquisition is subject to security review. If the MOFCOM decides that a specific merger or acquisition is subject to security review, it will submit it to the Inter-Ministerial Panel, an authority established under the Circular 6 led by the NDRC and the MOFCOM under the leadership of the State Council, to carry out security review. The regulations prohibit foreign investors from bypassing the security review by structuring transactions through trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. There is no explicit provision or official interpretation stating that the merging or acquisition of a company engaged in the wealth management or asset management business requires security review.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. The M&A Rules requires a foreign investor to obtain the approval from the MOFCOM or its local counterpart only upon (i) its acquisition of a domestic enterprise's equity interest; (ii) its subscription of the increased capital of a domestic enterprise; or (iii) establishes and operates a foreign-invested enterprise with assets acquired from a domestic enterprise. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited.

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PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiary to liability or penalties, limit our ability to inject capital into our PRC subsidiary, limit our PRC subsidiary's ability to increase its registered capital or distribute profits to us, or may otherwise adversely affect us.

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local branches of the SAFE in connection with their direct or indirect offshore investment activities. These regulations apply to our shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

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

We have requested PRC residents holding direct or indirect interest in our company to our knowledge to make the necessary applications, filings and amendments as required by these foreign exchange regulations. Such PRC resident shareholders and beneficial owners have completed their initial registrations in relation to their ownership in our company and have also completed amendment registrations in relation to their subsequent ownership changes and the establishment of certain subsidiaries of our company required by foreign exchange regulations. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interests in our company, and we cannot provide any assurances that all of our shareholders and beneficial owners who are PRC residents will make, obtain or update any applicable registrations or approvals required by these foreign exchange regulations. The failure or inability of our PRC resident shareholders to make such registration or truthfully disclose actual controllers of the round-trip enterprises may subject PRC residents to fines up to RMB300,000 in case of domestic institutions or RMB50,000 in case of domestic individuals. If the PRC resident shareholders do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for violating applicable foreign exchange restrictions.

However, as there is uncertainty concerning the reconciliation of these foreign exchange regulations with other approval requirements, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. We cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

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Failure to comply with PRC regulations regarding the registration of share options held by our employees who are "domestic individuals" may subject such employee or us to fines and legal or administrative sanctions.

Pursuant to Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company issued by the SAFE in February 2012, or the Stock Incentive Plan Rules, "domestic individuals" (both PRC residents and non-PRC residents who reside in China for a continuous period of not less than one year, excluding the foreign diplomatic personnel and representatives of international organizations) participating in any stock incentive plan of an overseas listed company according to its stock incentive plan are required, through qualified PRC agents which could be the PRC subsidiary of such overseas-listed company, to register with the SAFE and complete certain other procedures related to the stock incentive plan.

We and our employees, who are "domestic individuals" and have been granted share options, or the PRC optionees, became subject to the Stock Incentive Plan Rules when our company became an overseas listed company upon the completion of our initial public offering. We have completed the registration as required under the Stock Incentive Plan Rules and other relevant SAFE registrations and plan to update the registration on an on-gong basis. If we or our PRC optionees fail to comply with the Individual Foreign Exchange Rule and the Stock Incentive Plan Rules, we and/or our PRC optionees may be subject to fines and other legal sanctions. We may also face regulatory uncertainties that could restrict our ability to adopt additional option plans for our directors and employees under PRC law. In addition, the General Administration of Taxation has issued a few circulars concerning employee stock options. Under these circulars, our employees working in China who exercise stock options will be subject to PRC individual income tax. Our PRC subsidiary has obligations to file documents related to employee stock options with relevant tax authorities and withhold individual income taxes of those employees who exercise their stock options. If our employees fail to pay and we fail to withhold their income taxes, we may face sanctions imposed by tax authorities or any other PRC government authorities. Furthermore, there are substantial uncertainties regarding the interpretation and implementation of the Individual Foreign Exchange Rule and the Stock Incentive Plan Rules.

The discontinuation of any of the government incentives and preferential tax treatment currently available to us in China could adversely affect our financial condition and results of operations.

Our VIE, Shanghai Jupai, was granted certain governmental subsidies and tax preferences in the last two years and these subsidies and tax preferences remain effective as of February 28, 2018. Pursuant to the letter agreement that we entered into with the local county government in January 2013, the local county government agreed to provide us subsidies based on the value-added tax, business tax and enterprise income tax for three years until January 2019. For example, for the year ended December 31, 2015, 2016 and 2017, we received subsidies based on value-added tax, business tax, and enterprise income tax. Nevertheless, the government agencies may decide to reduce, eliminate or cancel subsidies at any time. We cannot assure you of the continued availability of the government incentives and subsidies currently enjoyed by Shanghai Juxiang and Shanghai Jupai. The discontinuation of these governmental incentives and subsidies could adversely affect our financial condition and results of operations.

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

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

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

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The dividends we receive from our PRC subsidiary may be subject to PRC tax under the PRC Enterprise Income Tax Law, which would have a material adverse effect on our financial condition and results of operations. In addition, 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.

Pursuant to the PRC Enterprise Income Tax Law and its amendment, or the EIT Law, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign investors are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. We are a Cayman Islands holding company and substantially all of our income may come from dividends we receive, directly or indirectly, from our wholly foreign-owned PRC subsidiary. Since there is currently no such tax treaty between China and the Cayman Islands, dividends we directly receive from our wholly foreign-owned PRC subsidiary will generally be subject to a 10% withholding tax.

In addition, under the Arrangement between China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, where a Hong Kong resident enterprise which is considered a non-PRC tax resident enterprise directly holds at least 25% of a PRC enterprise, the withholding tax rate in respect to the payment of dividends by such PRC enterprise to such Hong Kong resident enterprise is reduced to 5% from a standard rate of 10%, subject to approval of the PRC local tax authority. Accordingly, Jupai HongKong Investment Limited, or Jupai HK, and Scepter Holdings Limited may be able to enjoy the 5% withholding tax rate for the dividends it receives from Shanghai Juxiang and Shanghai Baoyi, respectively, if they satisfy the conditions prescribed in relevant tax rules and regulations, and obtain the approvals as required. However, if the Hong Kong resident enterprise is not considered to be the beneficial owner of such dividends under applicable PRC tax regulations, such dividends may remain subject to withholding tax at a rate of 10%. If Jupai HK or Scepter Holdings Limited is considered to be a non-beneficial owner for purposes of the tax arrangement, any dividends paid to them by our wholly foreign-owned PRC subsidiary directly would not qualify for the preferential dividend withholding tax rate of 5%, but rather would be subject to a rate of 10%. See "Item 4. Information on the Company — B. Business Overview — Regulations — Regulations on Tax — Dividend Withholding Tax".

Furthermore, under the EIT Law and its implementation rules, an enterprise established outside of China with "de facto management body" within the PRC is considered a PRC resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. See "Item 4. Information on the Company — B. Business Overview — Regulations — Regulations on Tax — PRC Enterprise Income Tax." We do not believe that we or any of our respective subsidiaries outside of China would be a PRC resident enterprise as of February 28, 2018. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body". If the PRC tax authorities determine that we were a PRC resident enterprise for tax purposes, we would be subject to a 25% enterprise income tax on

their global income. In addition, if we were considered a PRC resident enterprise for tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-PRC resident enterprises, including the holders of our ADSs. Furthermore, non-PRC resident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within China. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is also unclear whether our non-PRC shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and China in the event that we are considered as a PRC resident enterprise.

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If we were required under the EIT Law to withhold such PRC income tax, your investment in our ordinary shares or ADSs may be materially and adversely affected.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises or other assets attributed to a PRC establishment of a non-PRC company, or immovable properties located in China owned by a non-PRC company.

We face uncertainties on the reporting and consequences on private equity financing transactions, private share exchange transactions and private transfer of shares, including private transfer of public shares, in our company by non-resident investors. According to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises issued by the PRC State Administration of Taxation on December 10, 2009, or SAT Circular 698, where a non-resident enterprise transfers the equity interests in a PRC resident enterprise indirectly through a disposition of equity interests in an overseas holding company, or an Indirect Transfer, the non-resident enterprise, as the seller, may be subject to PRC enterprise income tax of up to 10% of the gains derived from the Indirect Transfer in certain circumstances.

On February 3, 2015, the SAT issued Announcement on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfers by Non-RPC Resident Enterprises, or SAT Notice No. 7, to supersede the existing tax rules in relation to the tax treatment of the Indirect Transfer, while the other provisions of SAT Circular 698 that are irrelevant to the Indirect Transfer remain in force. SAT Notice No. 7 introduces a new tax regime and extends the SAT's tax jurisdiction to capture not only the Indirect Transfer as set forth under SAT Circular 698 but also transactions involving indirect transfer of (i) real properties in China and (ii) assets of an "establishment or place" situated in China, by a non-PRC resident enterprise through a disposition of equity interests in an overseas holding company. SAT Notice No. 7 also extends the interpretation with respect to the disposition of equity interests in an overseas holding company. In addition, SAT Notice No. 7 further clarifies how to assess reasonable commercial purposes and introduces safe harbors applicable to internal group restructurings. However, it also brings challenges to both the foreign transferor and transferee as they are required to make self-assessment on whether an Indirect Transfer or similar transaction should be subject to PRC tax and whether they should file or withhold any tax payment accordingly.

However, as these notices are relatively new and there is a lack of clear statutory interpretation, we face uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our company and other non-resident enterprises in our group may be subject to filing obligations or being taxed if our company and other non-resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our company and other non-resident enterprises in our group are transferees in such transactions. For the 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 the rules and notices. We may be required to expend costly resources to comply with SAT Circular 698 and SAT Notice No. 7, or to establish a case to be tax exempt under SAT Circular 698 and SAT Notice No. 7, which may cause us to incur additional costs and may have a negative impact on the value of your investment in us.

The PRC tax authorities have discretion under SAT Circular 698 and SAT Notice No. 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the transferred equity interests and the investment cost. We may pursue acquisitions in the future that may involve complex corporate structures. If we are considered as a non-PRC resident enterprise under the EIT Law and if the PRC tax authorities make adjustments to the taxable income of the transactions under SAT Circular 698 and SAT Notice No. 7, our income tax expenses associated with such potential acquisitions will be increased, which may have an adverse effect on our financial condition and results of operations.

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If the custodians or authorized users of controlling non-tangible assets of our company, including our corporate chops and seals, fail to fulfill their responsibilities, or misappropriate or misuse these assets, our business and operations could be materially and adversely affected.

Under PRC law, legal documents for corporate transactions, including contracts such as consulting service agreements we enter into with wealth management product providers, which are important to our business, are executed using the chops or seals of the signing entity, or with the signature of a legal representative whose designation is registered and filed with the relevant branch of the SAIC.

Although we usually utilize chops to enter into contracts, the designated legal representatives of each of our PRC subsidiaries and consolidated entities have the power to enter into contracts on behalf of such entities without chops and bind such entities. All designated legal representatives of our PRC subsidiary and consolidated entities, except the three asset management companies under Shanghai Juzhou are members of our senior management team and have signed employment undertaking letters with us or our PRC subsidiary and consolidated entities under which they agree to abide by various duties they owe to us. In order to maintain the physical security of our chops and the chops of our PRC entities, we generally store these items in secured locations accessible only by the authorized personnel of each of our PRC subsidiary and consolidated entities. Although we monitor such authorized personnel, there is no assurance such procedures will prevent all instances of abuse or negligence. Accordingly, if any of our authorized personnel misuse or misappropriate our corporate chops or seals, we could encounter difficulties in maintaining control over the relevant entities and experience significant disruption to our operations. If a designated legal representative obtains control of the chops in an effort to obtain control over any of our PRC subsidiary or consolidated entities, we, our PRC subsidiary or consolidated entities would need to pass a new shareholder or board resolution to designate a new legal representative and we would need to take legal action to seek the return of the chops, apply for new chops with the relevant authorities, or otherwise seek legal redress for the

violation of the representative's fiduciary duties to us, which could involve significant time and resources and divert management attention away from our regular business. In addition, the affected entity may not be able to recover corporate assets that are sold or transferred out of our control in the event of such a misappropriation if a transferee relies on the apparent authority of the representative and acts in good faith.

Increases in labor costs and enforcement of stricter labor laws and regulations in China may adversely affect our business and our profitability.

China's overall economy and the average wage in China have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to the product providers or corporate borrowers who pay for our services, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and childbearing insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law, or the Labor Contract law, that became effective in January 2008, as amended on December 28, 2012 and effective as of July 1, 2013, and its implementation rules that became effective in September 2008, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. On October 28, 2010, the Standing Committee of the National People's Congress promulgated the PRC Social Insurance Law, or the Social Insurance Law, which became effective on July 1, 2011. According to the Social Insurance Law, employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practice do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

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The audit report included in this annual report is prepared by an auditor who is not inspected by the Public Company Accounting Oversight Board and, as such, you are deprived of the benefits of such inspection.

Auditors of companies that are registered with the SEC and traded publicly in the United States, including our independent registered public accounting firm, must be registered with the PCAOB, and are required by the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards. Because we have substantial operations within the People's Republic of China and the PCAOB is currently unable to conduct inspections of the work of our auditors as it relates to those operations without the approval of the PRC authorities, our auditor's work related to our operations in China is not currently inspected by the PCAOB.

This lack of PCAOB inspections of audit work performed in China prevents the PCAOB from regularly evaluating audit work of any auditors that was performed in China including that performed by our independent registered public accounting firm. As a result, investors may be deprived of the full benefits of PCAOB inspections.

The inability of the PCAOB to conduct inspections of audit work performed in China makes it more difficult to evaluate the effectiveness of our auditor's audit procedures as compared to auditors in other jurisdictions that are subject to PCAOB inspections on all of their work. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements.

Proceedings instituted in recent years by the SEC against certain PRC-based accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

Starting in 2011, the PRC affiliates of the "big four" accounting firms (including our independent registered public accounting firm) were affected by a conflict between U.S. and Chinese law. Specifically, for certain U.S. listed companies operating and audited in mainland China, the SEC and the PCAOB sought to obtain from the PRC firms access to their audit work papers and related documents. The firms were, however, advised and directed that under the PRC law they could not respond directly to the U.S. regulators on those requests, and that requests by foreign regulators for access to such papers in China had to be channeled through the CSRC.

In late 2012, this impasse led the SEC to commence administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese accounting firms, (including our independent registered public accounting firm). A first instance trial of the proceedings in July 2013 in the SEC's internal administrative court resulted in an adverse judgment against the firms. The administrative law judge proposed penalties on the firms including a temporary suspension of their right to practice before the SEC, although that proposed penalty did not take effect pending review by the SEC. On February 6, 2015, before SEC's review had taken place, the firms reached a settlement with the SEC. The settlement requires the firms to follow detailed procedures to seek to provide the SEC with access to PRC accounting firms' audit documents via the CSRC. If they fail to meet specified criteria, the SEC retains the authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. Remedies for any future noncompliance could include, as appropriate, an automatic six-month bar on a single firm's performance of certain audit work, commencement of a new proceeding against a firm, or in extreme cases the resumption of the current proceeding against all four firms.

In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in China, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about any such future proceedings against these audit firms may cause investor uncertainty regarding PRC-based, United States-listed companies and the market price of our ADSs may be adversely affected.

If our independent registered public accounting firm were denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delisting of our ordinary shares from the New York Stock Exchange, or the NYSE, or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

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Risks Related to Our ADSs

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

The trading price of our ADSs has ranged from US$7.36 to US$29.00 per ADS in 2017. 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 PRC companies have listed 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 PRC companies' securities after their offerings may affect the attitudes of investors toward PRC 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, cash flow and data related to our user base or user engagement;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us or our industry;
- additions or departures of key personnel;
- sales of additional equity securities; and
- potential litigation, regulatory investigations or regulatory developments that are perceived to be adverse to our business.

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

From time to time, shareholders of public companies bring 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.

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 for so long as we are an emerging growth company until the fifth anniversary from the date of our initial listing.

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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. However, we have elected to "opt out" of the later provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

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

As a Cayman Islands exempted company listed on the NYSE, we are subject to the NYSE corporate governance listing standards. However, NYSE 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 NYSE corporate governance listing standards. Currently, we rely on home country practice with respect to the shareholder approval requirement in respect of the establishment or material revision of an equity-compensation plan and the requirements of the NYSE corporate governance listing standards that our compensation committee and nominating and corporate governance committee

each be composed of independent directors. Our shareholders may be afforded less protection than they otherwise would under the NYSE corporate governance listing standards applicable to U.S. domestic issuers.

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

Sales of our ADSs in the public market, or the perception that these sales could occur, could cause the market price of our ADSs to decline. As of March 31, 2018, based on a review of our register of shareholders, we had 200,112,371 ordinary shares outstanding (excluding 10,206,534 ordinary shares issued to our depositary bank for bulk issuance of ADSs reserved under our share incentive plan and 593,466 unvested restricted shares). Among these shares, 75,575,304 ordinary shares are in the form of ADSs, which are freely transferable without restriction or additional registration under the Securities Act. The remaining ordinary shares outstanding will be available for sale, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act and the applicable lock-up agreements. Certain holders of our ordinary shares may cause us to register under the Securities Act the sale of their shares, subject to the applicable lock-up period. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the form of ADSs in the public market could cause the price of our ADSs to decline.

Because we may not continue to pay dividends in the foreseeable future, you may need to rely on price appreciation of our ADSs as the sole source for return on your investment.

Although we declared dividend on our ordinary shares in March 2018, we may not continue to do so regularly, or at all. Therefore, you may need to rely on price appreciation of our ADSs as the sole source for return on your investment.

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

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We are controlled by a small number of our existing shareholders, whose interests may differ from other shareholders, and our board of directors has the power to discourage a change of control.

As of March 31, 2018, our executive officers and directors, together with our shareholders existing before our initial public offering, beneficially own approximately 117,891,969 ordinary shares, or 58.0% of our outstanding ordinary shares. Accordingly, our executive officers and directors, together with our shareholders existing before our initial public offering, could have significant influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. In cases where their interests are aligned and they vote together, these shareholders will also have the power to prevent or cause a change in control. Without the consent of some or all of these shareholders, we may be prevented from entering into transactions that could be beneficial to us. In addition, our directors and officers could violate their fiduciary duties by diverting business opportunities from us to themselves or others. The interests of our largest shareholders may differ from the interests of our other shareholders. The concentration in ownership of our ordinary shares may cause a material decline in the value of our ADSs.

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 currently effective 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. For example, 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, in the form of ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our ADSs may fall and the voting and other rights of the holders of our ordinary shares and ADSs may be materially and adversely affected.

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

We are an exempted company with limited liability incorporated in the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, as amended and restated from time to time, the Companies Law (2016 Revision) of the Cayman Islands and the common law of the Cayman Islands. The rights of our shareholders to take action against our directors, actions by minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records 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.

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In addition, 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 result of all of the above, 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 an exempted company incorporated in the Cayman Islands 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 effect service of process within the United States upon us or these persons, or 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.

Holders of ADSs may have fewer rights than holders of our ordinary shares and must act through the deposit to exercise those rights

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of our ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights which are carried by the underlying ordinary shares represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary. Upon receipt of your voting instructions, the depositary will vote the ordinary shares underlying your ADSs in accordance with these instructions. You will not be able to directly exercise your right to vote with respect to the underlying ordinary shares unless you withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. Under our fourth amended and restated memorandum and articles of association, the minimum notice period required to be given by our company to our registered shareholders to convene a general meeting is seven calendar days. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to permit you to withdraw the ordinary shares underlying your ADSs and become the registered holder of such shares to allow you to attend the general meeting and to cast your vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. Furthermore, under our fourth amended and restated memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the ordinary shares underlying your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. If we ask for your instructions, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the ordinary shares underlying your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the ordinary shares underlying your ADSs are voted and you may have no legal remedy if the ordinary shares underlying your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting.

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Your rights to pursue claims against the depositary as a holder of ADSs are limited by the terms of the deposit agreement.

Under the deposit agreement, any action or proceeding against or involving the depositary, arising out of or based upon the deposit agreement or the transactions contemplated thereby may only be instituted in a state or federal court in New York, New York, and pursuant to the deposit agreement, you, as a holder of our ADSs, will have irrevocably waived any objection which you may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Notwithstanding the foregoing, however, the depositary may, in its sole discretion, require that any such action, controversy, claim, dispute, legal suit or proceeding be referred to and finally settled by an arbitration conducted under the terms described in the deposit agreement subject to certain exceptions solely related to the aspects of such claims that are related to U.S. securities law, in which case the resolution of such aspects may, at the option of such registered holder of the ADSs, remain in state or federal court in New York, New York. Also, we may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended.

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 to you the cash dividends or other distributions it or the custodian receives on 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 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.

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

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of our ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

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

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

We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. After we are no longer an "emerging growth company," we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. For example, as a public company, we have adopted policies regarding internal controls and disclosure controls and procedures and incurred substantially higher costs to obtain the same or similar coverage of directors and officers liability insurance. In addition, as a public company, we have incurred additional costs associated with our public company reporting requirements and additional costs to have qualified persons to serve on our board of directors or as executive officers.

There is a significant risk that we will be classified as a passive foreign investment company, or PFIC, for United States federal income tax purposes, which could subject United States investors in our ADSs or ordinary shares to significant adverse United States income tax consequences.

We will be classified as a "passive foreign investment company," or "PFIC" if, in the case of any particular taxable year, either (a) 75% or more of our gross income for such year consists of certain types of "passive" income or (b) 50% or more of the average quarterly value of our assets (as determined on the basis of fair market value) during such year produce or are held for the production of passive income (the "asset test").

Based on the market price of our ADSs and the composition of our assets (in particular the retention of a substantial amount of cash), we believe that we were a PFIC for United States federal income tax purposes for our taxable year ended December 31, 2017, and we will very likely be a PFIC for our current taxable year ending December 31, 2018 unless the market price of our ADSs increases and/or we invest a substantial amount of the cash and other passive assets we hold in assets that produce or are held for the production of active income.

If we are classified as a PFIC in any taxable year, a U.S. Holder (as defined in "Item 10. Additional Information—E. Taxation — United States Federal Income Taxation") may incur significantly increased United States income tax on gain recognized on the sale or other disposition of the ADSs or ordinary shares and on the receipt of distributions on the ADSs or ordinary shares to the extent such gain or distribution is treated as an "excess distribution" under the United States federal income tax rules and such U.S. Holders may be subject to burdensome reporting requirements. Further, if we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or ordinary shares. We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different (and generally less adverse than) the general tax treatment for PFICs. For more information see "Item 10. Additional Information—E. Taxation — United States Federal Income Taxation — Passive Foreign Investment Company Rules."

If we were deemed an investment company under the Investment Company Act of 1940, applicable restrictions could have a material adverse effect on our business and the price of our ADSs and ordinary shares.

We are not an "investment company" and do not intend to become registered as an "investment company" under the Investment Company Act of 1940, or the 1940 Act, because our primary business is the provision of wealth management services complemented by our asset management services.

Generally, a company is an "investment company" if it is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities or owns or proposes to own investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis, unless an exception, exemption or safe harbor applies. We seek to conduct our business activities to comply with this test. As a foreign private issuer, we would not be eligible to register under the Investment Company Act, and if a sufficient amount of our assets are deemed to be "investment securities" within the meaning of the Investment Company Act, we would either have to obtain exemptive relief from the SEC, modify our contractual rights or dispose of investments in order to fall outside the definition of an investment company. Additionally, we may have to forego potential future acquisitions of interests in companies that may be deemed to be investment securities within the meaning of the Investment Company Act. Failure to avoid being deemed an investment company under the Investment Company Act coupled with our inability as a foreign private issuer to register under the Investment Company Act could make us unable to comply with our reporting obligations as a public company in the United States and lead to our being delisted from the New York Stock Exchange, which would have a material adverse effect on the liquidity and value of our ADSs and ordinary shares.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We commenced operations in July 2010 through Shanghai Jupai Investment Group Co., Ltd., or Shanghai Jupai, in China. In August 2012, we incorporated Jupai Investment Group as our offshore holding company in the Cayman Islands and changed our name from Jupai Investment Group to Jupai Holdings Limited, or Jupai, in December 2014. In August 2012, we also established Jupai Hong Kong Investment Limited, or Jupai HK, in Hong Kong, which is wholly owned by Jupai.

In November 2013, we established Jupai Investment International Limited, or Jupai BVI, in the British Virgin Islands and transferred the shares of Jupai HK from Jupai to Jupai BVI in January 2014.

Due to lack of express permission under PRC law for foreign-invested enterprises to sell mutual fund products or asset management plans and to provide asset management services in China, we provide asset management services and plan to sell mutual fund products and asset management plans through the subsidiaries of Shanghai Jupai, a domestic PRC company. In July 2013, we established Shanghai Juxiang Investment Management Consulting Co., Ltd., or Shanghai Juxiang, our wholly-owned subsidiary in China. Shanghai Juxiang has entered into a series of contractual arrangements with Shanghai Jupai and its shareholders. The contractual arrangements between Shanghai Juxiang and Shanghai Jupai and its shareholders enable us to (1) exercise effective control over Shanghai Jupai; (2) receive substantially all of the economic benefits of Shanghai Jupai in consideration for the consulting services provided by Shanghai Juxiang; and (3) have an exclusive option to purchase all of the equity interests in Shanghai Jupai when and to the extent permitted under PRC laws and regulations.

As a result of these contractual arrangements, we are considered the primary beneficiary of Shanghai Jupai, and we treat it as our VIE under U.S. GAAP. We have consolidated the assets, liabilities, revenues, expenses and cash flows that are directly attributable to Shanghai Jupai and its subsidiaries in our consolidated financial statements in accordance with U.S. GAAP.

In 2013, in conjunction with the establishment of Shanghai Juxiang, we completed an internal business migration whereby almost all of our wealth management advisory services personnel became employees of Shanghai Juxiang. We also started to use Shanghai Juxiang as the operating entity of our wealth management advisory services business that are not subject to foreign investment restrictions. After this internal business migration, Shanghai Juxiang is a party to the business contracts related to our wealth management advisory services and is the entity that receives one-time commissions and recurring service fees from this business. This internal migration caused no substantive change in the management or operation of the relevant business because those business operations remain under the leadership of the same management team of our company and are operated through almost identical wealth management advisory services personnel.

In July 2015, concurrently upon the completion of our initial public offering, we acquired Scepter Pacific, the holding company of E-House Capital. As consideration, we issued 16,565,592 and 15,915,960 ordinary shares to E-House (China) Capital Investment Management Limited, or E-House Investment, and Reckon Capital Limited, respectively. E-House Investment is a wholly owned subsidiary of E-House and Reckon Capital Limited is majority owned by Mr. Xin Zhou, our director.

E-House Capital's business is conducted through Shanghai E-Cheng and its subsidiaries. Shanghai E-Cheng is a VIE of Scepter Pacific through the contractual arrangements between Shanghai Baoyi and Shanghai E-Cheng and its shareholders. The contractual arrangements between Shanghai Baoyi and Shanghai E-Cheng and its shareholders enable us to (1) exercise effective control over Shanghai E-Cheng; (2) receive substantially all of the economic benefits of Shanghai E-Cheng in consideration for the consulting services provided by Shanghai Baoyi; and (3) have an exclusive option to purchase all of the equity interests in Shanghai E-Cheng when and to the extent permitted under laws and regulations of People's Republic of China.

As a result of these contractual arrangements, we treat Shanghai E-Cheng as our VIE under U.S. GAAP. We have consolidated the assets, liabilities, revenues, expenses and cash flows that are directly attributable to Shanghai E-Cheng and its subsidiaries in our consolidated financial statements in accordance with U.S. GAAP.

In January 2016, we issued 9,591,000 ordinary shares and 2,880,000 ordinary shares to Julius Baer Investment Ltd. and SINA, respectively, at US$1.83 per share, in a private placement.

In March 2016, we acquired 34% equity interest in and 70% contractual earning distribution right of UP Capital Management Limited, or UP Capital, which directly holds 100% equity interest in Juhui Financial Securities Limited, a Hong Kong entity holding the required license to provide financial services to the high-net-worth clients in Hong Kong. We acquired additional 45% equity interest in UP Capital in 2017, and therefore owned 79% ownership and corresponding economic rights in UP Capital as of December 31, 2017. In May 2016, we acquired 85% equity ownership of Non-Linear Investment Management Limited which directly holds 100% equity interest in Jucheng Insurance Broker Ltd., a Hong Kong entity holding the required license to provide the insurance brokerage services in Hong Kong.

In connection with our investment in UP Capital and acquisition of Non-Linear Investment Management Limited in 2016, we opened our Hong Kong office in May 2016 to expand our overseas business.

In September 2016, we acquired 100% equity interest in Shanghai Jupai Yongyu Insurance Brokers Co., Ltd. (previously known as Jiangsu Kang'an Insurance Brokers Co. Ltd.), a PRC entity holding the required license to provide the insurance brokerage services in China.

In September 2017, we completed the acquisition of a non-controlling interest in Runju, a company primarily operates an online platform which facilitates the transfer of debt and equity securities, from Shanghai Kushuo Information Technology Limited and an individual shareholder. Shanghai Kushuo Information Technology Limited is a subsidiary of E-House.

In October 2017, we acquired Pushing International Trade (China) Co. Ltd., which directly holds 100% equity interest in Gunan Financial Leasing (Shanghai) Ltd, a PRC entity engaged in financial leasing services.

Our principal executive offices are located at Yinli Building, 8/F, 788 Guangzhong Road, Jingan District, Shanghai 200072, the People's Republic of China. Our telephone number at this address is +86-21-6026-9003. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

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B. Business Overview

We are a leading third-party wealth management service provider focusing on distributing wealth management products and providing quality product advisory services to high-net-worth individuals in China. In China, third-party wealth management service providers generally refer to those service providers who are not associated with any financial institutions. Our integrated business model features an established wealth management product advisory services operation that is complemented by our growing in-house asset management capabilities. The asset management business, which we started in 2013, not only diversifies our wealth management product offerings and increases our competitiveness, but also enhances our overall profitability.

We provide our wealth management product advisory services mainly to China's high-net-worth individuals who have investable assets in excess of RMB3.0 million. With our network of 72 client centers in 46 economically vibrant cities as of December 31, 2017, we strategically bring our services closer to our clients by maintaining a physical presence in key markets in China and overseas. Our high-net-worth client base has grown significantly since our inception. During 2015, 2016 and 2017, we had 8,572, 10,218 and 12,825 active clients, respectively.

Our typical wealth management service team is centered around an experienced wealth management product advisor who maintains regular contact with and facilitate the execution of transactions for our clients. Each wealth management product advisor is supported by several client managers, who are tasked with searching for and making contact with potential clients, and a centralized client care unit that specializes in maintaining client relationships. Our wealth management product advisors, many of whom possess industry-recognized qualifications, are primarily recruited from reputable institutions in the wealth management industry and have an average of approximately eight years of industry experience. We believe our wide spectrum of value-added services offered, before, during and after distribution of wealth management products have helped us generate client loyalty. Among our active clients in 2015, 2016 and 2017, approximately 52.1%, 55.6% and 60.9% of them had previously purchased wealth management products that we distribute at least once before their latest purchase, demonstrating our strong client retention ability despite the fast expansion of our client base.

We serve as a one-stop wealth management product aggregator. In addition to the products that we develop and manage in-house, we also source products from third parties. In 2017, we sourced third-party products from four domestic and six overseas product providers for recommendation to our clients. Our product choices include fixed income products, private equity and venture capital funds, public market products and other products such as insurance products and tailored alternative investments. In 2015, 2016 and 2017, the aggregate value of wealth management products we distributed reached RMB28.4 billion, RMB45.3 billion and RMB54.3 billion, respectively. Our brand is built upon our rigorous risk management and product selection standards, which ensures the quality of products that we distribute. We draw on in-house and external expertise to carefully screen each product we distribute from legal and commercial perspectives.

Our wealth management product advisory services are complemented by our ability to provide asset management services, which we started in 2013, in the management and advisory of real estate or related funds, other specialized fund products and funds of funds. As of December 31, 2017, the amount of total assets under our sole or shared management was RMB57.5 billion, compared to RMB36.1 billion as of December 31, 2016. By participating in the management of a fund where our clients are some of the investors, we are well positioned to develop ongoing relationships with our clients and improve our understanding of their varied expectations for investment products, which in turn helps us and the product providers to design more attractive and competitive products.

We generate our revenues in connection with our wealth management product related services from one-time commissions and recurring service fees paid by third-party product providers, corporate borrowers and our own clients. The one-time commissions are calculated based on the value of wealth management products we distribute to our clients. Where we act as the product provider for our self-developed products, we generate revenues from one-time commissions from the corporate borrowers or fees collected from our clients. During the life cycle of some of the public market products and fund products, we charge product providers or corporate borrowers recurring service fees for our ongoing services. Prior to 2015, one-time commissions received from distribution of fixed income products in connection with our wealth management product advisory services accounted for substantially all of our revenues. We also started to generate asset management services revenues in 2013 from one-time commissions for our fund formation services and from recurring management fees for managing the funds. These fees are typically computed as a percentage of the capital contribution in the funds. We expect the recurring management fees to also include performance fees or carried interest paid by funds that we manage or co-manage mostly upon maturity of the relevant funds. Starting from 2016, we offered consulting services to some peer firms in the asset management industry and other companies seeking for equity investments.

We charged those firms consulting service fees for our services, which are negotiated on a case-by-case basis depending on the nature and extent of our services.

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We have experienced substantial growth in recent years. Our net revenues increased significantly from RMB595.0 million in 2015 to RMB1.1 billion in 2016 and to RMB1.7 billion in 2017. The net income attributable to our shareholders increased significantly from RMB153.5 million in 2015 to RMB207.6 million in 2016 and to RMB409.5 million in 2017. Our net revenues in 2017 from one-time commissions, recurring management fees, recurring services fees and other service fees were RMB1,038.7 million, RMB363.7 million, RMB105.0 million and RMB198.8 million, respectively.

Our Services

We provide wealth management product advisory, asset management and other services. These complementary service capabilities enable us to offer customized, value-adding and integrated services to our high-net-worth clients. Our clients' sizeable amount of investable assets makes us an attractive and reliable source of funds to investment product providers. Our ability to design products further expands our clients' investment options, and our participation in the ongoing management of investment projects helps forge long-term relationships with both our clients and product providers and corporate borrowers.

Wealth management product advisory services

To help our high-net-worth clients attain their diversified financial objectives, we provide third-party advice on how their investable assets should be allocated. We provide our clients with a wide spectrum of value-added services before, during and after distribution of wealth management products by assisting our clients in crafting their wealth management plans in light of their risk appetite, recommending investment opportunities carefully selected from a vast array of competitive products including fixed income products, private equity and venture capital funds products, public market funds and other products and keeping them informed of the latest market and product intelligence. We require our wealth management service personnel to advise our clients based on their investment needs. For our clients who need advice on product selection, we require our wealth management service personnel to select and suggest products with features and terms that best suit the investor's risk appetite and investment horizon. When, for instance, a client decides to invest in one-year term fixed income products, we recommend the specific product that we believe is of the highest quality among those products. To help achieve this, we offer our wealth management service personnel with the same internal commission rates for all products with similar feature and term notwithstanding the varying levels of external commission rates we receive from different product providers. Our clients enter into contractual arrangements with the product providers to purchase investment products directly from them. We generally charge product providers or the underlying corporate borrowers a one-time commission based on the investment amount made by our clients. Where we act as the product provider for our self-developed products, we generate revenues from one-time commissions from the product providers or corporate borrowers. We also charge recurring service fees during the life cycle of certain wealth management products from the underlying product providers or corporate borrowers for services we provide, such as investor coordination, investment advisory services and distribution of periodic product performance reports.

We consider the following aspects of our services key to the operation of our wealth management product advisory services:

Our high-net-worth clients

We provide our wealth management product advisory services mainly to China's high-net-worth individuals who have investable assets in excess of RMB3.0 million. Our client base consists of entrepreneurs, corporate executives, professionals and other investors. During 2015, 2016 and 2017, we provided wealth management product advisory services to 8,572, 10,218 and 12,825 active clients, respectively. In 2015, 2016 and 2017, the aggregate value of wealth management products we distributed reached RMB28.4 billion, RMB45.3 billion and RMB54.3 billion, respectively. We believe our clients are loyal to our brand and services. Among our active clients in 2015, 2016 and 2017, approximately 52.1%, 55.6% and 60.9% of them previously purchased wealth management products that we distribute at least once before their latest purchase, demonstrating our strong client retention abilities despite the fast expansion of our client base.

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Our client service model

We operate under a proven and cost-efficient client service model, which features a team approach that covers the full service cycle for each client, as illustrated by the diagram below. A typical wealth management service team is centered around an experienced wealth management product advisor who maintains regular contact and facilitates the execution of transactions with our clients, and each wealth management product advisor is supported by several client managers and a centralized client care unit. The client managers are tasked with sourcing potential clients and introducing our services to them. The client managers leverage various resources in performing their task, including their social connections and referrals from existing clients. Assisted by these client managers, our wealth management product advisors meet individually with potential clients to assess their risk profile, understand their financial objectives and craft tailored wealth management plans for them. We have a vast array of investment products for our wealth management product advisors and clients to choose from in order to develop tailored portfolios. To sustain and further improve our service quality, we also have a centralized client care unit dedicated to the ongoing maintenance of client relationships and collection of client feedback. Members of the client care unit communicate with our clients on a regular basis to evaluate their level of satisfaction and to explore the need for further services. This integrated client service model facilitates new client development, ensures quality and consistent professional services and promotes long-term relationships with our existing clients.

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We place heavy emphasis on recruiting, training and motivating our advisors and other client service team members. Our wealth management product advisors are primarily recruited from private banking teams of both domestic and foreign banks, and other domestic third-party wealth management service providers with an average of approximately eight years of wealth management product advisory industry experience. Our wealth management product advisors are qualified to provide wealth management services, while many of them possess industry-recognized certifications, including CFP, CFA and qualifications to conduct securities, fund and insurance businesses. We require these wealth management product advisors to possess necessary knowledge of financial products and a good understanding of the PRC economy and various market trends. We sponsor regularly scheduled information sessions, seminars, workshops and other training events for various levels of our service teams to keep them informed of the latest market trends, familiarize them with new product types and improve their marketing and advisory skills. From time to time, we organize company-wide conferences where our in-house experts work with third-party consultants to design and offer comprehensive training to our mid-level-and-above management. In addition, by implementing a team structure for our client services, we consciously encourage virtuous competition among the client managers to retain the personnel with the best client development abilities. Compensation of our service team members is largely performance-based. A large part of their compensation is linked to the number of new clients that they bring in and the amount of investment made by our clients following their advice.

Our coverage networks

With our network of 72 client centers in 46 economically vibrant cities in China and overseas as of December 31, 2017, we bring our services closer to our clients by maintaining a physical presence in key markets in China, primarily covering the Bohai Rim, the Yangtze River Delta and the Pearl River Delta. We strategically locate our client centers in cities with high concentrations of high-net-worth individuals, strong growth potential and sufficient supply of industry talents. As of December 31, 2017, we operated six client centers in Shanghai, four client centers in Xiamen, three client centers in each of Beijing, Tianjin, Hangzhou, Chengdu and Ningbo, two client centers in each of Qingdao, Suzhou, Guangzhou, Shenzhen, Wuxi, Chongqing, Zhuhai and Nantong, and one client center in 31 other cities in China and overseas.

Asset management services

Our wealth management product advisory services are complemented by our asset management services, which we started in 2013, in the management and advisory of real estate or related funds, other specialized fund products and funds of funds. We substantially strengthened our asset management services with our acquisition of E-House Capital in 2015. We provide fund management services as well as advisory and administrative services, serving as the general partner or co-general partner alongside another management company, to limited partnership funds. Serving as the general partner, co-general partner or manager of the funds under management, we charge a recurring management fee for actively managing the fund's investments. We share performance fees or carried interest towards the successful completion of the investment projects. Our ability to provide these asset management and advisory services provides us with an additional source of revenue.

By participating in the management of a fund where our clients are some of the investors, we are well positioned to develop ongoing relationships with our clients and improve our understanding of our clients' expectations for investment products. A significant portion of the products that we help to develop are in the form of private investment funds with real estate as the underlying asset. For those products, the real estate developers benefit from the

combination of our industry knowledge and understanding of financial products. Whereas products designed by other providers such as trust companies are typically financed with debt instruments, we are able to design innovative products that feature equity or a combination of debt and equity elements. Products with equity elements are increasingly welcomed by real estate developers because of the higher flexibility in satisfying their financial needs. Along with the trends of the regulatory changes, we have increased our emphasis on products of equity investment in real-estate projects since 2018. At the same time, those self-developed real estate investment products offer our clients with an alternative to invest in the sharing of long-term profits instead of fixed returns. For the products that we develop and manage in-house, we invest the product proceeds pursuant to the use of proceeds as provided for under the respective product's subscription documents.

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The table below lists the funds under our management invested in each product category for the three years ended December 31, 2017.

Product Categories (Asset Under Management[1])	As of December 31, 2015 %[2]	2016 %[2]	2017 %[2]
Fixed Income Products[3]	42	50	62
Private equity and venture capital fund products	46	41	33
Public Market Products	8	8	4
Other Products	4	1	1

(1) Our "Assets Under Management", or "AUM", refers to the amount of capital contributions made by investors to the funds we manage, for which we are entitled to receive management fees. The amount of our AUM is recorded and carried based on the historical cost of the contributed assets instead of fair market value of assets for almost all our AUM. Our total Assets Under Management were RMB12.5 billion, RMB 36.1 billion and RMB57.5 billion as of December 31, 2015, 2016 and 2017, respectively.
(2) The sum of the following percentages does not necessarily equal 100% due to rounding.
(3) Fixed income products include real estate related products and other fixed income products.

Other services

Starting from 2016, we offered consulting services to some peer firms in the asset management industry and other companies seeking for equity investments We provide consulting services to them and charge them service fees determined on a case-by-case basis. In addition, we work closely with reputable insurance companies or brokerage firms to distribute insurance products to China's high-net-worth population, including basic coverage policies and annuities, as well as products that come with investment attributes. With our competitive real estate background, we often work closely with developers to structure new products, offering advice on financial as well as commercial terms and serving an advisory role in financing activities.

Our Product Offerings

Product Categories

We serve as a one-stop wealth management product aggregator and recommend both third-party and self-developed products to our clients. In addition to the products that we develop and manage in-house, we also source products from third parties. In 2017, we sourced products from four domestic and six overseas product providers for recommendation to our clients. In terms of value, the distribution of a majority of products that we distributed were made on an exclusive basis since 2013. Our wealth management product advisors are required to select and recommend products with the goal of maximizing our clients' interests. We select, evaluate and recommend the following categories of products, whose underlying assets may overlap with each other:

- Fixed income products, which refer to projects that are distributed or managed by us with potential prospective fixed rates of return and which mainly include investments in corporate bonds, including real estate-related bonds, or government bonds, either directly or via vehicles such as asset management plans sponsored by mutual fund management companies or securities companies and collateralized fixed income products sponsored by trust companies and fund of funds products where the fund recipients or corporate borrowers are not yet defined at the time of investment. The underlying borrowers of the government or corporate bonds mainly include top-ranking real estate developers and urban investment companies that are affiliated with local governments that have good credit ratings. Prior to 2015, we derived substantially all of our revenues from one-time commissions received from distribution of fixed income products in connection with our wealth management product advisory services.

- Private equity and venture capital funds, including direct investments in private equity and venture capital funds sponsored by leading domestic or international asset management companies and indirect investments in such funds via participation in asset management plans sponsored by mutual fund management companies or securities companies.

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- Public market products, which refer to a type of wealth management products that invest in publicly traded securities in China and which mainly including investments in securities publicly traded on the capital markets via vehicles such as privately raised funds investing in publicly traded stocks and bonds, sponsored by leading asset management companies in China.

- Other products, including overseas insurance products and foreign-currency denominated alternative investments. We work with insurance companies and insurance brokerage firms both in China and overseas to introduce products such as whole life coverage and universal life coverage. Our product development team often participates in the product design process to develop customized and innovative financing structures and offer foreign-currency denominated products that are an alternative to traditional investments.

The fixed income products we distributed that have real estate developers as corporate borrowers accounted for 68%, 73% and 69% of the total transaction value of all fixed income products we distributed in 2015, 2016 and 2017, respectively. Such real estate development-related products are predominantly products relating to residential apartment complexes and commercial properties in urban areas with demonstrated growth potential. To cater to the investment preferences of our clients, many of the real estate development-related products that we select have underlying projects in economically developed areas in China or other populous areas in China with promising economic growth potential. In the period from 2015 to 2017, 18.2%, 26.4% and 23.0% of the amount of the real estate development-related products we distributed were to fund projects in Suzhou, Beijing, Xi'an and Shanghai, respectively. Almost all those products are secured by land use rights and/or security interest over the equity interest of the project company, which has legal title to the constructed buildings before they are sold. In January 2018, AMAC released the Filing Notice that prohibits using the private investment funds to lend money to a corporate borrower and receive fixed return. In response to such changes of the regulatory regime, we have ceased to distribute any new fixed income products invested in real estate related bonds, and we have used, and continue to increasingly use, private equity funds to invest in the real estate industry.

To date, fixed income products, particularly real estate or related fund products, account for a significant portion of our wealth management product related revenue streams. This concentration correlates with the relatively conservative investment appetite and deeply rooted perception among Chinese investors that real estate investments provide more investment transparency and security. In recent years, we started to design unconventional or non-traditional investment products in niche markets, such as fine watch and fine art investment and movie production financing, to cater to the individualized investment needs and tastes of some of our clients. We often customize these products with features and perks such as invitations to movie screenings and guaranteed availability of limited edition items. Such products are especially popular with our clients who have a particular interest in the underlying assets.

The products we distribute may take on a variety of legal structures, including contractual funds, limited partnership funds, the asset management plans or private bond funds administered by a local exchange. "Contractual fund" refers to the rights and obligations regarding investment management among the investor, the manager of the investor's funds and the custodian of such funds in accordance with the contractual fund contracts, under which the fund manager manages the investor's fund as its agent. Instead of being owned by a separate legal entity, the funds to be invested remain the legal property of the investor held in a custody account separate from the fund manager's own assets or other funds under its management. The custodian oversees the usage of the fund by the fund manager. "Asset management plan" refers to an investment arrangement under which a mutual fund management company or its subsidiary (unless otherwise indicated, collectively referred to as mutual fund management company) or securities company, in its capacity as trustee, manages funds entrusted to it by multiple sources for the interest of the entrusting parties by investing the entrusted funds in pre-determined assets or projects to generate returns for the beneficiaries. Investments in asset management plans are referred to as asset management products. "Private bond fund" refers to an investment fund that invests in debt instruments which are placed via non-public means to qualified investors and which are regulated by and traded on authorized exchanges in China.

In products we develop and manage in-house or some of the third-party products we help design, we may provide asset management services as a manager of the contractual funds or take on the role of general partner or co-general partner in the limited partnership fund. In products where there is a guarantee provided by the parent of the underlying borrowing entity or a third-party guarantee company, the guarantor would typically provide the guarantee to the contractual funds, limited partnership funds or private bond funds, as the case may be. In terms of fund settlement, the proceeds raised may be released to the borrowing entities through a number of structures, including for example, a unilateral trust arrangement or direct equity investment in an entity set up by the corporate borrower along with a shareholder loan to that entity in accordance with PRC laws and regulations.

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Eight of the products that we distributed were subject to redemption by our clients, and the aggregate value of these products that remained subject to possible redemption amounted to RMB0.5 billion as of December 31, 2017. None of these products, if redeemed, will require a refund of the applicable fees we collected.

The table below lists our top 10 products in 2017 based on the fund raising size of the relevant product:

Product	Product type	Fund Raising Size (RMB in million)
Product I	Fixed income products	1,962.30
Product II	Fixed income products	1,506.70
Product III	Fixed income products	1,241.00
Product IV	Fixed income products	1,172.00
Product V	Fixed income products	1,149.40
Product VI	Fixed income products	1,033.20
Product VII	Fixed income products	999.00
Product VIII	Fixed income products	995.10
Product IX	Fixed income products	812.10
Product X	Fixed income products	800.00

Product Development and Distribution

We have a team focused on product development, a majority of whom have experience in fund raising and management operations or real estate related work experience. As of December 31, 2017, the team was comprised of 299 people. We started to develop products in-house in 2013. In terms of value, approximately RMB22.7 billion, RMB37.8 billion and RMB48.8 billion of the products that we distributed in 2015, 2016 and 2017, respectively, were either products developed and managed by us or third-party products that we helped design. To date, we have distributed a majority of the wealth management products that were developed and managed by us and a majority of the wealth management products that we participated in designing.

For sizable projects with demanding fund-raising timetables, we sometimes use third-party distribution channels in addition to our in-house sales force. These third-party channels consist primarily of third-party wealth management service providers that operate on a smaller scale compared to us. We select them based on market reputation and our prior working experience with them, and we pay channel fees to these third-party distribution channels based on the value of products distributed by them.

Product Selection, Risk Management and Compliance Control

We draw on in-house and external expertise and follow strictly implemented procedures to carefully screen each product we distribute from legal and commercial perspectives. Specialists from our product development, finance and legal departments perform rigorous due diligence on each product candidate. Each product candidate is evaluated from multiple aspects including potential financial performance, corporate structure and history of the sponsor qualifications of the investment manager and legal, tax and employment matters. In particular, we stress the importance of product compliance with applicable PRC laws, rules and regulations. A team of our legal staff carefully reviews the registration or approval documents and registration or filing requirement that are applicable to each product to confirm regulatory compliance. When necessary, we engage external professionals to avail ourselves of their expertise in various specialized areas.

Our risk control and viability review committee, which is comprised of our executive officers, other senior managers and heads of legal and financial teams, holds regular sessions to review product selection. In addition to reviewing due diligence findings, this committee also obtains input from our manager sponsoring such products and other in-house experts. A prospective product needs to be approved by at least a majority of the committee members before it is launched. Diagram A below illustrates our strictly implemented product screening procedures that a third-party product is subject to before our wealth management product advisors can recommend it to our clients.

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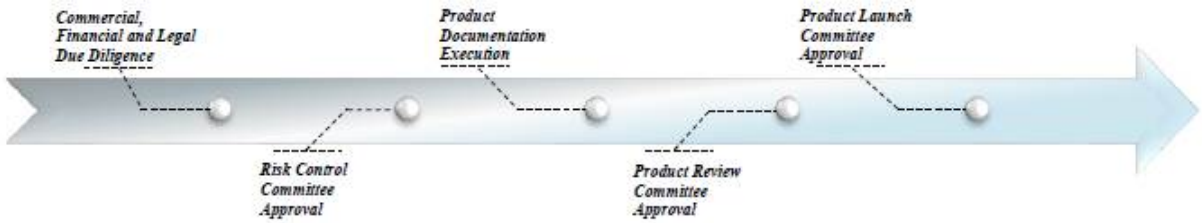
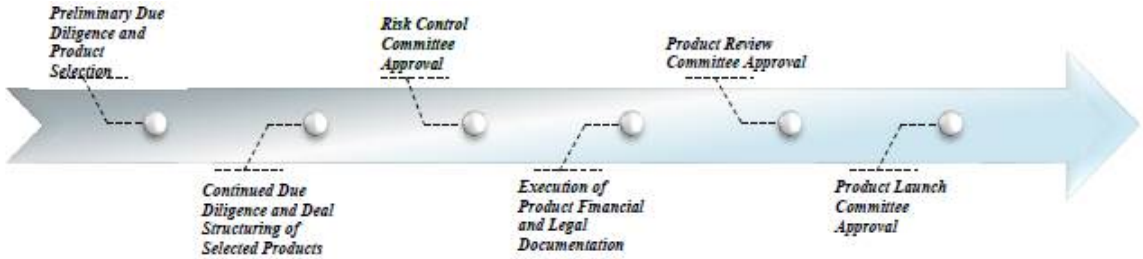


For a product that we develop in-house, in addition to the selection procedures applicable to third-party products, we also require that it undergo a viability test conducted by our risk control and viability review committee as shown in the following Diagram B. We actively participate in the initial project study, site visit, financing model development and profit projection of the products that we develop and manage in-house, leveraging our expertise in areas such as real estate development and utilizing leading databases and reports, including CRIC. We analyze the project's self-generated cash flow, impose third-party guarantee requirements and establish minimum collateralization levels to select only those products that can weather adverse market changes.



Marketing and Brand Promotion

A majority of our clients have come to us through referrals from existing clients and we believe word-of-mouth is an especially effective marketing tool for the wealth management product advisory business, which mainly targets high-net-worth individuals. We intend to engage in nationwide marketing initiatives to further raise our brand awareness while continuing to improve client satisfaction to strengthen our word-of-mouth referrals. We also encourage our employees to introduce or recommend new clients to us by providing incentive bonus.

In addition to word-of-mouth and internal referrals and recommendations, we also enhance our brand recognition and attract potential high-net-worth clients through a variety of offline and online marketing methods:

Offline Marketing Activities. In order to attract new clients and foster client loyalty, all of our clients are members of our high-end membership club, Paikehui (□□□). The membership is free of charge. Through Paikehui we organize frequent and targeted high-profile events, such as monthly product roadshows in cities across China and one-on-one wealth management salons. These events enable us to present our market outlook and introduce products while affording our members the opportunity to socialize with other Paikehui members. These events are often co-organized by our business partners and well-established industry players, such as top-ranked real estate developers, financial institutions and reputable opinion leaders to provide in-depth and up-to-date market insights and knowledge to our clients. In addition, we also co-host investment and wealth management-related interviews and talk shows with CBN, an influential finance-themed media platform in China, and publish articles and proprietary research reports in major business and finance magazines and newspapers in China. Some of our clients are also members of the J+ Club, a high-end membership club designated for our ultra-high-net-worth clients. We aim to build a financial ecosystem for those ultra-high-net-worth individuals through J+ Club by connecting them with famous economists, business leaders and successful investors. In August 2016, we organized our first group of members to attend the investment seminar hosted by the Wharton Business School in the United States. In August 2017, we held first annual celebration event of J+ Club in Sanya, Hainan Province. In 2017, we also celebrated our two-year anniversary of trading and listing on NYSE and organized a series of investment strategy conferences and forums.

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Online Marketing Activities. To further promote our brand, we also take advantage of the Internet and various mobile social network applications, such as Weixin and Weibo, through which we introduce basic services information, market research and updates to our members.

Information Technology Infrastructure

We currently use a combination of commercially available and custom-developed software and hardware systems, including our business process management, or BPM, system that integrates our internal work streams and information flow on one platform to help us operate efficiently, and our client relationship management, or CRM, system that is supported by the Microsoft OA system to help us collect and analyze our clients' individualized transaction information to provide tailored services, and "Jupai Online," a mobile application that integrates our online system in assisting our client managers to provide services on the mobile platform for our clients. In 2017, we further enhanced our technology infrastructure to improve the operation and communication efficiency. For example, we launched an internal training platform that provides online courses related to our business and products to our employees, a unified communication platform that allows our wealth management product advisors to closely follow the status of various investment projects, as well as a remote contract execution system and a video conference system covering our offices and branches across the country. We are in the process of upgrading our system and IT infrastructure to further enhance our client service and product management capabilities.

Competition

While the wealth management services industry in China is growing rapidly, it is still at an early stage of development and is highly fragmented. We operate in an increasingly competitive environment and compete for clients on the basis of product choice, client service, reputation and brand recognition. Our principal competitors include:

- ***Third-party wealth management service providers.*** Our direct competition comes from other third-party wealth management service providers, some of which are relatively well developed, such as Noah Holdings Limited. We believe that we can compete effectively due to the quality of our client-oriented and customized services, our product sourcing and development capabilities and our rigorous risk management systems, in light of the great potential of the wealth management services market.

- ***Commercial banks, trust companies and insurance companies.*** Many commercial banks, trust companies and insurance companies rely on their own wealth management arms and sales forces to distribute their products. We believe that we compete effectively with commercial banks, trust companies and insurance companies due to a number of factors, including our independence, which positions us as a centralized wealth management product aggregator to provide and recommend suitable wealth management product advice and product combinations that suit our clients' financial objectives.

- ***Asset management service providers.*** A number of mutual fund management companies, securities companies and other fund managers have emerged in the asset management business in China in recent years. We believe that we compete effectively due to the quality of our services, our fund sourcing capabilities from third parties and our in-depth experience in industries such as real estate development.

- ***Internet financial service providers.*** As the wealth management industry rapidly evolves and moves online, we may face competition from new market entrants that distribute wealth management products through websites or mobile platforms.

Intellectual Property

Our brand, trade names, trademarks, trade secrets, proprietary database and research reports and other intellectual property rights distinguish the products we distribute and our services from those of our competitors and contribute to our competitive advantage in the high-net-worth wealth management services industry. We rely on a combination of trademark and trade secret laws as well as confidentiality agreements and non-compete covenants with our wealth management product advisors and other employees, our third-party wealth management product providers and other contractors. We have one registered trademark in China and seven registered domain names, *jpinvestment.cn*, *51touzi.cn*, *Jp-fund.com* and *toushenme18.com* The registrant of *Jp-fund.com* is Yumao, and the registrant of *jpinvestment.cn*, *51touzi.cn* and *toushenme18.com* is the Beijing branch of Shanghai Jupai. We also have three registered copyrights in China.

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Insurance

We participate in government sponsored social security programs including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing insurance. We do not maintain business interruption insurance or key-man life insurance. We consider our insurance coverage to be in line with that of other wealth management companies of similar size in China.

Regulation

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

Regulations on Asset Management Plans

According to the CSRC, qualified mutual fund management companies and securities companies may be entrusted by clients to engage in asset management business.

Asset Management Plans by Mutual Fund Management Companies.

On September 26, 2012, the CSRC promulgated the Pilot Measures for Asset Management Services Provided by Mutual Fund Management Companies for Specific Clients, or the Pilot Measures, which came into effect on November 1, 2012. These Pilot Measures apply to activities whereby a mutual fund management company raises funds from specific clients or acts as the asset manager for specific clients upon their property entrustment, with a custodian institution acting as the asset custodian, and makes investments with the entrusted assets. According to the Pilot Measures, the assets under an asset management plan may be used for the following investments: (i) cash, bank deposits, stocks, bonds, securities investment funds, central bank bills, non-financial enterprises' debt financing instruments, asset-backed securities, commodity futures and other financial derivatives; (ii) equity interests, creditor's rights and other property rights not transferred through a stock exchange; and (iii) other assets approved by the CSRC. A specific asset management plan with investment in any assets specified in subparagraphs (ii) or (iii) above is defined as a special asset management plan. In addition, a mutual fund management

company shall conduct special asset management plan business only through its subsidiary but not by itself. An asset manager can provide the client-specific asset management plans to a single client or to multiple clients. As for asset management plans for multiple clients, the investment amount of each entrusting client shall be no less than RMB1.0 million, and the number of the clients whose investment is less than RMB3.0 million is limited to 200, while the number of the clients whose investment is more than RMB3.0 million is not limited. In addition, the initial total assets entrusted by the clients under an asset management plan for multiple clients shall be no less than RMB30.0 million and no more than RMB5.0 billion, unless otherwise provided by the CSRC. An asset manager may sell its asset management plans on its own or through an agency qualified to sell mutual funds. Asset management plans are among the third-party products that we introduce to our clients. Our clients purchase the asset management plans directly from the mutual funds management companies based on our advices. As we are solely a service provider to third-party product providers and our revenues are generated from commissions and recurring fees that we charge the mutual funds management companies for our services, we do not own or hold title to the asset management plans. We do not directly sell the asset management plans to our client or process the transactions for our clients. We also do not sign the sales contracts or enter into any written documents with our clients. Therefore, we believe that we are not engaged in the direct sale of the asset management plans sponsored by mutual fund management companies. However, due to the lack of clear and consistent regulatory framework for the sale of asset management plans, we cannot assure you that the relevant PRC government including the CSRC will agree with our interpretation of sales of asset management plans under the relevant rules. If they have different interpretation of the relevant rules and as a result the provisions of consulting services or similar services with respect to sale of asset management plans are deemed as sale of asset management plans and we do not hold the license, the CSRC or other government authorities in China may prohibit fund management companies from engaging companies like us for such services. In such circumstances, we may have to change our business model with respect to asset management plans or cease to provide services relating to asset management plans, and as a result, our business, results of operations and prospects would be adversely affected. See “Item 3. Key Information—D. Risk Factors — Risks Related to Our Business and Industry — We may fail to obtain and maintain licenses and permits necessary to conduct our operations in China, and our business may be materially and adversely affected as a result of any changes in the laws and regulations governing the financial services in China”.

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Asset Management Plans by Securities Companies.

On October 18, 2012, the CSRC promulgated Administrative Measures for Client Asset Management Business of Securities Companies, or the Administrative Measures, and also two detailed rules to implement the Administrative Measures, i.e. the Implementation Rules of Collective Asset Management Plans of Securities Companies, or the Collective Plan Rules, and the Implementation Rules of Designed Asset Management Plans of Securities Companies, which became effective on the same date. On June 26, 2013, the CSRC promulgated the amendment to the Administrative Measures and the Collective Plan Rules, which came into effect on the same date. According to the Administrative Measures and the Collective Plan Rules, securities companies that obtain the required qualification may engage in collective asset management business for multiple clients. Collective asset management plans may invest in (i) stocks, bonds, stock index futures, commodity futures and other products tradable on stock and futures exchanges; (ii) central bank bills, short-term financing bills, mid-term notes and other products tradable on interbank market, (iii) securities investment funds, designed asset management plans of securities companies, wealth management plans of commercial banks, collective fund trust plans and other financial products approved by the competent regulators; and (iv) other investment products approved by CSRC. A collective asset management plan shall meet the following requirements: (i) the total amount of raised funds shall initially be no less than RMB30.0 million and not exceed RMB5.0 billion, (ii) the investment amount of each qualified investor shall not be less than RMB1.0 million, and (iii) the total number of qualified investors shall be no less than 2 and not exceed 200. A qualified investor is defined as an entity or individual that is capable of appropriately identifying risks and bearing the risks of the collective asset management plan, and that satisfies any of the following conditions: (i) the total personal or household financial assets shall be no less than RMB1.0 million, applicable if the qualified investor is a natural person, or (ii) the net assets shall be no less than RMB10.0 million, applicable if the qualified investor is a company, enterprise or institution. A securities company shall put the assets within a collective asset management plan under the custody of an asset custodian with fund custody business qualification. A securities company may either promote collective asset management plans by itself or through other securities companies, commercial banks or other institutions recognized by the CSRC. We distribute asset management plans for securities companies and mutual fund management companies and those companies are required to obtain a license to sell asset management plans. Although we believe such license is not required for our distribution and sourcing of these asset management plans as we do not directly sell asset management plans to and do not enter into the agreements with our clients who invest in these asset management plans, due to the lack of a unified regulatory framework governing the distribution or management of wealth management products thus far, we cannot assure you that the relevant PRC government will agree with our interpretation of the relevant rules governing asset management plans. Also see “Item 3. Key Information—D. Risk Factors — We may fail to obtain and maintain licenses and permits necessary to conduct our operations in China, and our business may be materially and adversely affected as a result of any changes in the laws and regulations governing the financial services industry in China.”

Regulations on Private Equity Investment Products

In China, Renminbi denominated private equity funds are typically formed as limited liability companies or partnerships, and therefore, their establishment and operation is subject to the PRC company laws or partnership laws. The PRC Partnership Enterprise Law was revised in August 2006 when it expanded the scope of eligible partners in partnerships from individuals to legal persons and other organizations and added limited partnerships as a new form of partnership. A limited partnership shall consist of limited partners and at least one general partner. The general partners shall be responsible for the operation of the partnership and assume joint and several liabilities for the debts of the partnership, and the limited partners shall assume liability for the partnership’s debts limited by the amount of their respective capital commitment.

CSRC is now in charge of the supervision and regulation of private funds, including, but not limited to, private equity funds, private securities investment funds, venture capital funds and other forms of private funds. Further, CSRC authorized the Asset Management Association of China, or AMAC, to supervise the registration of private fund managers, record filing of private funds and perform its self-regulatory role. Thus, the AMAC formulated the Measures for the Registration of Private Investment Fund Managers and Filling of Private Investment Funds (for Trial Implementation), or the Measures, which became effective as of February 7, 2014, setting forth the procedures and requirements for the registration of private fund managers and filing of private funds to perform self-regulatory administration of privately placement funds. On August 21, 2014, CSRC promulgated the Interim Provisions for the Supervision and Management of Private Equity Funds, which further clarified the self-regulatory requirements for private funds. Local governments in certain cities, such as Beijing, Shanghai and Tianjin, have promulgated local administrative rules to encourage and regulate the development of private equity investment in their areas. These regulations typically provide preferential treatment to private equity funds registered in the cities or districts that satisfy the specified requirements. Such local administrative rules may be changed or preempted according to the new regulations to be issued by CSRC. We have completed the private fund manager registration and filing of private funds under our management with AMAC for the relevant entities that act as private fund managers, including Shanghai Juzhou and four asset management companies that Shanghai Juzhou owns equity interests in.

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In April 2016, AMAC issued the Measures for the Administration of the Fund Raising Conducts of the Private Investment Funds, or the Fund Raising Measures. According to the Fund Raising Measures, only two types of institutions are qualified to conduct fund raising activities for private investment funds: (a) private fund managers which have registered with AMAC (only allowed to raise fund for the funds established and managed by such fund managers); and (b) the fund distributors that have are the members of AMAC and obtained the fund distribution license. In addition, the Fund Raising Measures set out detailed procedures for conducting fund raising business and introduced new process such as "cooling-off period" and the "re-visit". We are qualified to conduct the fund raising activities of the funds managed by us and are complying with such procedures when raising the fund.

In February 2017, AMAC released the No. 4 Filing Rules to regulate the securities and futures institution's investment into the real estate area. According to the No. 4 Filing Rules, private fund managers shall follow relevant rules when investing into real estate development enterprises or projects. Among others, the No.4 Filing Rules specify that AMAC will not accept the filing application of private asset management plans or private funds investing in ordinary residential properties in "popular cities", including Beijing, Shanghai, Guangzhou, Shenzhen, Xiamen, Hefei, Nanjing, Suzhou, Wuxi, Hangzhou, Tianjin, Fuzhou, Wuhan, Zhengzhou, Jinan and Chengdu, by way of debt investment, the specific types of which are identified in the No. 4 Filing Rules. The No. 4 Filing Rules will influence our business in this regard and we have adjusted our investment strategies and started to increase our investment in real estate or related assets in the cities other than the "popular cities". We currently are not able to tell how far the influence will be and whether the filing rule for private real estate investment fund will change in the future.

In January 2018, AMAC issued Notice regarding Filing of Private Investment Fund, or the Filing Notice. The Filing Notice provides that private investment funds are prohibited from raising funds from unqualified investors. It also provides that private investment fund manager should file the contracts and other documents of the fund with AMAC on a timely basis and keep proper records of all filing materials. In addition, the Fling Notice also provides that private investment funds should not make debt investments, including (i) investing in private loans, small loans or factoring facilities or other assets or beneficiary interests of which the nature is borrowing;(ii) lending money through entrusted bank loans or trusts; and (iii) conducting the aforementioned activities through the form of special purpose vehicle or investment enterprise. AMAC will not approve the filing of private investment funds that are engaged in the unpermitted debt investment activities. Starting from February 2018, we have ceased to make any new investment in debt assets through our private investment funds.

Regulations on Trust Products

Pursuant to the PRC Trust Law, a trustee can, in its own name, manage and dispose of properties entrusted to it by a trustor for the benefit of beneficiaries. Trust companies are a type of financial institution specializing in the operation of trust business under the PRC Trust Law. Trust companies are subject to the supervision and scrutiny of the China Banking Regulatory Commission, or the CBRC, which is the regulatory authority for banking and financial institutions and related businesses.

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On January 23, 2007, the CBRC promulgated the Administrative Rules Regarding Trust Company-Sponsored Collective Fund Trust Plans, or the Trust Plan Rules, which became effective on March 1, 2007 and was subsequently amended on February 4, 2009. Pursuant to the Trust Plan Rules, a trust company may establish collective funds trust plans, or trust plans, under which the trust company, in its capacity as trustee of two or more trustors, may pool funds entrusted to it by such trustors and may manage, invest and dispose of the pooled funds for the benefit of the beneficiaries. A trust plan must comply with the specified requirements under the Trust Plan Rules, which include the requirements that (i) each trustor participating in the trust plan be a qualified investor and the sole beneficiary of his investment in the trust plan; (ii) there be no more than 50 individuals participating in the trust plan, excluding the individual or qualified institutional investor who entrusts more than RMB3.0 million on a single transaction basis; (iii) the trust plan has a term of no less than one year and has a specific use of proceeds and investment strategy that complies with the industrial policies and relevant regulations of China; (iv) the beneficial interest in the trust plan be divided into different trust units of equal amounts; and (v) other than reasonable compensation provided for in the trust agreements, the trust company is prohibited from seeking any profits directly or indirectly from the trust property for itself in any way.

A qualified investor under the Trust Plan Rules is defined as a person, who is capable of identifying, judging and bearing the risks associated with the trust plan and who falls within any one of the following categories: (i) any individual, legal person or other organization who invests at least RMB1.0 million in the trust plan; (ii) any individual who, on a personal or household basis, owns financial assets of at least RMB1.0 million, with proof of such assets, at the time he or she subscribes to the trust plan; or (iii) any individual individually having an annual income of more than RMB0.2 million or, jointly with a spouse, having an annual income of more than RMB0.3 million, with proof of such income, for each of the last three years.

Pursuant to the Trust Plan Rules, when promoting the trust plan, a trust company must use appropriate materials with detailed disclosures and is prohibited from, among other things, (i) promising minimum returns on the entrusted funds; (ii) marketing or promoting the trust plans in public; or (iii) engaging a non-financial institution to promote the trust plan. On April 8, 2014, CBRC issued the Guidance Opinions on Supervision and Management on Risks of the Trust Companies, or Circular 99, and subsequently issued the detailed implementation rules to Circular 99. CBRC strengthened the regulation on promotion of trust plans in Circular 99 and its implementation rules, which explicitly prohibit the trust companies from engaging any non-financial institutions in promoting trust plans directly or indirectly through advisory, consulting, brokerage or other ways. We are not a trust company, but we distributed trust products in the past and such distribution may be deemed as "promotion" of the trust plans under the PRC regulations and rules. We ceased our services to new trust plans after the promulgation of Circular 99. See "Item 3. Key Information—D. Risk Factors — If the PRC governmental authorities penalize us for our historical promotion of collective fund trust plans, or trust plans, our business, results of operations and prospects may be adversely affected."

Regulations on Insurance Brokerages

The primary regulation governing the insurance intermediaries is the PRC Insurance Law enacted in 1995 and further amended in 2002, 2009, 2014 and 2015. According to the PRC Insurance Law, the China Insurance Regulatory Commission, or the CIRC, 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 regulation governing insurance brokerage is the Provisions on the Supervision and Administration of Insurance Brokerage Agency, or the Insurance Brokerage Agency Provisions, promulgated by the CIRC in September 2009, amended and effective as of April 27, 2013 and October 19, 2015. According to the Insurance Brokerage Agency Provisions, an insurance brokerage agency refers to an entity that receives commissions for providing intermediary services to policyholders and sponsors to facilitate their entering into insurance contracts based on the interests of the policyholders. An insurance brokerage agency established in China must meet the qualification requirements specified by the CIRC and obtain a license to operate an insurance brokerage business issued by the CIRC. Among others, the minimum registered capital for an insurance brokerage agency shall be no less than RMB50.0 million and must be fully paid in. The license of an insurance brokerage agency is valid for a period of three years, and can be renewed subject to the approval of the CIRC.

In addition, the name of an insurance brokerage agency must contain the words “insurance brokerage agency” The license of an insurance brokerage agency is valid for a period of three years. An insurance brokerage agency is subject to CIRC reporting obligations for corporate events such as amendment of constitutional documents, changes in name and address and changes in shareholding.

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An insurance brokerage agency may conduct the following insurance brokerage businesses:

- making insurance proposals, selecting insurance companies and handling the insurance application procedures for insurance applicants;
- assisting the insured or the beneficiary in insurance claims;
- reinsurance brokering business;
- providing consulting services to clients with respect to disaster and damage prevention, risk assessment and risk management; and
- other business activities approved by the CIRC.

The senior managers of an insurance brokerage agency must meet certain qualification requirements set forth in the Insurance Brokerage Agency Provisions. Appointment of the senior managers of an insurance brokerage agency is subject to review and approval by the CIRC. Personnel of an insurance brokerage agency who engage in any of the insurance brokerage businesses described above must meet the requirements prescribed by the CIRC and obtain the qualification certificate issued by the CIRC.

On February 1, 2018, CIRC issued the Provisions on the Supervision and Administration of Insurance Broker, or the Insurance Broker Provision, to replace Insurance Brokerage Agency Provisions and will be effective upon May 1, 2018. Under Insurance Broker Provisions, the definition and licensing requirements of an insurance broker are substantially similar to those of an insurance brokerage agency as provided under the Insurance Brokerage Agency Provisions. In addition, the Insurance Broker Provisions provide certain changes on current supervision and administration of insurance brokerage agency. For example, the insurance broker shall meet following requirements for the operation of the insurance brokerage business, including, among others, (1) the shareholders must meet the requirement stipulated under Insurance Broker Provision and all paid-in capitals must be self-owned and not from any bank loans or others; (ii) certain material aspects of the company, including the registered capital requirement, capital under the custody, business scopes, articles of associations, company name, constitution of management, corporate governance and internal control must, and information management system, must meet relevant legal requirements; (ix) information management system for business and finance complying with regulations of CIRC. The Insurance Broker Provisions also specify that insurance broker that provide personal insurance services nationwide must establish branch offices, and an insurance broker must segregate its reinsurance business from other insurance business. A subsidiary of our VIEs, Shanghai Jupai Yongyu Insurance Brokers Co., Ltd. (previously known as Jiangsu Kang’an Insurance Brokers Co. Ltd.) has obtained the license for insurance brokerage business.

Regulations on the Sale of Mutual Funds

On December 28, 2012, the Standing Committee of the PRC National People’s Congress promulgated the Law on Securities Investment Funds, or the New SIF Law, which became effective on June 1, 2013 and replaced the Securities Investment Funds Law effective since June 1, 2004. The New SIF Law not only imposes detailed regulations on mutual funds but also includes new rules on the fund services agencies for the first time. Agencies that engage in sales and other fund services related to mutual funds are required to register or file with the securities regulatory authority. According to New SIF Law, mutual funds are allowed to invest in publicly traded stocks or bonds and other securities or derivatives as permitted by the competent securities regulatory authority from time to time.

Correspondingly, on March 15, 2013, the CSRC amended the Administrative Measures on the Sales of Securities Investment Funds, or the Fund Sales Measures, which became effective on June 1, 2013. The Fund Sales Measures specify that it only applies to the sales of mutual funds. Commercial banks, securities companies, futures companies, insurance companies, securities investment consultation agencies, independent fund sales agencies and other agencies permitted by the CSRC may apply with the local branches of the CSRC for the license related to mutual fund sales. In order to obtain such license, an independent fund sales agency shall meet certain requirements, including without limitation: (i) having a paid-in capital of no less than RMB20.0 million; (ii) the senior executives shall have obtained the fund practice qualification, be familiar with fund sales business, and have two or more years of work experience in fund practice or five or more years of work experience in other relevant financial institutions; (iii) having at least 10 employees qualified to engage in fund related business; and (iv) not being involved in any material changes that have impacted or are likely to impact the normal operation of organizations, or other material issues such as litigations and arbitrations.

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Mutual fund managers shall specify the fee charging items, conditions and methods in fund contracts and prospectuses or announcements, and shall specify the rates and calculation methods for the fee charges therein. When dealing with fund sales business, fund sales agencies may collect subscription fee, purchase fee, redemption fee, switching fee, sales service fee, and other relevant fees from the investors according to fund contracts and prospectuses. When providing value-added services to fund investors, fund sales agencies may charge the fund investors value-added service fee. In addition, they shall not charge

investors extra fees unless otherwise agreed in fund contracts, prospectuses and fund sales service contracts. Yumao, a subsidiary of Shanghai Jupai, has obtained a license from the CSRC for mutual fund sales on December 15, 2014. Yumao has started to sell mutual fund products and other regulated fund products since 2017.

Regulations on P2P Lending Business

The online peer-to-peer, or P2P, lending services are subject to the PRC Contract Law, the General Principles of the Civil Law of the PRC, related judicial interpretations promulgated by the Supreme People's Court and other particular rules, laws and regulations specifically regulating online financial services.

As a type of contract, the loan agreements in the online peer-to-peer, or P2P, lending business must meet the requirements of the PRC Contract Law as well as the relevant Supreme People's Court's guidance regarding contract formation, validity, performance, enforcement and assignment of contracts. In addition, under the PRC Contract Law and the guidance issued by the Supreme People's Court in August 2015 on Certain Provisions on Several Issues Concerning Laws Applicable to Trials of Private Lending Cases, or the Private Lending Judicial Interpretation, a contractual interest rate of above 36% per annum will not be enforceable while the enforceability of interest rates between 24% to 36% depends on the facts of the case.

According to Private Lending Judicial Interpretation, when the lender and borrower formed their lending relationship via an online lending platform, but the online lending platform only provides intermediary service, the People's Court shall dismiss the lender's claim if it alleges such platform to assume guarantee responsibilities. The People's Court, however, shall support the lender's claim if the provider of the online lending platform makes express indication via webpages, advertisement or other media, or other evidence indicated that it has provided guarantee for the lending, in case that the lender alleges such platform to assume guarantee responsibilities.

In addition, on August 4, 2017, the Supreme People's Court issued the Circular of Several Suggestions on Further Strengthening the Judicial Practice Regarding Financial Cases, which provides, among others, that (i) the claim of the borrower under a financial loan agreement to adjust or cut down the part of interest exceeding 24% per annum on the basis that the aggregate amount of interest, compound interest, default interest, liquidated damages and other fees collectively claimed by the lender is overly high will be supported by the PRC courts; and (ii) in the context of Internet finance disputes, if the online lending information intermediary platforms and the lender circumvent the upper limit of the judicially protected interest rate by charging intermediary fee, such intermediary fee will be determined as invalid.

A contract for intermediary services under PRC Contract Law is one where the intermediary reports to the client on contract opportunities or supplies intermediary services relating to the entering into of contracts, and the client pays remuneration to the intermediary. The intermediary shall provide the client with a strictly truthful account of all matters relating to the entering into of any contract. Where the intermediary deliberately conceals important matters relating to the entering into of contracts or supplies false information of the facts surrendering the entering into of such contracts, the intermediary is not allowed to claim remuneration and shall also indemnify the client.

On July 18, 2015, ten PRC regulatory agencies, including the PBOC, the MIIT and the CBRC, jointly issued the Guidelines on Promoting the Healthy Development of Internet Finance, or the Guidelines. The Guidelines provide that a P2P lending service provider shall function as a platform and provide the investors and the borrowers with information exchange, deal making, credit rating and other intermediary services. A P2P lending service provider shall clarify the nature of information intermediary, provide the direct loans between the investors and borrowers primarily with information services, and must not provide credit enhancement services and engage in illegal fundraising.

The Guidelines require a P2P lending service provider to choose qualified banking financial institutions as the fund deposit institutions for supervision and administration of customer funds to ensure that the customers' funds and the service provider's own funds are managed in separate custody accounts.

According to the Guidelines, a P2P lending service provider shall make full information disclosure to the customers, and disclose the information concerning its operating activities and financial standing of the borrower to the investors in a timely manner so that the investors can develop a full understanding of the operating status of the borrower and the P2P lending service provider can operate steadily and control the risks.

Under the Guidelines, a P2P lending service provider shall truly increase the technical security level, keep the customers' data and transaction information safe and shall not sell or disclose the customers' personal information in violation of the laws and take effective measures to recognize the identity of customers, monitor and report suspicious transactions proactively, and keep the customers' data and transaction records safe.

The Guidelines only set out the basic principles for promoting and administering the online P2P lending services industry, and additional detailed rules and regulations will be adopted by the relevant regulatory bodies to implement and enforce those principles. How the requirements in the Guidelines will be interpreted and implemented remains uncertain.

On August 17, 2016, CBRC, MIIT, the Ministry of Public Security and the State Internet Information Office issued Provisional Measures for Administration of Business Activities of Internet Lending Information Intermediaries, or P2P Measures, pursuant to which Internet lending information intermediaries shall provide information services to lenders and borrowers under the principles of integrity, voluntariness and fairness according to the law, and protect their legitimate rights and interests, and shall not provide value-added services, or directly or indirectly raise funds, absorb public deposits or jeopardize national or social public interests. P2P measures provide that none of internet lending information intermediary may engage in or be entrusted to engage in any of the following activities: (1) financing for its own projects, or doing so in a disguised form; (2) accepting or collecting lenders' funds, directly or indirectly; (3) offering guarantees to lenders or promise guaranteed returns, directly or disguisedly; (4) promoting, or entrusting or authorizing any third party to promote financing projects at any physical location other than electronic channels like internet, fixed phones and mobile phones; (5) granting loans, unless otherwise provided by laws and regulations; (6) dividing the term of financing projects; (7) selling its own wealth management products and other financial products to raise fund, or sell banks' wealth management products, brokers' asset management products, funds, insurance or trust products, or other financial products on behalf of others; (8) providing asset securitization services or transfer creditor's rights in form of packaged assets, securitized assets, trust assets or fund shares; (9) mixing, bundling or selling as an agent in any form the investment, sales agent and brokerage services of other institutions unless permitted by laws and regulations, and regulatory rules on internet lending; (10) fabricating a financing project, exaggerate the earnings prospects of a financing project, conceal its flaws and risks, falsely advertise or promote a project with ambiguity in language or other deceptive means, make up or spread

false information or incomplete information to damage the commercial reputation of others, misleading lenders or borrowers; (11) providing information intermediation services for high-risk financing projects in which loans are used in stock investments, OTC margin financing, futures contracts, structured products and other derivatives; (12) providing equity crowdfunding services; and (13) other activities prohibited by laws and regulations, and regulatory rules on internet lending. Internet lending shall be dominated by small loans. P2P Measures also stipulate that an internet lending information intermediary shall, based on its risk management capability, set upper limits of loan balance of a single borrower borrowed from a single internet lending information intermediary and from all internet lending information intermediaries to avoid credit concentration risk. The loan balance upper limit for a natural person shall be not more than RMB 200,000 borrowed from a single internet lending information intermediary platform and not more than RMB 1 million in total from all platforms. The loan balance upper limit for a legal person or other organizations shall be not more than RMB 1 million borrowed from a single internet lending information intermediary platform and not more than RMB 5 million in total from all platforms.

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In February 2017, the CBRC issued the Guidelines for the Funds Custodian Business of Online Lending, which further clarifies the custodian requirement for the funds of investors and borrowers held by online lending information service providers. In August 23, 2017, the CBRC further issued the Guidelines on Information Disclosure of the Business Activities of Online Lending Information Intermediaries, which further specifies the disclosure requirements for online lending information service providers.

In December 2017, the Office of the Leading Group for the Special Rectification for Internet Financial Risks and the Office of the Leading Group for the Special Rectification for P2P Lending Risks jointly issued Notice on Regulating and Cleaning up the Cash Loan Business, or Circular 141. Circular 141 prohibits micro-credit companies from raising money through a P2P company. Circular 141 further provides that a “P2P company”: (i) shall not facilitate loan transactions with interest rates that exceed the upper limit according to the laws and regulations; (ii) shall not outsource core business functions including customers information collection, customers identifying and screening, credit assessing etc.; (iii) shall not involve banking financial institutions in online P2P lending business; and (iv) shall not provide online lending services for (a) students or borrowers lacking repayment capabilities, (b) property down payment loans, or (c) borrowing without specified use.

Subsequent to the issuance of Circular 141, the P2P Special Rectification Office released the Circular 57 which requires competent local authorities to jointly inspect and examine whether a P2P company complies with the P2P Measures and other relevant laws and regulations. Circular No.57 also reinstated and clarified the restricted or prohibited business activities of P2P Companies as provided in the P2P Measures and other relevant laws and regulations. A P2P company would only be qualified to register with local financial regulatory authority, or P2P Registration, after passing the inspection and examination conducted in accordance with Circular 57. Circular 57 further requires that local government authorities to complete the P2P Registration for P2P companies no later than the end of June 2018. A P2P company that fails to pass the acceptance inspections or completes the P2P Registration is not permitted to engage in the online lending business, otherwise it may be subject to administrative sanctions, including but not limited to revoking its license, shutting down its business websites and ceasing its business activities through financial institutions.

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 Internet, or Circular 29. Circular 29 emphasized that asset management business conducted through internet is subject to the oversight of financial regulatory authorities and the licensing requirements. Any public issuance or sales of asset management products through internet without requisite license or permit would be deemed as illegal fund raising and is prohibited. The existing business without license should cease operations no later than June 2018 or a later date as approved by relevant authorities. Internet platforms are not allowed to act as the agent for any types of trading exchanges to sell the asset management products.

Regulation on for Entrusted Loan of Commercial Bank

In January 2018, CBRC issued the Notice of the China Banking Regulatory Commission on Promulgation of the Administrative Measures for Entrusted Loans undertaken by Commercial Banks, or Entrusted Loan Measure. According to the Entrusted Loan Measures, the “entrusted loan” refers to the loan provided by a trustor and granted by a commercial bank (trustee) on behalf of the trustor to a borrower determined by the trustor, and the purpose, amount, currency, duration and interest rate of such loan are determined by the trustor. A commercial bank shall not accept any of the following types of funds for entrusted loans: (i) funds from others that entrusted the trustors to manage, (ii) bank loans, (iii) various special funds of special purposes (unless otherwise required by relevant authorities under the State Council), (iv) other borrowings (unless otherwise required by relevant authorities under the State Council), or (v) funds of which the source cannot be proved. The above restriction, however, is not applicable to the funds raised by a corporate group for bond issuance or applied within a group. Starting from January 2018, the private investment funds managed by us have ceased to make debt investment through the structure of entrusted loans.

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Regulations on Labor Protection

On June 29, 2007, the Standing Committee of the National People’s Congress, or the SCNPC, promulgated the Labor Contract Law, as amended on December 28, 2012, which formalizes employees’ rights concerning employment contracts, overtime hours, layoffs and the role of trade unions and provides for specific standards and procedure for the termination of an employment contract. In addition, the Labor Contract Law requires the payment of a statutory severance pay upon the termination of an employment contract in most cases, including in cases of the expiration of a fixed-term employment contract. In addition, under the Regulations on Paid Annual Leave for Employees and its implementation rules, which became effective on January 1, 2008 and on September 18, 2008 respectively, employees are entitled to a paid vacation ranging from 5 to 15 days, depending on their length of service and to enjoy compensation of three times their regular salaries for each such vacation day in case such vacation days are deprived by employers, unless the employees waive such vacation days in writing. Although we are currently in compliance with the relevant legal requirements for terminating employment contracts with employees in our business operation, in the event that we decide to lay off a large number of employees or otherwise change our employment or labor practices, provisions of the Labor Contract Law may limit our ability to effect these changes in a manner that we believe to be cost-effective or desirable, which could adversely affect our business and results of operations.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law, an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated deadline and be subject to a late fee of 0.05% of the amount overdue per day from the original due date by the relevant authority. If the employer still fails to rectify the failure to make social insurance contributions within such stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to 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.

Regulations on Foreign Investment

The State Planning Commission, the State Economic and Trade Commission and the Ministry of Foreign Trade and Economic Cooperation jointly promulgated the Foreign Investment Industrial Guidance Catalogue, or the Foreign Investment Catalogue, in 2005, which was subsequently revised. The Foreign Investment Catalogue sets forth the industries in which foreign investment are encouraged, restricted, or forbidden. Industries that were not indicated as any of the above categories under the Foreign Investment Catalogue are permitted areas for foreign investment. The current version of the Foreign Investment Catalogue came into effect in July 2017. The industries listed in this version are divided into two categories: encouraged industries and the industries with special entry administration measure, or the Negative List. The Negative List is further divided into two sub-categories: restricted industries and prohibited industries. Establishment of wholly foreign-owned enterprises is generally allowed in industries outside of the Negative List. For the restricted industries within the Negative List, some are limited to equity or contractual joint ventures, while in some cases Chinese partners are required to hold the majority interests in such joint ventures. In addition, restricted category projects are subject to government approvals and certain special requirements. Foreign investors are not allowed to invest in industries in the prohibited category. Industries not listed in the Catalogue are generally open to foreign investment unless specifically restricted by other PRC regulations.

In October 2016, the Ministry of Commerce issued the Interim Measures for Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises, or FIE Record-filing Interim Measures, which was further revised in July 2017. Pursuant to FIE Record-filing Interim Measures, the establishment and change of an FIE are subject to record-filing procedures, instead of prior approval requirements, provided that the establishment or change does not involve special entry administration measures. If the establishment or change of FIE matters involve the special entry administration measures, the approval of the Ministry of Commerce or its local counterparts is still required.

Pursuant to the currently effective or the amended Foreign Investment Catalogue, market survey, a business activity that we currently engage in through our VIE, is restricted for foreign investment. As market survey may be constantly involved during our development and expansion, we may continue this business activity through contractual arrangements with our consolidated subsidiary, Shanghai Jupai.

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In addition, if our PRC subsidiary and consolidated entities plan to engage in promoting or distributing wealth management plans through the Internet, or allows our clients to purchase wealth management products on any of our websites, such business is likely to be deemed as value-added telecommunications service and call for approvals from relevant authorities. Foreign investment in telecommunications businesses is governed by the State Council's Administrative Rules for Foreign Investments in Telecommunications Enterprises, issued by the State Council in December 2001 and amended in February 2016, under which a foreign investor's beneficial equity ownership in an entity providing value-added telecommunications services in China cannot exceed 50%. In addition, for a foreign investor to acquire any equity interest in a business providing value-added telecommunications services in China, it must demonstrate a positive track record and experience in providing such services. The MIIT's Notice Regarding Strengthening Administration of Foreign Investment in Operating Value-Added Telecommunication Businesses, or the MIIT Notice, issued on July 13, 2006 prohibits holders of these services licenses from leasing, transferring or selling their licenses in any form, or providing any resource, sites or facilities, to any foreign investors intending to conduct such businesses in China. Although MIIT promulgated its Notice on Lifting Foreign Investment Restrictions on Online Data and Deal Processing Business in June 2015, which permits foreign ownership, in whole or in part, of online data and deal processing business, a sub-type of value-added telecommunications service, we still expect our potential business of online promotion and distribution of wealth management products to face foreign investment restrictions or uncertainties, since it is not clear whether our potential business will be deemed as online data and deal processing.

We plan to engage in the direct sales of mutual funds and asset management plans sponsored by mutual fund management companies. While the distribution of mutual funds and asset management plans sponsored by mutual fund management companies is not explicitly categorized as restricted to foreign investment, a license is required for the direct sales of mutual fund and asset management plans sponsored by mutual fund management companies. In practice, such license is generally unavailable to foreign invested enterprises or their subsidiaries. In order to conduct our direct sales services in the future, we have entered into contractual arrangements through Shanghai Juxiang, our PRC subsidiary, with Shanghai Jupai, our PRC variable interest entity. In December 2014, Yumao obtained the mutual fund sales license, and accordingly, we have started the sale of mutual fund products and other regulated fund products through Yumao since 2017. Similarly, although asset management services are not prohibited or restricted from foreign investments, PRC authorities are more accustomed to dealing with domestic PRC fund managers without foreign investment. As a result, we conduct our asset management services through our VIE to ensure smooth operations.

Our PRC subsidiary is also not allowed to engage in insurance brokerage businesses. Therefore, our insurance brokerage related business is carried out principally through Jupai HK and our consolidated entities. In 2016, we acquired 85% equity ownership of Non-Linear Investment Management Limited, which directly holds 100% equity interest of a Hong Kong entity with the required license to provide the insurance brokerage services in Hong Kong, and 100% equity interest in Shanghai Jupai Yongyu Insurance Brokers Co., Ltd. (previously known as Jiangsu Kang'an Insurance Brokers Co. Ltd.), a PRC entity holding the required license to provide the insurance brokerage services in China, and we plan to engage in the insurance brokerage businesses in the PRC relying on licenses held by these consolidated entities.

E-House Capital relies on similar contractual arrangements with Scepter Pacific's variable interest entities in China to conduct its asset management services. Although foreign-invested enterprises incorporated in China are not expressly prohibited from providing asset management services in China, in practice, when acting as the general partner of various funds, Scepter Pacific may also need to invest in projects or funds as a limited partner at the same time. Some targeted projects, such as high-end hotel and office building rental projects, are in prohibited or restricted categories for foreign investment. Therefore,

E-House Capital to provide asset management services through contractual arrangements between Scepter Pacific's wholly-owned PRC subsidiary and its variable interest entities in China.

Other than those disclosed above, we are not aware of any other PRC legal restriction or prohibition for foreign investment in the business activities that we and E-House Capital engage in.

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

- the ownership structures of Shanghai Jupai, Shanghai Juxiang, and Jupai, as described in "A. History and Development of the Company," are in compliance with all existing PRC laws and regulations,

- the contractual arrangements governed by PRC laws among Shanghai Juxiang, Shanghai Jupai and its shareholders establishing the corporate structure for our wealth management and asset management businesses are valid, binding and enforceable, and will not result in a violation of PRC laws or regulations currently in effect; and

- the contractual arrangements governed by PRC laws among Shanghai Baoyi, Shanghai E-Cheng and its shareholders establishing the corporate structure for E-House Capital's asset management service business are valid, binding and enforceable, and will not result in a violation of PRC laws or regulations currently in effect.

We have been advised by our PRC legal counsel, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules, including the laws and regulations governing the enforcement and performance of our contractual arrangement in the event of any imposition of statutory liens, bankruptcy and criminal proceedings. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC counsel. We have been further advised by our PRC legal counsel that if the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC governmental restrictions on foreign investment in our businesses, we could be subject to severe penalties, including being prohibited from continuing operations. See "Item 3. Key Information—D. Risk Factors — Risks Related to Doing Business in China — Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us."

Regulations on Foreign Exchange

Foreign exchange regulations in China are primarily governed by the following rules:

- Foreign Exchange Administration Rules (1996), as amended, or the Exchange Rules; and

- Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (1996), or the Administration Rules.

Under the Exchange Rules, Renminbi is convertible for current account items, including the distribution of dividends, interest and royalty payments, trade and service-related foreign exchange transactions. Conversion of Renminbi for capital account items, such as direct investment, loan, securities investment and repatriation of investment, however, is still subject to the approval of SAFE.

Under the Administration Rules, foreign-invested enterprises may only buy, sell and/or remit foreign currencies at banks authorized to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from SAFE. Capital investments by foreign-invested enterprises outside of China are also subject to limitations, including approval by the Ministry of Commerce, SAFE and the National Development and Reform Commission or their local counterparts.

On November 16, 2011, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Issues Relating to Further Clarification and Regulation of Certain Capital Account Items under Foreign Exchange Control, or SAFE Circular 45, to further strengthen and clarify its existing regulations on foreign exchange control under SAFE Circular 142. Circular 45 expressly prohibits foreign invested entities, including wholly foreign owned enterprises such as Shanghai Juxiang, from converting registered capital in foreign exchange into Renminbi for the purpose of equity investment, granting certain loans, repayment of inter-company loans, and repayment of bank loans which have been transferred to a third party. Further, SAFE Circular 45 generally prohibits a foreign invested entity from converting registered capital in foreign exchange into Renminbi for the payment of various types of cash deposits. If our VIE requires financial support from us or our wholly owned subsidiary in the future and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund our VIE's operations will be subject to statutory limits and restrictions, including those described above.

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On May 10, 2013, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents, which specifies that the administration by SAFE or its local branches over foreign direct investment in the PRC shall be conducted by way of registration. Institutions and individuals shall register with SAFE and/or its branches for their direct investment in China. Banks shall process foreign exchange business relating to the direct investment in China based on the registration information provided by SAFE and its branches.

In February 2015, SAFE promulgated the Circular of Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment, or Circular 13, which will become effective on June 1, 2015. Upon the implementation of Circular 13, the current foreign exchange procedures will be further simplified, foreign exchange registrations of direct investment will be handled by designated foreign exchange settlement banks instead of SAFE and its branches.

On March 30, 2015, SAFE issued the Circular on Reform of the Administrative Rules of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises ("SAFE Circular 19"), which became effective on June 1, 2015. Pursuant to SAFE Circular 19, foreign-invested enterprises may either continue to follow the current payment-based foreign currency settlement system or elect to follow the "conversion-at-will" regime of foreign currency settlement. Where a foreign-invested enterprise follows the conversion-at-will regime of foreign currency settlement, it may convert part or all of the amount of the foreign currency in its capital account into Renminbi at any time. The converted Renminbi will be kept in a designated account labeled as settled but pending payment, and if the foreign-invested enterprise needs to make payment from such designated account, it still needs to go through the review process with its bank and provide necessary supporting documents. SAFE Circular 19, therefore, has substantially lifted the restrictions on the usage by a foreign-invested enterprise of its RMB registered capital converted from foreign currencies. According to SAFE Circular 19, such Renminbi capital may be used at the discretion of the foreign-invested enterprise and SAFE will eliminate the prior approval requirement and only examine the authenticity of the declared usage afterwards. Nevertheless, foreign-invested enterprises like our PRC subsidiary are still not allowed to extend intercompany loans to our PRC consolidated entities. In addition, as Circular 19 was promulgated recently, there remain substantial uncertainties with respect to the interpretation and implementation of this circular by relevant authorities.

On June 9, 2016, SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts ("Circular 16"), which became effective simultaneously. Pursuant to Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to RMB on self-discretionary basis. Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on self-discretionary basis which applies to all enterprises registered in the PRC. Circular 16 reiterates the principle that RMB converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purpose beyond its business scope or prohibited by PRC Laws or regulations, while such converted RMB shall not be provide as loans to its non-affiliated entities. As Circular 16 is newly issued and SAFE has not provided detailed guidelines with respect to its interpretation or implementation, it is uncertain how these rules will be interpreted and implemented.

Regulations on Dividend Distribution

The principal regulations governing dividend distributions of wholly foreign-owned companies include:

- Wholly Foreign-Owned Enterprise Law, as amended on October 31, 2000; and
- Wholly Foreign-Owned Enterprise Law Implementing Rules, as amended on April 12, 2001.
- Company Law of China, as amended on December 28, 2013.

Under these laws and regulations, wholly foreign-owned companies in China may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, these wholly foreign-owned companies are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds, until the accumulative amount of such fund reaches 50% of its registered capital. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. At the discretion of these wholly foreign-owned companies, they may allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

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Regulations on Offshore Investment by PRC Residents

Pursuant to the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Round Trip Investment via Overseas Special Purpose Companies and its subsequent amendments, supplements or implementation rules, or SAFE Circular 75, issued on October 21, 2005, a PRC resident (whether a natural person or legal persons) shall register with the local branch of the SAFE before it establishes or controls an overseas SPV, with assets or equity interests in a PRC company, for the purpose of overseas equity financing. On July 4, 2014, SAFE issued the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Outbound Investment and Financing and Inbound Investment via Special Purpose Vehicles ("SPV"), or SAFE Circular 37, which has superseded SAFE Circular 75. According to SAFE Circular 37, the PRC domestic resident shall apply for SAFE registration for overseas investment before paying capital to SPV by using his, her or its legal assets whether overseas or domestic. The SPV is defined as "offshore enterprise directly established or indirectly controlled by the domestic residents (including domestic institutions and individuals) with their legally owned assets and equity of the domestic enterprise, or legally owned offshore assets or equity, for the purpose of offshore investment and financing". In addition, in the event that the SPV undergoes changes of its basic information such as the individual shareholder, name, operation term, etc., or material events including increase or decrease by domestic individual shareholder in investment amount, equity transfer or swap, merge, spin-off, etc., the domestic resident shall timely complete the change of foreign exchange registration formality for offshore investment.

According to SAFE Circular 37, failure to make such registration or truthfully disclose actual controllers of the round-trip enterprises may subject PRC residents to fines up to RMB300,000 in case of domestic institutions or RMB50,000 in case of domestic individuals. If the registered or beneficial shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiary may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiary. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for violating applicable foreign exchange restrictions. Mr. Tianxiang Hu, Dr. Weishi Yao, Ms. Yacheng Shen, Mr. Keliang Li and Ms. Yichi Zhang have all fulfilled the registration under relevant SAFE regulations.

Regulations on Stock Incentive Plans

On December 25, 2006, the People's Bank of China promulgated the Administrative Measures of Foreign Exchange Matters for Individuals, setting forth the respective requirements for foreign exchange transactions by individuals (both PRC or non-PRC citizens) under either the current account or the capital account.

On February 15, 2012, SAFE issued the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company, or the Stock Incentive Plan Rules. The purpose of the Stock Incentive Plan Rules is to regulate

foreign exchange administration of PRC domestic individuals who participate in employee stock holding plans and stock option plans of overseas listed companies. According to the Stock Incentive Plan Rules, if PRC "domestic individuals" (both PRC residents and non-PRC residents who reside in China for a continuous period of not less than one year, excluding the foreign diplomatic personnel and representatives of international organizations) participate in any stock incentive plan of an overseas listed company, a PRC domestic qualified agent, which could be the PRC subsidiary of such overseas listed company, shall, among others things, file, on behalf of such individual, an application with SAFE to conduct the SAFE registration with respect to such stock incentive plan, and obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with stock holding or stock option exercises. In addition, SAFE Circular 37 also provides certain requirements and procedures of foreign exchange registration in relation to equity incentive plan of SPV before listing. In this regard, if a non-listed SPV grants equity incentives to its directors, supervisors, senior officers and employees in its domestic subsidiaries, the relevant domestic individual residents may register with SAFE before exercising their rights.

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The Stock Incentive Plan Rules and SAFE Circular 37 were promulgated only recently and many issues require further interpretation. If we or our PRC employees fail to comply with the Stock Incentive Plan Rules, we and our PRC employees may be subject to fines and other legal sanctions. In addition, the General Administration of Taxation has issued a few circulars concerning employee stock options. Under these circulars, our employees working in China who exercise stock options will be subject to PRC individual income tax. Our PRC subsidiary has obligations to file documents related to employee stock options with relevant tax authorities and withhold individual income taxes of those employees who exercise their stock options. If our employees fail to pay and we fail to withhold their income taxes, we may face sanctions imposed by tax authorities or other PRC government authorities.

Regulation Relating to Privacy Protection and Network Security

Internet content providers, or ICPs, are prohibited from producing, copying, publishing or distributing information that is humiliating or defamatory to others or that infringes upon the lawful rights and interests of others. Depending on the nature of the violation, ICPs may face criminal charges or sanctions by PRC security authorities for such acts, and may be ordered to suspend temporarily their services or have their licenses revoked.

Under the Several Provisions on Regulating the Market Order of Internet Information Services, issued by the MIIT on December 29, 2011, ICPs are also prohibited from collecting any user personal information or providing any such information to third parties without the consent of a user. ICPs must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information necessary for its services. ICPs are also required to properly maintain the user personal information, and in case of any leak or likely leak of the user personal information, ICPs must take remedial measures immediately and report any material leak to the telecommunications regulatory authority.

In addition, the Decision on Strengthening Network Information Protection promulgated by the Standing Committee of the National People's Congress on December 28, 2012 emphasizes the need to protect electronic information that contains individual identification information and other private data. The decision requires ICPs to establish and publish policies regarding the collection and use of personal electronic information and to take necessary measures to ensure the security of the information and to prevent leakage, damage or loss. Furthermore, MIIT's Rules on Protection of Personal Information of Telecommunications and Internet Users promulgated on July 16, 2013 contain detailed requirements on the use and collection of personal information as well as the security measures to be taken by ICPs.

The PRC government retains the power and authority to order ICPs to provide an Internet user's personal information if such user posts any prohibited content or engages in any illegal activities through the Internet.

In addition, General Rule of Civil Law promulgated on March 15, 2017, to be effective on October 1, 2017, expressly provides that natural persons enjoy the right of privacy.

We will be subject to the ICP regulation and other privacy regulation if and when we begin to sell mutual fund products online.

Furthermore, the PRC Network Security Law, which took effect in June 2017, requires a network operator, including among others, the owners, administrator and service providers of network, to adopt technical measures and other necessary measures in accordance with applicable laws and regulations as well as compulsory national and industrial standards to safeguard the safety and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Network Security Law emphasizes that any individuals and organizations that use networks must not endanger network security or use networks to engage in unlawful activities such as those endangering national security, economic order and the social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. The Network Security Law has also reaffirmed certain basic principles and requirements on personal information protection previously specified in other existing laws and regulations, including those described above. Any violation of the provisions and requirements under the Network Security Law may subject an internet 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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Regulations on Tax

PRC Enterprise Income Tax

The PRC Enterprise Income Tax Law, which took effect in January 2008, and further amended in February 2017, imposes a uniform enterprise income tax rate of 25% on all PRC resident enterprises, including foreign-invested enterprises, unless they qualify for certain exceptions. The enterprise income tax is calculated based on the PRC resident enterprise's global income as determined under PRC tax laws and accounting standards. If a non-resident enterprise sets up an organization or establishment in the PRC, it will be subject to enterprise income tax for the income derived from such organization or establishment in the PRC and for the income derived from outside the PRC but with an actual connection with such organization or establishment in the PRC.

PRC Value Added Tax

On January 1, 2012, the State Council officially launched a pilot value-added tax reform program, or the Pilot Program, applicable to businesses in selected industries. Businesses in the Pilot Program would pay value added tax, or VAT, instead of business tax. The Pilot Program initially applied only to transportation industry and "modern service industries" in Shanghai and would be expanded to eight trial regions (including Beijing and Guangdong province) and nationwide if conditions permit. The pilot industries in Shanghai included industries involving the leasing of tangible movable property, transportation services, research and development and technical services, information technology services, cultural and creative services, logistics and ancillary services, certification and consulting services.

In March 2016, the MOF and the SAT jointly issued the Circular on the Pilot Program for Overall Implementation of the Collection of Value Added Tax Instead of Business Tax, or Circular 36, which took effect in May 2016. Pursuant to the Circular 36, all of the companies operating in construction, real estate, finance, modern service or other sectors which were required to pay business tax are required to pay VAT, in lieu of business tax. In November 2017, PRC State Counsel issued the amendment to Interim Regulations of PRC Value Added Taxes, or the VAT Regulation, pursuant to which entities and individuals that sell goods or labor services of processing, repair or replacement, sell services, intangible assets, or immovables, or import goods within the territory of the PRC are taxpayers of VAT, and shall pay VAT. The tax rate for VAT shall be, among others, (1) 17% for taxpayers engaged in sale of goods, services, lease of tangible movables or importation of goods, unless otherwise stipulated in VAT Regulation; (2) 11% for taxpayers engaged in sale of transportation, postal, basic telecommunications, construction, lease of immovables, sale of immovable, transfer of land use rights, sale or importation of certain types of goods; (3) 6% for taxpayers engaged in sale of services and intangible assets, unless otherwise stipulated in VAT Regulation.

In 2017, MOF and SAT issued Notice on Issues Relating to VAT on Asset Management Products, or Circular 56, which became effective in January 2018. According to Circular 56, VAT taxable transactions in the operations of asset management products by their managers should temporarily use simple tax computation method and be levied at 3%. In order to be qualified for the 3% VAT rate, the asset management product managers are required to separate the audit of revenues and VAT taxable amount of the operations of assets management products business from other businesses. The management services provided by the managers as entrusted by the investors or by the trustee to the entrusted assets should still apply ordinary VAT rate in accordance with the relevant laws and regulations.

PRC Dividend Withholding Tax

Pursuant to the EIT Law and the Implementation Rules, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign enterprise investors are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement.

For a discussion of applicable PRC tax regulations, also see "Item 5.A. Operating and Financial Review and Prospects—Operating Results—Taxation."

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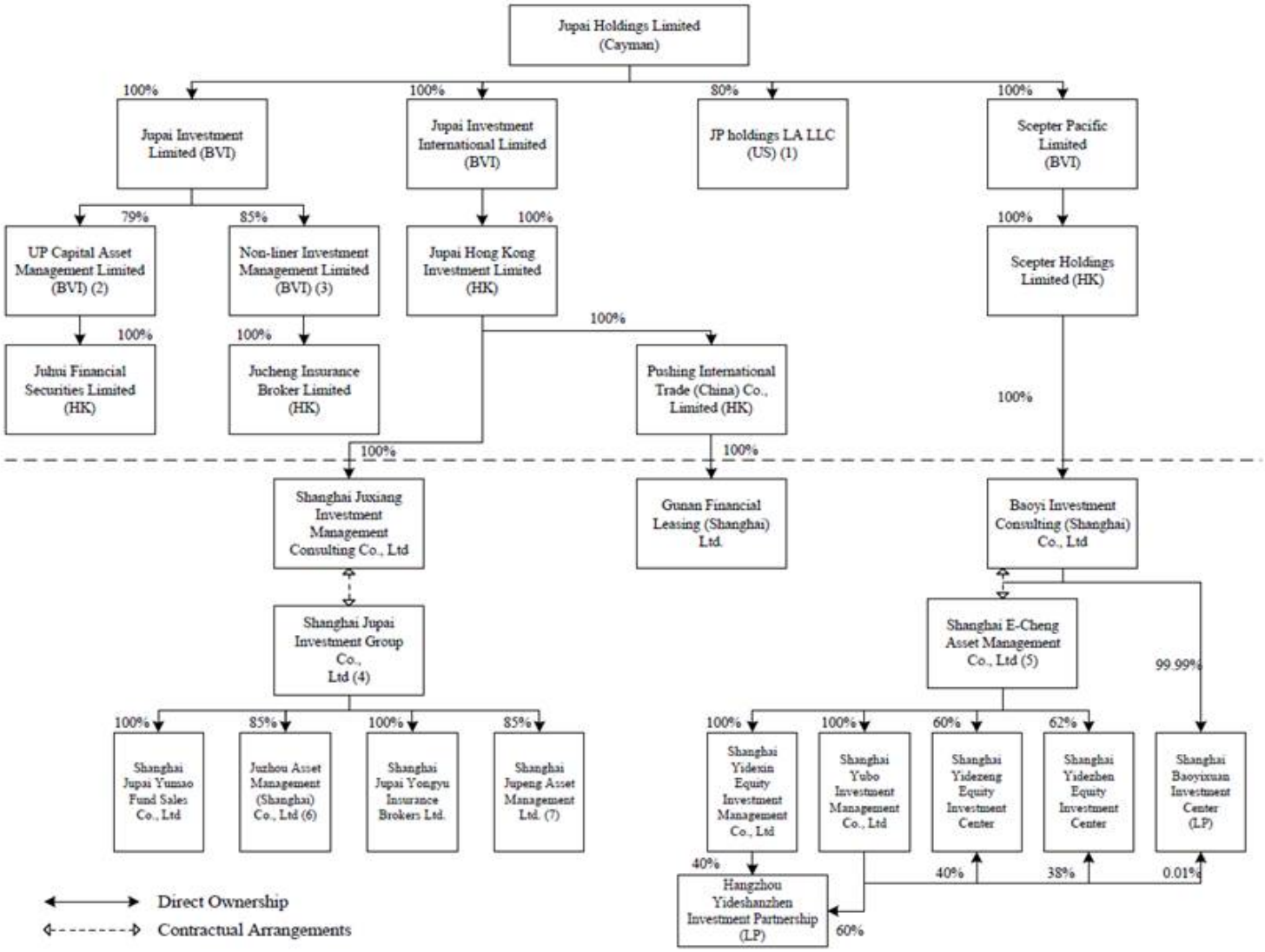
C. Organizational Structure

The following chart illustrates our company's organizational structure, including our significant subsidiaries and other entities that are material to our business, as of February 28, 2018:



Notes:

(1) The remaining 20% of the equity interest is owned by Mr. Tianxiang Hu.
(2) The remaining 21% of the equity interest is owned by a third party unrelated to us.
(3) The remaining 15% of the equity interest is owned by a third party unrelated to us.
(4) Shanghai Jupai is one of our VIEs. Mr. Tianxiang Hu, Dr. Weishi Yao, Mr. Keliang Li, Ms. Yacheng Shen and Ms. Yichi Zhang hold 67.7%, 10%, 8.3%, 8% and 6% of the equity interest in Shanghai Jupai, respectively.
(5) Shanghai E-Cheng is one of our VIEs. Ms. Qimin Wu and Mr. Tianxiang Hu hold 70% and 30% of the equity interest in Shanghai E-Cheng. Ms. Qimin Wu is our employee.
(6) The remaining 15% of the equity interest is owned by a third party unrelated to us.
(7) The remaining 15% of the equity interest is owned by a third party unrelated to us.

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Contractual Arrangement with Shanghai Jupai

In January 2014, we amended and restated the contractual arrangements that we previously entered into with Shanghai Jupai in September 2013. The following is a summary of the currently effective contractual arrangements by and among our wholly-owned subsidiary, Shanghai Juxiang, our VIE, Shanghai Jupai, and the shareholders of Shanghai Jupai.

Operating Agreement. Pursuant to the amended and restated operating agreement among Shanghai Juxiang, Shanghai Jupai and the shareholders of Shanghai Jupai dated January 8, 2014, Shanghai Jupai and the shareholders of Shanghai Jupai agreed not to enter into any transaction that could materially affect Shanghai Jupai's assets, obligations, rights or operations without prior written consent from Shanghai Juxiang, including but not limited to the amendment of the articles of association of Shanghai Jupai. Shanghai Jupai and its shareholders agree to accept and follow our corporate policies provided by Shanghai Juxiang in connection with Shanghai Jupai's daily operations, financial management and the employment and dismissal of Shanghai Jupai's employees. Shanghai Jupai agreed that it should seek guarantee from Shanghai Juxiang first if any guarantee is needed for Shanghai Jupai's performance of any contract or loan in the course of its business operation. The agreement shall be in effective as long as Shanghai Jupai exists. None of Shanghai Jupai and its shareholders can terminate this agreement. Shanghai Juxiang may terminate the agreement by giving a 30-day prior written notice.

Call Option Agreement. Under the amended and restated call option agreement among Shanghai Juxiang, Shanghai Jupai and the shareholders of Shanghai Jupai dated January 8, 2014, each of the shareholders of Shanghai Jupai irrevocably granted to Shanghai Juxiang or its designee an option to purchase at any time, to the extent permitted under PRC law, all or a portion of his equity interests in Shanghai Jupai. Also, Shanghai Juxiang or its designee has the right to acquire any and all of its assets of Shanghai Jupai. Without Shanghai Juxiang's prior written consent, Shanghai Jupai's shareholders cannot

transfer their equity interests in Shanghai Jupai, and Shanghai Jupai cannot transfer its assets. The acquisition price for the shares or assets will be the minimum amount of consideration permitted under the PRC law at the time of the exercise of the option. Shanghai Juxiang may terminate the agreement early, whereas none of Shanghai Jupai and its shareholders can terminate this agreement.

Equity Interest Pledge Agreement. Under the amended and restated equity pledge agreement among Shanghai Juxiang, Shanghai Jupai and the shareholders of Shanghai Jupai dated October 9, 2014, the shareholders pledged all of their equity interests in Shanghai Jupai to Shanghai Juxiang to guarantee Shanghai Jupai's performance of relevant obligations and indebtedness under the consulting services agreement. In addition, the shareholders of Shanghai Jupai have completed the registration of the equity pledge under the agreement with the competent local authority. If Shanghai Jupai breaches its obligation under the consulting services agreement, Shanghai Juxiang, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests. This pledge will remain effective until all the guaranteed obligations are performed.

Voting Rights Proxy Agreement. Under the amended and restated voting rights proxy agreement among Shanghai Juxiang and the shareholders of Shanghai Jupai dated January 8, 2014, each shareholder of Shanghai Jupai irrevocably appointed Shanghai Juxiang as its attorney-in-fact to exercise on such shareholder's behalf any and all rights that such shareholder has in respect of his equity interests in Shanghai Jupai, including but limited to the power to vote on its behalf on all matters of Shanghai Jupai requiring shareholder approval in accordance with the articles of association of Shanghai Jupai. The proxy agreement will remain in effect unless Shanghai Juxiang terminates the agreement by giving a 30-day prior written notice or gives its consent to the termination by Shanghai Jupai.

Consulting Services Agreement. Pursuant to the amended and restated consulting services agreement between Shanghai Jupai and Shanghai Juxiang dated January 8, 2014, Shanghai Juxiang has the exclusive right to provide consulting services to Shanghai Jupai relating to Shanghai Jupai's business, including but not limited to business consulting services, human resources development, and business development. Shanghai Juxiang exclusively owns any intellectual property rights arising from the performance of this agreement. Shanghai Juxiang has the right to determine the service fees based on Shanghai Jupai's actual operation on a quarterly basis. This agreement will be effective as long as Shanghai Jupai exists. Shanghai Juxiang may terminate this agreement at any time by giving a prior written notice to Shanghai Jupai.

Amendment to Agreements. Pursuant to the Amendment to Agreements entered into by Shanghai Jupai, the shareholders of Shanghai Jupai and Shanghai Juxiang dated October 9, 2014, the Operating Agreement was amended, pursuant to which, the shareholders of Shanghai Jupai must appoint candidates recommended by Shanghai Juxiang as the director, general manager, CFO and other senior managers.

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Contractual Arrangement with Shanghai E-Cheng

We entered into a series of contractual arrangements with Shanghai E-Cheng and its previous shareholders in May 2014. In March 2017, upon the completion of equity transfer of Shanghai E-Cheng, we terminated the previous contractual arrangements with its previous shareholders, and entered into another set of contractual arrangements with its new shareholders. The following is a summary of the currently effective contractual arrangements by and among Shanghai Baoyi, Shanghai E-Cheng, and the shareholders of Shanghai E-Cheng.

Exclusive Support Agreement. Pursuant to the exclusive support agreement between Shanghai Baoyi and Shanghai E-Cheng dated May 13, 2017, Shanghai Baoyi provides Shanghai E-Cheng with a series of consulting services on an exclusive basis and is entitled to receive related fees. This agreement will be effective as long as Shanghai E-Cheng exists. Shanghai Baoyi is entitled to terminate the agreement early if (i) the Shanghai E-Cheng breaches the agreement, and within 30 days upon written notice, fails to rectify its breach, take sufficient, effective and timely measures to eliminate the effects of breach, and compensate for any losses incurred by the breach; (ii) the applicable consolidated VIE is bankrupt or is subject to any liquidation procedures and such procedures are not revoked within seven days; or (iii) due to any event of force majeure, Shanghai E-Cheng's failure to perform its obligations under the agreement lasts for over 20 days. Except as provided in the preceding sentence, Shanghai Baoyi is entitled to terminate the agreement early at any time by sending a written notice 20 days in advance, for any reason. The agreement does not include a provision for early termination by Shanghai E-Cheng. Unless expressly provided by this agreement, without prior written consent of Shanghai Baoyi, Shanghai E-Cheng may not engage any third party to provide the services offered by Shanghai Baoyi under this agreement.

Loan Agreements. Pursuant to the loan agreement among Shanghai Baoyi and the shareholders of Shanghai E-Cheng dated March 13, 2017, Shanghai Baoyi made loans in an aggregate amount of RMB1.0 million to the shareholders of Shanghai E-Cheng solely for the incorporation and capitalization of Shanghai E-Cheng. Pursuant to the loan agreement, the shareholders must repay the loans one time upon the maturity date of the loan and Shanghai Baoyi has the right to use the loan to, or designate a third party to, buy all of the equity interests in Shanghai E-Cheng held by the shareholders. The loan is interest free and the term of the loan is (i) the expiration of 20 years from the date of the loan agreement, (ii) the expiration of Shanghai Baoyi's operation term or (iii) the expiration of Shanghai E-Cheng's operation term whichever is the earliest. Shanghai Baoyi can require the shareholders to and the shareholders may apply to repay all or a portion of the loan before the maturity date with a 30 days prior written notice. Under each of the circumstances, Shanghai Baoyi is entitled to, or designate a third party to, buy all or a portion of the shareholders' equity interests in Shanghai E-Cheng on a pro rata basis based on the amount of the repaid principal of the loan.

Exclusive Call Option Agreement. Under the exclusive call option agreement among Shanghai Baoyi, Shanghai E-Cheng and the its shareholders dated March 13, 2017, each of the shareholders of Shanghai E-Cheng irrevocably and unconditionally granted to Shanghai Baoyi or its designee an option to purchase at any time, to the extent permitted under PRC law, all or a portion of his equity interests in Shanghai E-Cheng. Also, Shanghai Baoyi or its designee has the right to acquire any and all of the assets of Shanghai E-Cheng. Without Shanghai Baoyi's prior written consent, Shanghai E-Cheng's shareholders cannot transfer their equity interests in Shanghai E-Cheng, and Shanghai E-Cheng cannot transfer its assets. The acquisition price for the shares or assets will be the corresponding capital contribution in Shanghai E-Cheng's registered capital or the corresponding assets' net booking value, or, if the minimum amount of consideration permitted under the PRC law is higher than the capital contribution or the net booking value, will be such minimum amount at the time of the exercise of the option. The agreement will not be terminated until after all of the equity interest and assets of Shanghai E-Cheng have been transferred to Shanghai Baoyi or its designee.

Equity Interest Pledge Agreement. Under the equity pledge agreement among Shanghai Baoyi, Shanghai E-Cheng and its shareholders dated March 13, 2017, the shareholders pledged all of their equity interests in Shanghai E-Cheng to Shanghai Baoyi to guarantee the performance of all the obligations of Shanghai E-Cheng and its shareholders under the loan agreement, exclusive option agreement, voting rights proxy agreement and the equity interest pledge agreement. If Shanghai E-Cheng or its shareholders breach any of their respective obligations under any of these agreements, Shanghai Baoyi,

as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests. Upon the due registration, this pledge will remain effective until all the contractual obligations are performed and the guaranteed loan has been paid off.

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Shareholder Voting Rights Proxy Agreement. Under the voting rights proxy agreement among Shanghai Baoyi, Shanghai E-Cheng and its shareholders dated March 13, 2017, each shareholder of Shanghai E-Cheng irrevocably appointed a nominee authorized by Shanghai Baoyi as its attorney-in-fact to exercise on such shareholder's behalf any and all rights that such shareholder has in respect of his equity interests in Shanghai E-Cheng, including but limited to the power to vote on its behalf on all matters of Shanghai E-Cheng requiring shareholder approval in accordance with the articles of association of Shanghai E-Cheng. The initial term of the proxy agreement is 20 years and it may be automatically extended with a 30-day prior written notice given by Shanghai E-Cheng in a yearly basis.

In the opinion of our PRC counsel, AllBright Law Offices, the contractual arrangements with respect to Shanghai Jupai and Shanghai E-Cheng are valid, binding and enforceable under current PRC laws. However, as advised by our PRC legal counsel, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules, including the laws and regulations governing the enforcement and performance of our contractual arrangement in the event of any imposition of statutory liens, bankruptcy and criminal proceedings. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC counsel. We have been further advised by our PRC legal counsel that if the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC government restrictions on foreign investment in our businesses, we could be subject to severe penalties, including being prohibited from continuing operations. See " Item 3. Key Information—D. Risk Factors — Risks Related to Our Business and Industry — We may fail to obtain and maintain licenses and permits necessary to conduct our operations in China, and our business may be materially and adversely affected as a result of any changes in the laws and regulations governing the financial services industry in China" and " Item 3. Key Information—D. Risk Factors — Risks Related to Doing Business in China — Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us."

D. Property, Plant and Equipment

Our principal executive offices are located on premises comprising approximately 12,062 square meters in Shanghai, China. As of December 31, 2017, we have in aggregate 72 client centers in Shanghai, Beijing, Hangzhou, Shenzhen, Suzhou, Chengdu, Tianjin, Ningbo, Nanjing, Xiamen, Wuhan, Chongqing, Nantong, Guangzhou, Qingdao, Shenyang, Changzhou, Qidong, Fuzhou, Jiaxing, Quanzhou, Taiyuan, Wenzhou, Wuxi, Xi'an and other 21 cities in China and overseas. We lease most of our premises from unrelated third parties. Most of the lessors for the leased premises either has valid title to the property and each lessor has proper authorization from the title owner to sublease the property. Below is a summary of the term of our leases by cities and we plan to renew these leases when they expire or relocate upon equal or more favorable leasing terms:

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Property	Term			
Shanghai premises	*Starting from*	*December 20, 2016*	*to*	*November 1, 2017*
	Expiring from	*December 31, 2017*	*to*	*October 31, 2020*
Beijing premises	*Starting from*	*April 1, 2016*	*to*	*September 1, 2017*
	Expiring from	*May 24, 2018*	*to*	*August 31, 2020*
Hangzhou premises	*Starting from*	*September 7, 2015*	*to*	*August 15, 2017*
	Expiring from	*September 6, 2018*	*to*	*August 14, 2020*
Suzhou premises	*Starting from*	*September 1, 2017*	*to*	*March 1, 2018*
	Expiring from	*March 31, 2018*	*to*	*February 28, 2021*
Tianjin premises	*Starting from*	*August 16, 2015*	*to*	*October 1, 2017*
	Expiring from	*August 15, 2018*	*to*	*September 30, 2019*
Xiamen premise	*Starting from*	*March 20, 2016*	*to*	*November 14, 2018*
	Expiring from	*February 28, 2018*	*to*	*June 11, 2020*
Shenzhen premise	*Starting from*	*February 4, 2016*	*to*	*May 10, 2016*
	Expiring from	*February 3, 2018*	*to*	*May 9, 2018*
Chengdu premise	*Starting from*	*July 10, 2015*	*to*	*January 20, 2016*
	Expiring from	*July 9, 2018*	*to*	*January 19, 2019*
Chongqing premise	*Starting from*	*May 1, 2016*	*to*	*March 27, 2017*
	Expiring from	*April 30, 2019*	*to*	*March 31, 2020*
Guangzhou premise	*Starting from*	*February 20, 2016*	*to*	*July 16, 2016*
	Expiring from	*February 19, 2019*	*to*	*July 15, 2019*
Qingdao premise	*Starting from*	*January 31, 2016*	*to*	*May 1, 2016*
	Expiring from	*January 30, 2019*	*to*	*April 30, 2019*
Wuxi premise	*Starting from*	*July 15, 2015*	*to*	*December 9, 2015*
	Expiring from	*July 14, 2018*	*to*	*December 8, 2018*
Ningbo premise	*Starting from*	*December 1, 2015*	*to*	*January 1, 2018*
	Expiring from	*December 1, 2018*	*to*	*December 31, 2020*
Fuzhou premise	*Starting from*	*June 22, 2015*	*to*	*August 5, 2018*
	Expiring from	*June 21, 2020*	*to*	*August 4, 2023*
Yiwu premise	*Starting from*	*June 11, 2015*	*to*	*February 1, 2018*
	Expiring from	*June 10, 2018*	*to*	*January 31, 2021*
Zhuhai premise	*Starting from*	*February 16, 2017*	*to*	*February 28, 2017*
	Expiring from	*February 15, 2020*	*to*	*February 29, 2020*
Nanjing premise		*April 28, 2016*	*to*	*April 27, 2018*
Qidong premise		*November 1, 2016*	*to*	*October 31, 2019*

Wuhan premise	*February 16, 2017*	*to*	*March 15, 2020*
Nantong premise	*December 13, 2017*	*to*	*December 12, 2020*
Shenyang premise	*May 11, 2017*	*to*	*May 10, 2018*
Changzhou premise	*December 25, 2017*	*to*	*January 31, 2020*
Jiaxing premise	*April 28, 2015*	*to*	*April 27, 2020*
Quanzhou premise	*November 20, 2015*	*to*	*November 19, 2020*
Taiyuan premise	*June 1, 2015*	*to*	*May 31, 2018*
Wenzhou premise	*May 25, 2015*	*to*	*May 24, 2018*
Xi'an premise	*October 20, 2017*	*to*	*January 19, 2021*
Jiangyin premise	*January 1, 2016*	*to*	*February 25, 2019*
Zhengzhou premise	*February 1, 2016*	*to*	*January 31, 2019*
Hefei premise	*January 18, 2016*	*to*	*January 17, 2019*
Zhoushan premise	*February 15, 2016*	*to*	*February 14, 2019*
Dalian premise	*April 6, 2016*	*to*	*April 5, 2019*
Changshu premise	*June 10, 2016*	*to*	*June 9, 2019*
Zhangjiagang premise	*May 1, 2016*	*to*	*June 30, 2019*
Taizhou premise	*July 15, 2016*	*to*	*July 14, 2019*
Changchun premise	*June 17, 2016*	*to*	*July 5, 2019*
Changsha premise	*August 9, 2016*	*to*	*August 8, 2019*
Quzhou premise	*October 1, 2016*	*to*	*September 30, 2019*
Shaoxing premise	*December 6, 2016*	*to*	*December 5, 2019*
Nanchang premise	*December 25, 2016*	*to*	*December 24, 2019*
Kunming premise	*April 6, 2017*	*to*	*April 5, 2019*
Dongguan premise	*April 1, 2017*	*to*	*March 31, 2020*
Yangzhou premise	*April 16, 2017*	*to*	*May 15, 2020*
Yantai premise	*September 20, 2017*	*to*	*October 19, 2020*
Los Angeles premise	*April 3, 2017*	*to*	*April 2, 2019*
Hongkong premise	*July 1, 2017*	*to*	*January 15, 2020*

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The lease agreements typically have terms of approximately one to five years that are renewable by the parties subject to early termination. We believe that we will be able to obtain adequate facilities, principally through leasing, to accommodate our future expansion plans.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

A. Operating Results

Overview

We are a leading third-party wealth management service provider focusing on distributing wealth management products and providing product advisory services to high-net-worth individuals in China. We provide our wealth management product advisory services mainly to China's high-net-worth individuals who have investable assets in excess of RMB3.0 million. In 2015, 2016 and 2017, the aggregate value of wealth management products we distributed to our clients reached RMB28.4 billion, RMB45.3 billion and RMB54.3 billion, respectively. Our established wealth management product advisory services operation is complemented by our asset management capabilities. The amount of assets under our sole or shared management reached RMB57.5 billion as of December 31, 2017.

In connection with our wealth management product related services, we charge product providers, corporate borrowers or our clients one-time commissions calculated as a percentage of the wealth management products purchased by our clients. Where we act as the product provider for our self-developed products, we generate revenues from one-time commissions from the corporate borrowers or fees collected from our clients. During the life cycle of some of the public market products, private equity fund products and certain fixed income products, we also charge product providers or corporate borrowers recurring service fees for our ongoing services, such as investment relationship maintenance and coordination and product reports distribution. In connection with our asset management services, we charge one-time commissions for fund formation services and recurring management fees for managing the fund as general partner, co-general partner or manager. These fees are typically computed as a percentage of the capital contribution in the funds. The recurring management fees also include performance fees or carried interest paid by funds that we manage or co-manage mostly upon maturity of the relevant funds. We started to manage a new public markets fund in the second quarter of 2015, which pays carried interest, if any. Prior to 2015, we derived substantially all of our revenues from one-time commissions received from distribution of fixed income products in connection with our wealth management product related services. As we grow our asset management capabilities and further diversify our product offerings, we derive an increasingly larger proportion of recurring management fees for our wealth management product related and asset management services beginning in 2013. Starting from 2016, we offered consulting services to some peer firms in the asset management industry and other companies seeking for equity investments. We charged those firms and companies service fees for our services, which are negotiated on a case-by-case basis depending on the nature and extent of our services. In 2015, 2016 and 2017, our one-time commissions and other service fees in combination accounted for 56.6%, 66.0% and 72.5% of our total net revenues, respectively; and our recurring service, and recurring management fees combined accounted for 43.4%, 34.0% and 27.5% of our total net revenues,

respectively. We started to receive carried interest in the first quarter of 2015. Such carried interest, as part of our recurring service and management fees, amounted to RMB95.5 million and accounted for 5.6% of our total net revenues in 2017.

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We have experienced substantial growth in recent years. Our net revenues increased significantly from RMB595.0 million in 2015 to RMB1.1 billion in 2016 and to RMB1.7 billion in 2017. The net income attributable to our shareholders increased significantly from RMB153.5 million in 2015 to RMB207.6 million in 2016 and to RMB409.5 million in 2017.

Key Components of Our Results of Operations

Net Revenues

We derive net revenues mainly from the provision of wealth management product related services and asset management services. Prior to 2015, one-time commissions received from distribution of fixed income products in connection with our wealth management product related services accounted for substantially all of our revenues. In 2013, we started to provide asset management services. In 2016, we provided consulting services to some peer firms in the asset management industry and charged them consulting service fees determined on a case-by-case basis depending on the nature and extent of our services. We also categorize revenues into third-party revenues and related-party revenues. Our related-party revenues consist primarily of one-time commissions and recurring management fees paid by limited partnership funds where we serve as general partner or co-general partner or other funds where we serve as managers. The following table sets forth the principal components of our net revenues by amounts and percentages of our net revenues for the periods indicated:

	Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
Net revenues:						
One-time commission	336,450,269	56.6	633,186,866	56.1	1,038,703,144	60.8
Related party	165,843,076	27.9	423,428,837	37.5	737,075,406	43.1
Third party	170,607,193	28.7	209,758,029	18.6	301,627,738	17.7
Recurring service fee	116,165,047	19.5	123,176,616	10.9	105,000,840	6.2
Related party	23,871,450	4.0	12,768,313	1.1	10,042,890	0.6
Third party	92,293,597	15.5	110,408,303	9.8	94,957,950	5.6
Recurring management fees[(1)]	142,393,961	23.9	260,621,739	23.1	363,651,247	21.3
Related party	142,393,961	23.9	260,621,739	23.1	363,651,247	21.3
Third party	—	—	—	—	—	—
Other service fee	—	—	110,725,223	9.9	198,806,391	11.7
Related party	—	—	16,959,964	1.5	117,307,566	6.9
Third party	—	—	93,765,259	8.4	81,498,825	4.8
Net revenues	595,009,277	100.0	1,127,710,444	100.0	1,706,161,622	100.0

Note:

(1) We recognized RMB29.9 million and RMB95.5 million carried interest as part of our recurring service and management fees in 2016 and 2017, respectively. We did not recognize any carried interest before 2015.

One-Time Commissions. We generate a majority of one-time commissions from our wealth management product related services where we charge product providers, corporate borrowers or our clients a commission calculated as a percentage of the wealth management products purchased by our clients. We also charge one-time commissions for fund formation as part of our asset management services. We have experienced an increase in the absolute amount of one-time commission from 2015 to 2017 due to our growth. One-time commission as a percentage of our total net revenues remain within a relatively small range above 50%.

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Recurring Service Fees. During the life cycle of some private equity fund products, public market products and certain fixed income products, we charge product providers or corporate borrowers recurring service fees for our ongoing services. Our services typically include investor relationship maintenance and coordination and product reports distribution. Our recurring service fees are calculated as a percentage of the value of investments in the wealth management products purchased by our clients calculated at the time of establishment of the wealth management products. For certain products, recurring service fees may also include a variable performance fee contingent upon the performance of the underlying investment, which is not recognized until the contingent criteria are met. In 2015, 2016 and 2017 we recorded RMB61.6 million, RMB14.6 million and RMB13.8 million of such performance fees, respectively. From 2016 to 2017, recurring service fee declined as we provide on-going services to fewer product suppliers.

Recurring Management Fees. We generate recurring management fees from our asset management services in our capacity such as general partner, co-general partner or manager of a fund where we charge such fund recurring management fees computed as a percentage of the capital contribution in the fund. Our recurring management fees also include performance fees or carried interest paid by funds that we manage or co-manage when these funds mature to share profits of the underlying investment. We managed to increase the absolute amount of recurring management fee revenues and stabilized its percentage of our total net revenues from 2015 to 2017 as we expanded our asset management services. The amount of assets under our sole or shared management increased from RMB12.5 billion in 2015 to RMB36.1 billion in 2016 and RMB57.5 billion in 2017. As a component of our recurring management fees, the amount of revenue from performance fees or carried interest was RMB55.5 million, RMB15.3 million and RMB81.7 million in 2015, 2016 and 2017, respectively.

Other Service Fees. Other service fee refers to revenue generated from consulting services provided to peers in asset management industry and other companies seeking for equity investments. Service fees are negotiated case by case, and are specified in agreements before service are provided. Revenue is recognized upon completion of the services when collectability is reasonably assured. In the year ended December 31, 2017, we recorded other service fees of RMB198.8 million.

While we expect that our one-time commissions will continue to account for the majority of our net revenues, recurring management fees are expected to constitute a relatively stable portion of our net revenues as we continue to steadily grow our asset management business. We expect to see a decline in revenues from recurring service fees due to our ongoing services to fewer product suppliers.

For sizable projects with demanding fund-raising timetables, we sometimes use third-party distribution channels in addition to our in-house sales force to expedite fund raising for the related projects. These third-party channels consist primarily of third-party wealth management service providers that operate on a smaller scale compared to us. We select them based on market reputation and our prior working experience with them. We pay channel fees to these third-party distribution channels based on the value of products distributed by them and our total revenues are net of these channel fees. In 2015, 2016 and 2017, we incurred channel fees in the amount of RMB221.0 million, RMB410.1 million and RMB320.9 million, respectively.

We monitor and strive to improve the following key business metrics to generate higher net revenues:

Number of Active Clients. Our core business is the provision of wealth management product advisory services to high-net-worth clients in China. Our active clients are those who, during any given period, purchased wealth management products that we distribute at least once during that period. Our ability to attract new clients and to encourage repeat purchases by existing clients depends on our ability to provide high-quality wealth management product advisory services and products. To achieve this, we constantly strive to increase the level of expertise of our wealth management product advisors, enrich our product selection, increase our market presence and carry out effective sales and marketing campaigns. We also strive to attract new clients by expanding our coverage network into new markets.

Average Transaction Value Per Client. Average transaction value per client for any given period refers to the simple average of the value of wealth management products distributed by us to each active client during that period. The average transaction value per client is related to the total amount of wealth management products we distribute, which is a function of the number of active clients and the average transaction value per client. An increase in the total amount of wealth management products we distribute may increase the one-time commissions and recurring fees we earn, which in turn drives our revenue growth. The average transaction value per client is also affected by our clients' amount of investable assets and the level of satisfaction of our clients with our wealth management product advisory services.

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Our Product Mix. Our product mix affects our sources of revenues and the amount of revenues we are able to generate. We source a wide array of third-party wealth management products and also develop wealth management products in-house. These include four types of products: (i) fixed income products; (ii) private equity and venture capital fund products; (iii) public market products and (iv) other products, such as insurance products and overseas investments. The table below sets forth the total value of different types of products that we distributed, both in absolute amount and as a percentage of the total value of all products distributed during the periods indicated:

	Year Ended December 31,					
	2015		2016		2017	
Product type	RMB in millions	%[1]	RMB in millions	%[1]	RMB in millions	%[1]
Fixed income products	15,430	54.3	29,963	66.1	45,437	83.7
Private equity and venture capital fund products	7,461	26.2	9,354	20.6	6,375	11.7
Public market products	4,232	14.9	3,981	8.8	449	0.8
Other products	1,296	4.6	2,001	4.4	2,055	3.8
All products	28,418	100	45,299	100	54,316	100

(1) The sum of the following percentages do not necessarily equal 100% due to rounding.

The composition and amount of revenues generated from our wealth management product related services and, to a lesser extent, revenues generated from our asset management services are affected by the types of products we distribute. We earn one-time commission on all types of products that we distribute, and charge recurring services fees on some of the private equity and venture capital fund products, public market products and certain fixed income products. We participate in the investment management of our self-developed products. To the extent that we distribute more of our self-developed products, our recurring management fees will also increase. We started to develop products in-house in 2013. In terms of value, approximately RMB22.7 billion, RMB37.8 billion and RMB48.8 billion of the products that we distributed in 2015, 2016 and 2017, respectively, were either products developed and managed by us or third-party products that we helped design.

Prior to 2015, we derived substantially all of our revenues from one-time commissions received from distribution of fixed income products in connection with our wealth management product related services. The amount of fixed income products as a percentage of all products has remained high during the periods indicated primarily due to their more manageable risk profile, which is preferred by many of our clients. The percentage of private equity and venture capital fund products has declined from 2015 to 2017 because the clients tend to be less risk tolerant. We intend to continue to increase the percentage of our self-developed products in the future in order to increase the recurring management fees.

Amount of Assets Under Our Management. We provide asset management services in the capacity as general partner, co-general partner or manager to investment funds. The amount of our recurring management fees, including any potential performance fee or carried interest, is affected by the amount of assets under our management. We believe the amount of assets under our management will become a more important factor affecting our results of operations as we anticipate the percentage and absolute amount of revenues generated from recurring management fees to grow in the foreseeable future.

Our "assets under management" or "AUM" refers to the amount of capital contributions made by investors to the funds we manage, for which we are entitled to receive management fees. The amount of our AUM is recorded and carried based on the historical cost of the contributed assets instead of fair market value of assets for almost all our AUM. For assets denominated in currencies other than Renminbi, the AUM are translated into Renminbi upon their contribution, without interim value adjustments solely due to changes in foreign exchange rates. As a result, our management fees for almost all our AUM are calculated based on the historical cost balance of the AUM and where the AUM is denominated in currencies other than Renminbi, its historical cost balance is translated into Renminbi upon contribution. The table below sets forth the roll-forward of different types of our AUM, including the inflows (asset growth) and outflows (asset expiration or liquidation upon maturity) of the AUM during the periods indicated:

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Product type	As of December 31, 2016 Balance (RMB in millions)	% [1]	Inflows (RMB in millions)	Outflows (RMB in millions)	As of December 31, 2017 Balance (RMB in millions)	% [1]
Fixed income products	18,161.1	50.3	40,211.9	(22,815.1)	35,557.9	61.8
Private equity and venture capital fund products	14,970.7	41.4	4,450.4	(553.2)	18,867.9	32.8
Public market products	2,980.3	8.2	831.2	(1,439.5)	2,372.0	4.1
Other products	29.2	0.1	715.4	(10.2)	734.4	1.3
All products	**36,141.3**	**100**	**46,208.9**	**(24,818.0)**	**57,532.2**	**100**

(1) The sum of the following percentages do not necessarily equal 100% due to rounding.

2017 compared to 2016

The total amount of assets under management was RMB57.5 billion as of December 31, 2017, an increase of RMB21.4 billion, or 59.2%, from RMB36.1 billion as of December 31, 2016. The net increase was due to:

Inflows of RMB46.2 billion contributions related to:

- RMB40.2 billion in fixed income products primarily due to RMB30.0 billion raised for products with underlying assets in real estate;
- RMB4.5 billion in private equity and venture capital fund products contributed by RMB3.4 billion raised for products in consumer discretionary industry, and the remaining in various industries, such as healthcare, TMT ("Telecommunication, Media and Technology") industry;

Outflows of RMB24.8 billion attributable to:

- RMB22.8 billion in fixed income products primarily due to RMB17.6 billion liquidation of products with underlying assets in real estate upon maturity;
- RMB1.4 billion in public market products primarily due to liquidation of products mainly related to private investments in public companies.

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Product type	As of December 31, 2015 Balance (RMB in millions)	% [1]	Inflows Balance (RMB in millions)	Outflows Balance (RMB in millions)	As of December 31, 2016 Balance (RMB in millions)	% [1]
Fixed income products	5,315.1	42.5	20,693.0	(7,847.0)	18,161.1	50.3
Private equity and venture capital fund products	5,695.4	45.6	9,275.3	—	14,970.7	41.4
Public market products	1,007.7	8.1	2,305.4	(332.8)	2,980.3	8.2
Other products	475.4	3.8	29.2	(475.4)	29.2	0.1
All products	**12,493.6**	**100**	**32,302.9**	**(8,655.2)**	**36,141.3**	**100**

(1) The sum of the following percentages do not necessarily equal 100% due to rounding.

2016 compared to 2015

The total amount of assets under management was RMB36.1 billion as of December 31, 2016, an increase of RMB23.7 billion, or 189%, from RMB12.5 billion as of December 31, 2015. The net increase was due to:

Inflows of RMB32.3 billion contributions related to:

- RMB20.7 billion in fixed income products primarily due to RMB19.4 billion raised for products with underlying assets in real estate;

- RMB9.3 billion in private equity or venture capital fund products driven by RMB3.8 billion raised for products in TMT industry, and RMB1.1 billion raised for products in consumer discretionary industry, and the remaining in various industries, such as healthcare;

- RMB2.3 billion in public market products mainly related to private investments in public companies.

Outflows of RMB8.7 billion attributable to:

- RMB7.8 billion in fixed income products primarily due to RMB7.1 billion liquidation of products with underlying assets in real estate upon maturity.

Product type	As of December 31, 2014 Balance (RMB in millions)	% [1]	Inflows (RMB in millions)	Outflows (RMB in millions)	As of December 31, 2015 Balance (RMB in millions)	% [1]
Fixed income products	2,298.0	94.1	6,668.4	(3,651.4)	5,315.1	42.5
Private equity and venture capital fund products	56.0	2.3	5,639.4	—	5,695.4	45.6
Public market products	—	—	1,007.7	—	1,007.7	8.1
Other products	88.0	3.6	387.4	—	475.4	3.8
All products	**2,442.0**	**100**	**13,702.9**	**(3,651.4)**	**12,493.6**	100

(1) The sum of the following percentages do not necessarily equal 100% due to rounding.

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2015 compared to 2014

The total amount of assets under management was RMB12.5 billion as of December 31, 2015, an increase of RMB10.1 billion, or 411.6%, from RMB2.4 billion as of December 31, 2014. The net increase was due to:

Inflows of RMB13.7 billion contributions related to:

- RMB6.7 billion in fixed income products primarily due to RMB4.5 billion raised for products with underlying assets in real estate;

- RMB5.6 billion in private equity and venture capital fund products driven by products in TMT industry, consumer discretionary industry and healthcare industry;

- RMB1.0 billion in public market products mainly related to private investments in public companies.

Outflows of RMB3.7 billion attributable to:

- RMB3.7 billion in fixed income products primarily due to RMB2.2 billion liquidation of products with underlying assets in real estate upon maturity.

Fee Rates. Our one-time commissions are a function of the amount of products we distribute to our clients and our commission rate. Similarly, our recurring fees are a function of the amount of underlying assets and the applicable recurring fee rates. We refer to our commission rates and recurring fee rates collectively as our fee rates. Our net revenues are affected by our fee rates, which are based on individually negotiated service contracts with product providers or corporate borrowers or fund management agreements individually negotiated with each fund for which we provide asset management services. The fee rates for fixed income products that have similar repayment terms and structure, for instance, have remained stable over the years. The one-time commission rates we charge on fixed income products with a term of no more than six months typically range from 0.1% to 2% and these fee rates are the lowest among fixed income products we distribute. The one-time commission rates we charge on fixed income products with a term of three years or more typically range from 6% to 8% and these fee rates are the highest among the fixed income products we distribute. The risk profiles of each individual product are the main factor affecting the exact fee rates within the same category of products. The recurring service fee rates that we charge on fixed income products are within the range of 0.2% to 1.5% per year. The tenure of fixed products typically ranges from 7 days to three years. The one-time commission rates we charge on equity related products, including PE, VC and public market fund products, typically range from 1% to 7%. The recurring service fee rates that we charge on equity related products are within the range of 0.2% to 3% annually. The tenure of equity related products typically ranges from half one year to ten years. We do not charge our counterparts fees at fixed rates for our consulting service to earn other service fee. Each cooperation's fee level is subject to deal-by-deal negotiation depending on the nature and extent of the relevant cooperation.

The table below sets forth the weighted average recurring fee rates (the annualized recurring management fee divided by period-end fee-earning assets under our management) of different types of products under our management during the periods indicated:

Product type	Year Ended December 31, 2015 %	2016 %	2017 %
Fixed income products	1.05	0.70	0.76
Private equity and venture capital fund products	1.41	1.02	0.85
Public market products	1.24	1.17	1.21
Other products	1.17	0.46	1.06
All products	1.40	0.73	0.81

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Operating Costs and Expenses

Our financial condition and operating results are directly affected by our operating costs and expenses, which consist of cost of revenues, selling expenses and general and administrative expenses. Our operating costs and expenses are primarily affected by our staff size and rental expenditures.

Our staff increased significantly from 1,489 as of December 31, 2015 to 2,138 as of December 31, 2016 and to 2,520 as of December 31, 2017. Such increase was a result of the growth of our business, in particular the increase in our wealth management product advisors and client managers needed for our business expansion. We also hired additional employees to support our geographic expansion. We plan to continue to expand our coverage and anticipate that the absolute amount of operating expenses related to employee compensation will increase as a result.

The number of our client centers increased in recent years. We had 50, 79 and 72 client centers as of December 31, 2015, 2016 and 2017, respectively. In 2017, we replaced some small-scale client centers with a fewer number of larger client centers in order to improve our operating efficiency. Our rental expenses have also increased significantly, in line with the increase in the total office area of our client centers. As we establish additional client centers and expand our office area, we anticipate that the absolute amount of rental expenditures will increase accordingly.

We expect our total operating costs and expenses to continue to increase at a slightly faster rate compared to revenues in the near future as we continue to add headcount, build our brand and promote our services.

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

	Year Ended December 31,					
	2015		2016		2017	
	RMB	%	RMB	%	RMB	%
Operating costs and expenses:						
Cost of revenues	235,943,955	39.7	477,034,912	42.4	737,507,904	43.2
Selling expenses	87,091,525	14.6	237,297,482	21.0	282,171,751	16.5
General and administrative and expenses	91,777,836	15.4	155,958,876	13.8	204,052,576	12.0
Other operating income — government subsidy	(23,684,945)	(4.0)	(37,385,834)	(3.3)	(41,138,443)	(2.4)
Total operating costs and expenses	391,128,371	65.7	832,905,436	73.9	1,182,593,788	69.3

Cost of Revenues

Our cost of revenues consists of compensation to wealth management product advisors, product development team members and client managers and social welfare and share-based compensation. We anticipate that our cost of revenues will continue to increase as we hire more wealth management product advisors and client managers for our existing and new client centers and as we distribute more wealth management products.

Selling Expenses

Our selling expenses primarily include operating expenses attributable to general marketing and promotional activities, compensation of our marketing team, office rentals and office supplies. We expect that our selling expenses will continue to increase as we expand our coverage network and launch more marketing campaigns to promote our brand recognition, increase client loyalty and attract new clients.

General and Administrative Expenses

Our general and administrative expenses primarily include compensation of managerial and administrative staff, rental and other expenses of our headquarters and professional service fees. We anticipate that our general and administrative expenses will continue to increase as we hire additional managerial and administrative employees and further increase the scale of our business and as we enhance our internal controls after we become a publicly held company.

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Other Operating Income — Government Subsidy

Other operating income is cash subsidies received from local governments as incentives for registering and operating business in certain local districts, typically granted based on the amount of value-added tax and income tax payments we make in these local districts in a given period. These subsidies do not entail other obligations on our part and allow us full discretion in utilizing the funds, which we use for general corporate purposes. The local governments may decide to reduce, eliminate or cancel these subsidies at any time. See “Item 3. Key Information—D. Risk Factors — Risk Related to Doing Business in China — The discontinuation of any of the government incentives and preferential tax treatment currently available to us in China could adversely affect our financial condition and results of operations.”

Taxation

The Cayman Islands and the British Virgin Islands

Under the current laws of the Cayman Islands and the British Virgin Islands, we are not subject to tax on our income or capital gains. In addition, the Cayman Islands and the British Virgin Islands do not impose withholding tax on dividend payments.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, our Hong Kong subsidiary is subject to 16.5% income tax on their taxable income generated from operations in Hong Kong. Under the Hong Kong tax laws, we are exempted from the Hong Kong income tax on our foreign-derived income. In addition, payments of dividends from our Hong Kong subsidiary to us are not subject to any Hong Kong withholding tax.

PRC

Our PRC subsidiary and the consolidated affiliated entities are companies incorporated under PRC law and, as such, are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Under the Law of the People's Republic of China on Enterprise Income Tax, or the EIT Law, which became effective on January 1, 2008 and its amendment promulgated on February 24, 2017 and effective simultaneously, domestically-owned enterprises and foreign-invested enterprises are subject to a uniform tax rate of 25%. Additionally, in accordance with the EIT Law, dividends, which arise from profits of foreign-invested corporations earned after January 1, 2008, are subject to a 5% to 10% withholding income tax.

Critical Accounting Policies

We prepare our consolidated financial statements in conformity with the U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect our reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of each fiscal period and the reported amounts of revenue and expenses during each fiscal period. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and assumptions that we believe to be reasonable, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our financial statements. We believe the following accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements.

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Revenue Recognition

We derive revenue primarily from one-time commissions and recurring service fees paid by product providers for whom we distribute wealth management products, and recurring management fee and carried interest paid by funds we manage. Starting from the second half of 2016, we also began to earn other service fees for consulting services to some peer firms in the asset management industry and companies in need of such service.

We recognize revenues when there is persuasive evidence of an arrangement, service has been rendered, the sales price is fixed or determinable and collectability is reasonably assured. Revenues are recorded, net of sales related taxes and surcharges.

Deferred revenues are recognized when payments are received in advance of revenue is earned.

We sometimes engage third party agents in promoting financial products and pays a channel fee accordingly, in which we recognize revenue on a net basis by deducting the channel fee we pay to the third party agents.

One-Time Commissions.

We enter into one-time commission agreements with product providers or corporate borrowers, which specify the key terms and conditions of the arrangement. Such agreements do not include rights of return, credits or discounts, rebates, price protection or other similar privileges. Upon establishment of a wealth management product, we earn a one-time commission from product providers or corporate borrowers, calculated as a percentage of the wealth management products purchased by our clients. We define the "establishment of a wealth management product" for our revenue recognition purpose as the time when both of the following two criteria are met: (1) our client has entered into a purchase or subscription contract with the relevant product provider and, if required, the client has transferred a deposit to an escrow account designated by the product provider and (2) the product provider has issued a formal notice to confirm the establishment of a wealth management product. Revenue is recorded upon the establishment of the wealth management product, when the provision of service concludes and the fee becomes fixed and determinable, assuming all other revenue recognition criteria have been met, and there are no future obligations or contingencies.

Recurring Service Fees.

Recurring service fee includes service fee and carried interest. It arises from on-going services provided to product providers after the distribution of wealth management product including investment relationship maintenance and coordination and product reports distribution. It is calculated as a percentage of the total value of investments in the wealth management products purchased by our clients, calculated at the establishment date of the wealth management product. As we provide these services throughout the contract term, revenue is recognized over the contract term, assuming all other revenue recognition criteria have been met. For certain products, recurring service fees may also include a variable performance fee contingent upon the performance of the underlying investment, which is not recognized until the contingent criteria are met. Recurring service agreements do not include rights of return, credits or discounts, rebates, price protection or other similar privileges.

Recurring Management Fees.

Recurring management fee arises from the fund management services provided to funds we manage, including management fee and carried interest. Management fees are computed as a percentage of the capital contribution in a fund and are recognized as earned over the specified contract period. Carried

interest represents preferential allocations of profits that are a component of our general partnership interests and fund managing interests in the limited partnership and contractual funds and is not recognized until the end of the fund's contract term when the carried interest is determined and distributed. Management fee received in advance of the specified contract period and in the limited circumstances carried interest received before the end of the fund's contract term are recorded as deferred revenues.

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Other Service Fees.

Other service fee refers to revenue generated from consulting services provided to peers in asset management industry and companies in need of such service. Service fees are negotiated case by case, and are specified in agreements before services are provided. Revenue is recognized upon completion of the services when collectability is reasonably assured.

Multiple Element Arrangements.

We enter into multiple element arrangements when a product provider or underlying corporate borrower engages it to provide both wealth management marketing and recurring services or other services. We also provide wealth management marketing, recurring services and other services to funds that we serve as general partner/co-general partner or fund manager.

Both wealth management marketing and recurring services represent separate units of accounting. We allocate arrangement consideration in multiple-deliverable revenue arrangements at the inception of an arrangement each unit of accounting to all deliverables based on the relative selling price in accordance with the selling price hierarchy, which includes: (i) vendor-specific objective evidence, or VSOE, if available; (ii) third-party evidence, or TPE, if VSOE is not available; and (iii) best estimate of selling price, or BESP, if neither VSOE nor TPE is available.

VSOE. We determine VSOE based on its historical pricing and discounting practices for the specific service when sold separately. In determining VSOE, we require that a substantial majority of the selling prices for these services fall within a reasonably narrow pricing range.

TPE. When VSOE cannot be established for deliverables in multiple element arrangements, we apply judgment with respect to whether we can establish a selling price based on TPE. TPE is determined based on competitor prices for similar deliverables when sold separately. Generally, our products and services contain certain level of differentiation such that the comparable pricing of services with similar functionality cannot be obtained. Furthermore, we are unable to reliably determine what similar competitor services' selling prices are on a stand-alone basis. As a result, we have not been able to establish selling price based on TPE.

BESP. When we are unable to establish selling price using VSOE or TPE, we use BESP in our allocation of arrangement consideration. The objective of BESP is to determine the price at which we would transact a sale if the service were sold on a stand-alone basis. We determine BESP for deliverables by considering multiple factors including, but not limited to, prices we charged for similar products or funds, market conditions, specification of the services rendered and pricing practices.

We have vendor specific objective evidence of selling price for our wealth management marketing services as we provide such services on a stand-alone basis. For certain wealth management marketing services related to private equity products, if vendor specific objective evidence is not available, we adopt BESP to establish selling prices. We have not sold our recurring services or other services on a stand-alone basis. However, the recurring management fee or recurring service fee we charge as general partner/co-general partner or fund manager/fund advisor is consistent with the fee at which we would transact if the recurring services were sold regularly on a stand-alone basis. Other service fees we charge for consulting services is consistent with that at which we would quote if the service is provided on a stand-alone basis. As such, we believe the fee we charge represents our best estimate of the selling price for our recurring services and other services. We allocate arrangement consideration based on the relative selling price, which is equivalent to the fees charged for each of the respective units of accounting, as described above. Revenue for the respective units of accounting is also recognized in the same manner as described above.

Consolidation of Variable Interest Entity

As foreign-invested companies engaged in market survey are subject to stringent requirements compared with Chinese domestic enterprises under the current PRC laws and regulations, our PRC subsidiary, Shanghai Juxiang, and its subsidiaries, as foreign-invested companies, do not meet all such requirements and therefore none of them is permitted to engage in such business in China. Therefore, we elected to conduct such business in China through Shanghai Jupai, our variable interest entity, and its subsidiaries, which are PRC domestic companies beneficially owned by our founders.

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In addition, we sell mutual fund and asset management plans sponsored by mutual management companies, which requires a mutual fund sales license. Although PRC laws and regulations do not prohibit foreign-invested enterprises from obtaining such license, in practice, the supervisory authority, at its discretion, generally does not issue such license to a foreign-invested third-party mutual fund sales company. As a result, we entered into contractual arrangements between Shanghai Juxiang, our PRC subsidiary, and Shanghai Jupai, our PRC variable interest entity for the proposed sale of relevant mutual funds and asset management plans in China.

Since we do not have any equity interests in Shanghai Jupai, in order to exercise effective control over its operations, through Shanghai Juxiang, we have entered into a series of contractual arrangements with Shanghai Jupai and its shareholders, pursuant to which we are entitled to receive effectively all economic benefits generated from Shanghai Jupai. The call option agreements and voting rights proxy agreement provide us effective control over Shanghai Jupai and its subsidiaries, while the equity interest pledge agreement secure the equity owners' obligations under the relevant agreements. Because we have both the power to direct the activities of Shanghai Jupai that most significantly affect its economic performance and the right to receive substantially all of the benefits from Shanghai Jupai, we are deemed the primary beneficiary of Shanghai Jupai. Accordingly, we have consolidated the financial statements of Shanghai Jupai. The aforementioned contractual agreements are effective agreements between a parent and a consolidated subsidiary, neither of which is

accounted for in the consolidated financial statements (i.e., a call option on subsidiary shares under the call option agreement or a guarantee of subsidiary performance under the equity interest pledge agreement) or are ultimately eliminated upon consolidation (i.e., service fees under the operating agreement and consulting service agreement).

Since we acquired Scepter Pacific in July 2015, Scepter Pacific, its subsidiaries, the VIE of Shanghai Baoyi and that VIE's subsidiaries have been included in our consolidated financial statements. Scepter Pacific is engaged in the asset management service business. Foreign-invested enterprises incorporated in China are not expressly prohibited from providing asset management services in China. However, according to local business practice, as a general partner of a fund, Scepter Pacific must invest as a limited partner before the fund is established. Some investments of the fund managed by the Scepter Pacific are in the industries where foreign investments are prohibited or not encouraged and as a result, none of the investors can be foreign-invested enterprises. Therefore, Scepter Pacific provides asset management services through its VIE and the VIE's subsidiaries. To provide Scepter Pacific effective control over, and the ability to receive substantially all of the economic benefits of, its VIE and its subsidiaries, Shanghai Baoyi entered into a series of contractual arrangements with Shanghai E-Cheng and the shareholders of Shanghai E-Cheng.

We believe that our contractual arrangements with our VIEs are in compliance with PRC law and are legally enforceable. However, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. The interests of the shareholders of our VIEs may diverge from that of our company, which may potentially increase the risk that they would seek to act contrary to the contractual terms.

We also make equity investments in entities that are considered VIEs and perform evaluation on an ongoing basis to determine whether we are the primary beneficiary of any of these investments. We have early adopted ASU 2015-02 "Amendments to the Consolidation Analysis" in the year ended December 31, 2015, which was subsequently modified by ASU 2016-17 Interests Held through Related Parties under Common Control". The new guidance among other things, (i) modifies the evaluation of whether limited partnerships and similar legal entities are VIEs, (ii) eliminated the presumption that a general partner should consolidate a limited partnership, and (iii) modifies the consolidation analysis of reporting entities that are involved with VIEs through fee arrangements and related party relationships. In adopting the new guidance, we re-evaluated the existing consolidated VIEs and non-consolidated VIEs and assessed that the adoption neither changes the conclusion of the consolidated VIEs and nor bring about new VIEs to be consolidated.

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Income Taxes

Current income taxes are provided for in accordance with the relevant statutory tax laws and regulations.

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize net deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If we determine that our deferred tax assets are realizable in the future in excess of our net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. According to ASU 2015-17, we recognized deferred tax assets and liabilities as non-current assets and liabilities for the year ended December 31, 2017. Prior balances were not retrospectively adjusted.

We record uncertain tax positions in accordance with ASC 740 on the basis of a two-step process whereby (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. The effective tax rate for us includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by management. We recognize interest and penalties related to unrecognized tax benefits within the income tax expense line in the accompanying consolidated statement of operations. Accrued interest and penalties are included within the related tax liability line in the consolidated balance sheet.

Recently Issued and Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued, ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)", which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The accounting guidance also requires additional disclosure regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 can be adopted using one of two retrospective application methods. In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers (Topic 606), Deferral of the Effective Date", which defers the effective date of ASU 2014-09 by one year, to fiscal years beginning after December 15, 2017, and interim periods therein.

Additionally, the FASB issued the following various updates affecting the guidance in ASU 2014-09. The effective dates and transition requirements are the same as those in ASC Topic 606 above. In March 2016, FASB issued an amendment to the standard, ASU 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations" Under the amendment, an entity is required to determine whether the nature of its promise is to provide the specified good or service itself (that is, the entity is a principal) or to arrange for that good or service to be provided by the other party (as an agent). In April 2016, FASB issued ASU 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing", to clarify identifying performance obligations and the licensing implementation guidance, which retaining the related principles for those areas. In May 2016, the FASB issued ASU 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients". This update addresses narrow-scope improvements to the guidance on collectability, noncash consideration and completed contracts at transition. The update provides a practical expedient for contract modifications at transition and an accounting policy election related to the presentation of sales taxes and other

similar taxes collected from customers. Then, in December 2016, the FASB issued ASU 2016-20, “Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers”. The updates in ASU 2016-20 affect narrow aspects of the guidance issued in ASU 2014-09.

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We have substantially completed the assessment of all revenue from existing contracts with customers and expects to implement this standard on a modified retrospective approach. The timing and amount of revenue recognition under the new standard is not expected to differ materially from the current revenue standard. We will adopt the new revenue recognition guidance effective January 1, 2018.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments (Topic 825): Recognition and Measurement of Financial Assets and Liabilities (“ASU 2016-01”). The amended guidance (i) requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; (ii) eliminates the requirement to disclose the method(s) and significant assumptions used to estimate the fair value that is currently required to be disclosed for financial instruments measured at fair value; (iii) requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments and (iv) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The amended guidance should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amended guidance related to equity securities without readily determinable fair values (including the disclosure requirements) should be applied prospectively to equity investments that exist as of the date of adoption. We are currently evaluating the impact of this guidance on the financial statements. We will adopt this guidance since January 1, 2018.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize most leases on the balance sheet. This ASU requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Lessees are permitted to make an accounting policy election to not recognize the asset and liability for leases with a term of twelve months or less. The ASU does not significantly change the lessees’ recognition, measurement and presentation of expenses and cash flows from the previous accounting standard. Lessors’ accounting under the ASC is largely unchanged from the previous accounting standard. In addition, the ASU expands the disclosure requirements of lease arrangements. Lessees and lessors will use a modified retrospective transition approach, which includes a number of practical expedients. The provisions of this guidance are effective for annual periods beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. We are in the process of evaluating the impact of adoption of this guidance on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230). The update is intended to improve financial reporting in regards to how certain transactions are classified in the statement of cash flows. This update requires that debt extinguishment costs be classified as cash outflows for financing activities and provides additional classification guidance for the statement of cash flows. The update also requires that the classification of cash receipts and payments that have aspects of more than one class of cash flows to be determined by applying specific guidance under generally accepted accounting principles. The update also requires that each separately identifiable source or use within the cash receipts and payments be classified on the basis of their nature in financing, investing or operating activities. The update is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We expect no material impact of adoption of this guidance on the consolidated financial statements.

In October 2016, FASB issued ASU 2016-16, Income Taxes (Topic 740). Current GAAP prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. Under the new standard, an entity is to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The new standard does not include new disclosure requirements; however, existing disclosure requirements might be applicable when accounting for the current and deferred income taxes for an intra-entity transfer of an asset other than inventory. The new standard is effective for annual periods beginning after December 15, 2017, including interim reporting periods within those annual periods. We expect no material impact of adoption of this guidance on the consolidated financial statements.

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In October 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230), Restricted Cash. The update applies to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows. The update addresses diversity in practice that exists in the classification and presentation of changes in restricted cash on the statement of cash flows, and requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The update is effective for public companies for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. The updates should be applied using a retrospective transition method to each period presented. We expect no material impact of adoption of this guidance on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. The update affects all companies and other reporting organizations that must determine whether they have acquired or sold a business. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The update is intended to help companies and other organizations evaluate whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The update provides a more robust framework to use in determining when a set of assets and activities is a business, and also provides more consistency in applying the guidance, reduce the costs of application, and make the definition of a business more operable. For public companies, the update is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. We chose to early adopt this guidance.

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. The update simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the

amount by which the carrying amount exceeds the reporting unit's fair value. The update also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The update should be applied on a prospective basis. The nature of and reason for the change in accounting principle should be disclosed upon transition. For public companies, the update is effective for any annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We are in the process of evaluating the impact of adoption of this guidance on the consolidated financial statements.

Results of Operations

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

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	For the Year Ended December 31,		
	2015	2016	2017
	(in RMB, except share and share related data)		
Revenues:			
Third-party revenues	266,182,435	415,295,453	479,917,547
Related party revenues	336,254,013	716,130,680	1,232,785,709
Total revenues	602,436,448	1,131,426,133	1,712,703,256
Business taxes and related surcharges	(7,427,171)	(3,715,689)	(6,541,634)
Net revenues	595,009,277	1,127,710,444	1,706,161,622
Operating cost and expenses:			
Cost of revenues	(235,943,955)	(477,034,912)	(737,507,904)
Selling expenses	(87,091,525)	(237,297,482)	(282,171,751)
General and administrative expenses	(91,777,836)	(155,958,876)	(204,052,576)
Other operating income-government subsidy	23,684,945	37,385,834	41,138,443
Total operating cost and expenses	(391,128,371)	(832,905,436)	(1,182,593,788)
Income from operations	203,880,906	294,805,008	523,567,834
Other income:			
Interest income	2,794,977	3,712,918	11,385,895
Investment income	19,076,015	12,619,887	10,012,216
Gain from disposal of investment in affiliates	2,330,001	—	—
Realized exchange gain	2,095,199	(19,568)	(2,040,641)
Total other income	26,296,192	16,313,237	19,357,470
Income before taxes and loss from equity in affiliates	230,177,098	311,118,245	542,925,304
Income tax expense	(67,246,490)	(82,612,132)	(122,998,509)
Gain from equity in affiliates	4,333,847	1,539,316	2,579,447
Net income	167,264,455	230,045,429	422,506,242
Net income attributable to non-controlling interests	(13,787,949)	(22,461,561)	(13,014,063)
Net income attributable to Jupai shareholders	153,476,506	207,583,868	409,492,179
Net income attributable to ordinary shareholders	153,476,506	207,583,868	409,492,179

2017 Compared to 2016

Net Revenues. Our net revenues increased by 51.3% from RMB1.1 billion in 2016 to RMB1.7 billion in 2017.

Our net revenues from one-time commissions increased by 64.0% from RMB633.2 million in 2016 to RMB1,038.7 million in 2017, primarily as a result of an increase in the number of active clients, added advisors at existing centers and increased fee rate. Our number of active clients increased by 25.5% from 10,218 in 2016 to 12,825 in 2017. Our average transaction value per client was RMB4.2 million in 2017 as compared to RMB4.4 million in 2016. The marginal decline in the average transaction value per client was primarily because we distributed more fixed income products, which have a lower minimum investment amount.

The amount of net revenues from recurring service fees decreased by 14.8% from RMB123.2 million in 2016 to RMB105.0 million in 2017 because we provided ongoing services to fewer products in 2017. As part of the recurring services fees, our recognized variable performance fees decreased from RMB14.6 million in 2016 to RMB13.8 million in 2017.

Our net revenues from recurring management fees increased from RMB260.6 million in 2016 to RMB363.7 million in 2017, which was primarily attributable to the increase in the amount of AUM and carried interest from liquidated products in 2017 as compared with 2016. RMB15.3 million and RMB81.7 million carried interest was recognized as part of our recurring management fees in 2016 and 2017, respectively.

Starting from the second half of 2016, we began to earn other service fees from providing consulting services to peer firms in the asset management industry and other companies seeking for equity investments. In 2016 and 2017, we generated other services fees of RMB111.1 million and RMB198.8 million, respectively.

Operating Costs and Expenses. Our total operating costs and expenses increased by 42.0% from RMB832.9 million in 2016 to RMB1,182.6 million in 2017, as a result of increases in our cost of revenues, selling expenses and general and administrative expenses as we continued to invest heavily in our infrastructure and support staff.

- *Cost of Revenues.* Cost of revenues increased by 54.6% from RMB477.0 million in 2016 to RMB737.5 million in 2017, primarily due to a combination of an increase in both the number of wealth management advisors and client managers and the performance-based compensation. Our wealth management advisory services personnel increased by 6% from 1,575 as of December 31, 2016 to 1,666 as of December 31, 2017. We anticipate that our cost of revenues will continue to increase as we hire more wealth management product advisors and client managers for our existing and new client centers and as we distribute more wealth management products.

- *Selling Expenses.* Our selling expenses increased by 18.9% from RMB237.3 million in 2016 to RMB282.2 million in 2017, primarily due to an increase in marketing expenses.

- *General and Administrative Expenses.* Our general and administrative expenses increased by 30.8% from RMB156.0 million in 2016 to RMB204.1 million in 2017. This increase was primarily due to an increase of RMB42.3 million in compensation paid to our managerial and administrative personnel.

- *Other Operating Income — Government Subsidy.* Other operating income increased by 10.0% from RMB37.4 million in 2016 to RMB41.1 million in 2017.

Other Income and Expenses. Our total other income increased substantially from RMB16.3 million in 2016 to RMB19.4 million in 2017 primarily due to an increase of RMB7.7 million in interest income.

Income Tax Expense. Our income tax expense increased by 48.9% from RMB82.6 million in 2016 to RMB123.0 million in 2017, as a result of an increase in our income before taxes.

Net Income. As a result of the above, we recorded a net income of RMB422.5 million in 2017, an 83.7% increase compared to a net income of RMB230.0 million in 2016.

2016 Compared to 2015

Net Revenues. Our net revenues increased by 89.5% from RMB595.0 million in 2015 to RMB1.1 billion in 2016.

Our net revenues from one-time commissions increased by 88.2% from RMB336.5 million in 2015 to RMB633.2 million in 2016, primarily as a result of an increase in the number of active clients as we opened new client centers and added advisors at existing centers. In 2016, we opened 29 new client centers, 14 of which are in new cities. Our number of active clients increased by 19.2% from 8,572 in 2015 to 10,218 in 2016. Our average transaction value per client increased from RMB3.3 million in 2015 to RMB4.4 million in 2016. The increase in the average transaction value per client was primarily because we distributed more private equity and venture capital products, which have a higher minimum investment amount.

The amount of net revenues from recurring service fees increased by 6.0% from RMB116.2 million in 2015 to RMB123.2 million in 2016. As part of the recurring services fees, our recognized variable performance fees decreased from RMB61.6 million in 2015 to RMB14.6 million in 2016.

Our net revenues from recurring management fees increased from RMB142.4 million in 2015 to RMB260.6 million in 2016, which was primarily attributable to the increase in the amount of assets under our management in 2016 as compared with 2015. RMB55.5 million and RMB15.3 million carried interest was recognized as part of our recurring management fees in 2015 and 2016, respectively.

In 2016, we generated other service fee of RMB111.1 million from providing consulting services to peer firms in the asset management industry and other companies seeking for equity investments.

Operating Costs and Expenses. Our total operating costs and expenses increased by 112.9% from RMB391.1 million in 2015 to RMB832.9 million in 2016, as a result of increases in our cost of revenues, selling expenses and general and administrative expenses as we continued to invest heavily in our infrastructure and support staff.

- *Cost of Revenues.* Cost of revenues increased by 102.2% from RMB235.9 million in 2015 to RMB477.0 million in 2016, primarily due to a combination of an increase in both the number of wealth management advisors and client managers and the average compensation paid to them. Our wealth management advisory services personnel increased by 43.1% from 1,101 as of December 31, 2015 to 1,575 as of December 31, 2016. We anticipate that our cost of revenues will continue to increase as we hire more wealth management product advisors and client managers for our existing and new client centers and as we distribute more wealth management products.

- *Selling Expenses.* Our selling expenses increased by 172.5% from RMB87.1 million in 2015 to RMB237.3 million in 2016, primarily due to an increase in marketing and brand promotion expenses.

- *General and Administrative Expenses.* Our general and administrative expenses increased by 69.9% from RMB91.8 million in 2015 to RMB156.0 million in 2016. This increase was primarily due to an increase of RMB50.4 million in compensation paid to our managerial and administrative personnel.

- *Other Operating Income — Government Subsidy.* Other operating income increased by 57.8% from RMB 23.7 million in 2015 to RMB37.4 million in 2016.

Other Income and Expenses. Our total other income decreased substantially from RMB26.3 million in 2015 to RMB16.3 million in 2016 primarily due to a decrease of RMB6.5 million in investment income.

Income Tax Expense. Our income tax expense increased by 22.8% from RMB67.2 million in 2015 to RMB82.6 million in 2016.

Net Income. As a result of the above, we recorded a net income of RMB230.0 million in 2016, a 37.5% increase compared to a net income of RMB167.3 million in 2015.

B. Liquidity and Capital Resources

Prior to the completion of our initial public offering, we financed our operations primarily through cash generated from our operating activities and the proceeds from the private placement of our preferred shares. Our principal uses of cash for the years ended December 31, 2015, 2016 and 2017 were for operating and investing activities, primarily cash management investing activities. As of December 31, 2017, we had RMB1.5 billion in cash and cash equivalents, consisting of cash on hand and demand deposits, which are unrestricted as to withdrawal and use. Approximately 75.3% of our cash and cash equivalent as of December 31, 2017 was held in China, more than 45.2% of which was held by our VIEs and their respective subsidiaries denominated in Renminbi. As of December 31, 2017, we did not have any outstanding bank loans. We believe that our current cash and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including our cash needs for at least the next 12 months. We may, however, need additional capital in the future due to unanticipated business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If, in the future, our existing cash is insufficient to meet our requirements, we may sell additional equity securities, debt securities or borrow from banks.

Although we consolidate the results of our consolidated entities, we only have access to the assets or earnings of our consolidated entities through our contractual arrangements with our VIEs. See “Item 4. Information of the Company—A. History and Development of the Company.” For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see “— Holding Company Structure.” In addition, we would need to accrue and pay withholding taxes if we were to distribute funds from our subsidiaries in China to our offshore subsidiaries. We do not intent to repatriate such funds in the foreseeable future, as we plan to use existing cash balance in China for general corporate purposes.

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Under PRC laws and regulations, we are permitted to provide funding to our PRC subsidiary only through loans or capital contributions and to our consolidated entities only through loans, subject to applicable government registration and approval requirements. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries or VIEs when needed. See “Item 3. Key Information—D. Risk Factors — Risks Related to Doing Business in China — PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of our initial public offering to make loans to our PRC subsidiaries and consolidated entities or to make additional capital contributions to our PRC subsidiaries, which may materially and adversely affect our liquidity and our ability to fund and expand our business.” Notwithstanding the foregoing, our PRC subsidiaries may use their own retained earnings (as opposed to Renminbi converted from foreign currency denominated capital) to provide financial support to our VIEs either through entrustment loans or direct loans to its shareholders in compliance with applicable laws and regulations, who then contribute the loans to the VIEs through contractual arrangements as capital injection similar to the shareholder loan structure as under the VIE structure with respect to Shanghai E-Cheng. See “Item 4. Information on the Company—C. Organizational Structure”

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

	For the Year Ended December 31,		
	2015	2016	2017
		(in RMB)	
Consolidated Statement of Operations Data			
Net cash provided by operating activities	369,053,507	188,263,729	617,527,056
Net cash (used in)/provided by investing activities	(75,307,251)	1,878,091	(74,041,982)
Net cash provided by financing activities	293,994,196	114,406,429	(121,147,657)
Effect of exchange rate changes	14,657,999	23,120,744	(17,726,303)
Net increase in cash and cash equivalent	602,398,451	327,668,993	404,611,114
Cash and cash equivalents — beginning of the year	193,098,712	795,497,163	1,123,166,156
Cash and cash equivalents — end of the year	795,497,163	1,123,166,156	1,527,777,270

Operating Activities

Net cash provided by operating activities in 2017 was RMB617.5 million, primarily attributable to a net income of RMB422.5 million, non-cash items of RMB64.4 million, and a net increase of RMB130.6 million due to change in working capital. The net increase due to change in working capital was primarily attributable to an increase in payroll accrual and welfare expenses of RMB110.9 million, a decrease in accounts receivables and other receivables in aggregate of RMB47.5 million, an increase in income tax payable and other tax payable in aggregate of RMB40.2 million, and an increase in other current liabilities of RMB45.4 million, partially set off by an increase in amounts due from related parties of RMB105.0 million..

Net cash provided by operating activities in 2016 was RMB188.3 million, primarily attributable to a net income of RMB230.0 million and non-cash items of RMB49.8 million, partially offset by a net decrease of RMB91.5 million due to change in working capital. The net decrease due to change in working capital was primarily attributable to an increase in payroll accrual and welfare expenses of RMB21.0 million, an increase in deferred revenue of RMB63.4 million and an increase in income tax payable and other tax payable in aggregate of RMB53.8 million, partially set off by an increase in accounts receivables and other receivables in aggregate of RMB83.9 million, and increase in amounts due from related parties of RMB 118.3 million. The increase in deferred revenues was primarily driven by the increase in the number and size of funds under our management, as well as the portion of cash payments received in relation to the management fees that can be recognized during the period. As of December 31, 2014, 2015 and 2016, we had five, 65 and 214 contractual funds under our management, respectively. Unlike funds organized in the form of limited partnerships, we typically receive services fees for the entire contractual term of a contractual fund, which varies from six months to two years, at the beginning of the service period, resulting in a relatively larger amount of deferred revenue being recorded.

Net cash provided by operating activities in 2015 was RMB369.1 million, primarily attributable to a net income of RMB167.3 million, non-cash items of RMB7.0 million and a net increase of RMB194.8 million due to change in working capital. The net increase due to change in working capital was primarily attributable to an increase in payroll accrual and welfare expenses of RMB67.0 million, a decrease in amounts due from related parties of RMB14.7million, an increase in deferred revenue of 112.3 million and an increase in income taxes payable and other tax payable in aggregate of RMB88.0 million, partially offset by an increase accounts receivables and other receivables in aggregate of RMB42.5 million, and an increase in deferred tax assets of RMB33.6 million. The increase in deferred revenues from related parties was primarily driven by the increase in the number and size of funds under our management, as well as the portion of cash payments received in relation to the management fees and carried interest that can be recognized during the period. As of December 31, 2014 and 2015, we had five and 65 contractual funds under our management, respectively. Unlike funds organized in the form of limited partnerships, we typically receive services fees for the entire contractual term of a contractual fund, which varies from six months to two years, at the beginning of the service period, resulting in a relatively larger amount of deferred revenue being recorded.

Investing Activities

Net cash used in investing activities in 2017 was RMB74.0 million. Our investments consist primarily of purchases of property, plant, equipment, investment in held-to-maturity investment and investments in affiliates, which, in the aggregate, accounted for cash out-flow of RMB573.8 million, partially offset by proceeds from investments of RMB499.8 million.

Net cash provided by investing activities in 2016 was RMB1.9 million. Our investments consist primarily of purchases of property, plant, equipment, investment in held-to-maturity investment and investments in affiliates, which, in the aggregate, accounted for cash out-flow of RMB122.2 million, partially offset by proceeds and collections from investments and advance prepayment for acquisition of RMB124.0million.

Net cash used in investing activities in 2015 was RMB75.3 million. Our investments consist primarily of purchases of property, plant, equipment, and intangible assets, available-for-sale investments, held-to-maturity investments, other cost method investments and investments in affiliates, which, in the aggregate, accounted for cash out-flow of RMB355.7 million, partially offset by proceeds from available-for-sale investments, held-to-maturity investments, other cost method investments, entrusted investments and investments in affiliates in the amount of RMB331.7 million. In 2015, net cash inflow from acquisition of Scepter Pacific was 43.6 million, partially offset by advance prepayment in the amount of RMB94.9 million for several acquisitions.

Financing Activities

Net cash used in financing activities in 2017 was RMB121.1 million, primarily attributable to the dividend paid by us.

Net cash provided by financing activities in 2016 was RMB114.4 million, primarily attributable to proceeds from issuance of new shares through private placement.

Net cash provided by financing activities in 2015 was RMB294.0 million, primarily attributable to the net proceeds from our initial public offerings.

Capital Expenditures

Our capital expenditures were RMB12.4 million, RMB52.6 million and RMB39.1 million in 2015, 2016 and 2017, respectively. We currently do not have any commitment for capital expenditures or other cash requirements other than those in our ordinary course of business.

Holding Company Structure

Jupai is a holding company with no material operations of its own. We conduct our operations primarily through our wholly owned subsidiaries and consolidated entities in China. As a result, our ability to pay dividends depends upon dividends paid by our wholly owned subsidiaries. If our wholly owned subsidiaries or any newly formed subsidiaries 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 owned subsidiaries 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, our wholly owned PRC subsidiaries and each of our consolidated entities is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by the SAFE. We currently plan to reinvest all earnings from our PRC subsidiaries to their business developments and do not plan to request dividend distributions from them.

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

See “Item 4. Information On the Company—B. Business Overview—Intellectual Property.”

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events since January 1, 2018 that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Off-balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our own shares and classified as 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 research and development services with us.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2017:

	Payment Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(RMB)		
Operating leases	193,259,977	76,189,668	109,062,375	8,007,934	—
Other long term liabilities[(1)]	87,175,000	87,175,000	—	—	—
Total	280,434,977	163,364,668	109,062,375	8,007,934	—

(1) Represents our obligations to provide capital injections to certain equity method investees.

For additional information, please see the notes to our consolidated financial statements included elsewhere in this annual report.

G. Safe Harbor

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

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ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

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

Name	Age	Position/Title
Jianda Ni	54	Chairman of the Board of Directors and Chief Executive Officer
Xin Zhou	50	Director
Guoping Yang	62	Independent Director
Linda Wong	54	Independent Director
Bang Zhang	50	Independent Director
Hongchao Zhu	58	Independent Director
Min Liu	44	Chief Financial Officer
Liang Li	37	Chief Operating Officer

Mr. Jianda Ni has served as our chairman of the board since April 2015, and as our chief executive officer since May 2017 and previously from April 2015 to February 2017. Prior to joining our company, he served as the Chairman of Shanghai Industrial Holdings Limited, or SIHL, from July 2010, an executive director of SIHL from February 2014 and an executive director of Shanghai Industrial Investment (Holdings) Co., Ltd. from November 2013. Prior to July 2010, he was a deputy chief executive officer of SIHL. In the past, Mr. Ni also served as a director and president of Shanghai Urban Development and the general manager of Shanghai Xuhui Real Estate Management Co., Ltd., the deputy general manager of Shanghai Urban Development and the general manager of the real estate department of China Huayuan Group Ltd. Mr. Ni received a bachelor's degree from Shanghai University and a master's degree in business administration from La Trobe University of Australia.

Mr. Xin Zhou has served as our director since July 2015. Mr. Zhou previously served as our director from May 2014 to April 2015. Mr. Zhou has over 25 years of experience in China's real estate industry and is one of the co-founders of E-House and has served as E-House's chairman since its inception. Mr. Zhou served as E-House's chief executive officer from 2003 to 2009, and has been serving as E-House's chief executive officer again since April 2012. Mr. Zhou has served as executive chairman of Leju Holdings Limited (NYSE: LEJU), a subsidiary of E-House and a NYSE-listed company, since its inception. Mr. Zhou also served as co-chairman and chief executive officer of E-House's subsidiary, China Real Estate Information Corporation, from 2009 to April 2012. Mr. Zhou currently serves as vice chairman of China Real Estate Association, director of The Nature Conservancy China, vice chairman of China Real Estate Developers and Investors Association and chairman of Real Estate Service Committee of China Real Estate Association. He is also honorary vice-chairman of Shanghai Young Entrepreneur Association and rotating chairman of Shanghai Entrepreneur Association. Mr. Zhou received his bachelor degree from Shanghai Industrial University in China.

Mr. Guoping Yang has served as our independent director since July 2015. Mr. Yang has served as the chairman of the board and the general manager of Dazhong Transportation (Group) Co., Ltd. and the chairman of the board of Shanghai Dazhong Public Utilities (Group) Co., Ltd. from October 1988. Mr. Yang has also served as the chairman of the board of Shanghai Jiao Da Onlly Co., Ltd from May 2011 and Shanghai Dazhong Gas Co., Ltd. from September 2001. He was the vice-chairman of the board from May 2012 to May 2015 and an independent director from May 2014 at Shenzhen Capital Group Co., Ltd. Mr. Yang is a director at Shanghai Jiaoyun Group Co., Ltd., Everbright Securities Co., Ltd., Nanjing Zhongbei (Group) Co., Ltd., Shanghai Songz Automobile Air Conditioning Co., Ltd., and an independent director at HFT Investment Management Co., Ltd., and Shanghai Shentong Metro Group Co., Ltd. Mr. Yang received his master's degree in business administration from Shanghai Jiao Tong University in 1997.

Ms. Linda Wong has served as our independent director since July 2015. Ms. Wong has over 25 years of experience in the banking business. In the recent five years, Ms. Wong primarily worked as the management and consultant of internet finance companies. Ms. Wong has served as the CEO and consultant at Neo Internet Financial Services (Shenzhen) since 2017. Prior to that, she served as the CEO in charge of the internet finance business at Evergrande Group from September 2015 to June 30, 2016. From July 2012 to August 2015, she served as the chairman and CEO of PingAn Pay, a subsidiary of PingAn Insurance Group. She was the managing director and head of Hong Kong and China Consumer Banking of DBS Bank (HK) Limited from September 2008 to June 2012, and CEO China and head of consumer business at ABN AMRO N.V. from May 2004 to August 2008, and was the head of retail banking at Citi Bank China from 2001 to 2004. She worked at Standard Chartered Bank in Hong Kong from June 1989 to June 2000 and Bank of Credit

and Commerce from June 1986 to May 1989. Ms. Wong holds an International Investment Advisory Certificate. She received her bachelor's degree in computing science and statistics from University of Guelph, Canada and a diploma in business management form Henley on Thames, UK in 1999.

Mr. Bang Zhang has served as our independent director since July 2015. Mr. Zhang has served as an independent director of ChinaCache International Holdings Limited (Nasdaq: CCIH) since August 2017. He has served as the chief financial officer at DG Group from 2016 and the chief financial officer at Golden Jaguar from 2013 to 2015. Prior to that, Mr. Zhang was the chief financial officer and a senior vice president at Mecox Lane Limited (NASDAQ: MCOX) from 2009 to 2013. He held various management positions at McDonald's China from 1994 to 2009. From 1983 to 1993, he worked at Jiangsu Suzhou Textile Ornament Corporation, Suzhou Capsugel Ltd. and Heinz UFE Ltd. Mr. Zhang holds the Chartered Global Management Accountant qualification and is a fellow member of Chartered Institution of Management Accountants. Mr. Zhang received his master's degree in business administration from Jinan University in 2001.

Mr. Hongchao Zhu has served as our independent director since July 2015. Mr. Zhu has served as an independent director of E-House (China) Holdings Limited since August 2007. Mr. Zhu is a partner of Shanghai United Law Firm and has been practicing with Shanghai United Law Firm since 1986. Mr. Zhu received his master's and bachelor's degrees in law from Fudan University in China.

Ms. Min Liu has been our chief financial officer since September 2014. Ms. Liu served as our director from May 2014 to July 2015. Prior to joining our company, Ms. Liu was a head of Shanghai region at the department of Consumer Bank China in DBS Bank from February 2010 to March 2014. From September 2008 to February 2010, Ms. Liu served as a relationship manager at Credit Suisse, Singapore Branch. Ms. Liu received a bachelor's degree in accounting from Shanghai LiXin Accounting College in 1997 and a master's degree in business administration from Shanghai TongJi University and École Nationale des Ponts et Chaussées in France in 2005.

Mr. Liang Li has been our chief operating officer since February 2017 and was our president since August 2014 and our chief operating officer since he joined us in November 2012. Prior to joining our company, Mr. Li worked as a director of the operation department at United Overseas Bank from November 2009 to November 2012. Prior to that, Mr. Li worked as a director at Algemene Bank Nederland China Co., Ltd. and at Royal Bank of Scotland from December 2005 to November 2009. Mr. Li received a bachelor's degree from Shanghai University of Electric Power in 2003 a master's degree in business administration from Huazhong Agricultural University in 2012.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. We may also terminate an executive officer's employment without cause upon 60-day advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based. The executive officer may resign at any time with a one-month advance written notice.

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

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

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

B. Compensation of Directors and Executive Officers

For the fiscal year ended December 31, 2017, we paid an aggregate of approximately RMB15.0 million in cash to our executive officers, and we did not pay any compensation to our non-executive directors. 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 and consolidated entities are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

Share Incentive Plan

Our Share Incentive Plan permits the grant of three types of awards: options, restricted shares and restricted share units. The maximum number of our shares that may be issued pursuant to all awards under the plan is 26,938,020 ordinary shares, subject to automatic increases of 5% of the then total outstanding shares on an as-converted fully diluted basis on each of the third, sixth and ninth anniversaries of July 1, 2014.

As of March 31, 2018, options to acquire a total of 15,642,600 ordinary shares and 8,028,548 restricted shares have been granted and options to acquire 9,726,528 ordinary shares and 4,135,535 restricted shares are outstanding under our Share Incentive Plan, including the outstanding options grants made by Scepter Pacific that we assumed upon our acquisition of Scepter Pacific. The following paragraphs summarize the terms of the Share Incentive Plan:

Plan Administration. Our board of directors, or a committee designated by our board or directors, will administer the plan. The committee or the full board of directors, as appropriate, will determine the provisions and terms and conditions of each option grant.

Award Agreements. Options and other awards granted under the plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each grant. In addition, the award agreement may also provide that securities granted are subject to a 180-day lock-up period following the effective date of a registration statement filed by us under the Securities Act, if so requested by us or any representative of the underwriters in connection with any registration of the offering of any of our securities. The exercise price of granted options may be amended or adjusted in the absolute discretion of our board of directors, or a committee designated by our board of directors, without the approval of our shareholders or the recipients of the options.

Eligibility. We may grant awards to employees, directors and consultants of our company or any of our related entities, which include our subsidiaries or any entities in which we hold a substantial ownership interest.

Acceleration of Awards upon Corporate Transactions. The outstanding awards will terminate and accelerate upon occurrence of a change-of-control corporate transaction where the successor entity does not assume our outstanding awards under the plan. In such event, each outstanding award will become fully vested and immediately exercisable, and the transfer restrictions on the awards will be released and the repurchase or forfeiture rights will terminate immediately before the date of the change-of-control transaction provided that the grantee's continuous service with us shall not be terminated before that date.

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Term of the Options. The term of each option grant shall be stated in the award agreement, provided that the term shall not exceed 10 years from the date of the grant.

Vesting Schedule. In general, our board of directors, or a committee designated by our board of directors, determines, or the award agreement specifies, the vesting schedule.

Transfer Restrictions. Awards may not be transferred in any manner by the recipient other than by will or the laws of succession and incentive share options may be exercised during the lifetime of the optionee only by the optionee.

Termination of the Plan. Unless terminated earlier, the plan will terminate automatically in 2024. Our board of directors has the authority to amend or terminate the plan subject to shareholder approval to the extent necessary to comply with applicable law. However, no such action may impair the rights of any award recipient unless agreed by the recipient.

The following table summarizes, as of March 31, 2018, the options and restricted shares granted under our Share Incentive Plan to several of our directors and executive officers, excluding awards that were forfeited or cancelled after the relevant grant dates.

Name	Ordinary Shares Underlying Options /Restricted Shares Awarded	Exercise Price (US$/Share)	Date of Grant	Date of Expiration
Jianda Ni	*	US$ 1.00	2-Apr-15	1-Apr-25
Jianda Ni	*	—	26-Aug-15	25-Aug-25
Xin Zhou	*	US$ 0.66	16-Jul-15	7-Aug-24
Min Liu	*	US$ 0.48	1-Jul-14	30-Jun-24
Min Liu	*	—	27-Feb-17	26-Feb-27
Liang Li	*	US$ 0.48	1-Jul-14	30-Jun-24
Liang Li	*	—	27-Feb-17	26-Feb-27
Bang Zhang	*	—	26-Aug-15	25-Aug-25
Linda Wong	*	—	26-Aug-15	25-Aug-25
Guoping Yang	*	—	26-Aug-15	25-Aug-25
Hongchao Zhu	*	—	26-Aug-15	25-Aug-25
Hongchao Zhu	*	US$ 0.66	16-Jul-15	7-Aug-24
Total	6,531,512			

* Less than 1% of our total outstanding share capital.

As of March 31, 2018, other employees as a group held options/restricted shares to purchase 9,001,290 ordinary shares of our company, with the exercise prices ranging from US$0 to US$1.1 per ordinary share.

C. Board Practices

Our board of directors consists of six directors. A director is not required to hold any shares in our company to qualify to serve as a director. A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with our 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 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. A director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration. The directors may exercise all the powers of our company to borrow money, mortgage our undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of our company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

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Committees of the Board of Directors

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

Audit Committee. Our audit committee currently consists of Bang Zhang, Hongchao Zhu and Linda Wong. Bang Zhang is the chairperson of our audit committee. We have determined that Bang Zhang, Hongchao Zhu and Linda Wong satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

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

Compensation Committee. Our compensation committee consists of Guoping Yang, Xin Zhou and Hongchao Zhu. Guoping Yang is the chairperson of our compensation committee. We have determined that Guoping Yang and Hongchao Zhu satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the NYSE. 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. The compensation committee is responsible for, among other things:

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

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Linda Wong and Guoping Yang. Linda Wong is the chairperson of our nominating and corporate governance committee. Linda Wong and Guoping Yang satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the NYSE. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

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

Duties of Directors

Under Cayman Islands law, our directors own fiduciary duties to act honestly, in good faith and with a view to our best interests. Our directors also owe to our company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. Our company has the right to seek damages if a duty owed by our directors is breached.

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

- convening shareholders' annual and extraordinary general meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our share register.

Terms of Directors and Officers

Our 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 unanimous written resolution of all the shareholders. 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 to be or becomes of unsound mind.

D. Employees

We had 1,489, 2,138 and 2,520 employees as of December 31, 2015, 2016 and 2017, respectively. The following table sets forth the number of our employees by function as of December 31, 2017:

Functional Area	Number of Employees	% of Total[(1)]
Wealth Management	1,666	66%
Product Sourcing, Monitoring and Development	299	12%
Marketing	32	1%
Management and Administration	523	21%
Total	**2,520**	**100%**

(1) The sum of the following percentages do not necessarily equal 100% due to rounding.

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As required by PRC regulations, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing insurance. We are required under PRC law to contribute to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by local governments from time to time.

We believe that we maintain a good working relationship with our employees and we have not experienced any significant labor disputes. We strive to promote our service-oriented company culture and provide regular in-house education and training sessions regarding the products we distribute and our services to our employees, including the management team and employees in our various service sectors, to help them better service our clients.

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of March 31, 2018 by:

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

The calculations in the table below are based on 200,112,371 ordinary shares outstanding as of March 31, 2018, excluding 10,206,534 ordinary shares issued to our depositary bank for bulk issuance of ADSs reserved under our Share Incentive Plan and 593,466 unvested restricted 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. Ordinary shares held by a shareholder are determined in accordance with our register of members.

	Ordinary Shares Beneficially Owned	
	Number	Percentage
Directors and Executive Officers:**		
Jianda Ni(1)	21,360,471	10.6%
Xin Zhou(2)	43,884,591	21.9%
Guoping Yang(3)	*	*%
Linda Wong(4)	*	*%
Bang Zhang(5)	*	*%
Hongchao Zhu(6)	*	*%
Min Liu	*	*%
Liang Li	*	*%
All Directors and Executive Officers as a Group	68,353,570	33.6%
Principal Shareholders:		
E-House (China) Holdings Limited(2)(7)	43,809,591	21.9%
Tianxiang Hu(8)	32,773,912	16.0%
SINA Corporation(9)	21,798,340	10.9%
High-Gold Worldwide Limited(1)(10)	19,853,538	9.9%

Notes:

† For each person and group included in this column, percentage ownership is calculated by dividing the number of ordinary shares beneficially owned by such person or group by the sum of the total number of ordinary shares outstanding, which is 200,112,371, and the number of ordinary shares such person or group has the right to acquire upon exercise of the share options or warrants within 60 days of March 31, 2018.

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

** Except where otherwise disclosed in the footnotes below, the business address of all the directors and officers is Yinli Building, 8/F, 788 Guangzhong Road, Jingan District, Shanghai 200072, Shanghai, People's Republic of China.

(1) Represents (i) 19,853,538 ordinary shares held by High-Gold Worldwide Limited, a British Virgin Islands company wholly owned and controlled by Mr. Jianda Ni, and (ii) 1,506,933 ordinary shares that were issuable upon exercise of options exercisable within 60 days after March 31, 2018.

(2) Represents (i) 75,000 ordinary shares issuable to Mr. Xin Zhou upon exercise of options or vesting of restricted shares within 60 days after March 31, 2018, and (ii) 43,809,591 ordinary shares held by E-House (China) Holdings Limited, which is an indirectly wholly owned subsidiary of E-House Holdings Ltd. as reported in a Schedule 13D/A filed by Mr. Xin Zhou and E-House Holdings Ltd. on March 26, 2018. As of March 23, 2018, Mr. Xin Zhou held 100% of the shares of E-House Holdings and is the sole director of E-House Holdings. Pursuant to Section 13(d) of the Act and the rules promulgated thereunder, Mr. Zhou may be deemed to beneficially own all of the ordinary shares of the Issuer indirectly held by E-House Holdings Ltd. through its wholly-owned subsidiaries. The business address of Mr. Zhou is 11/F, Yinli Building, No. 383 Guangyan Road, Shanghai, People's Republic of China.

(3) The business address of Mr. Guoping Yang is 22/F, 1515 Zhongshan Road West, Shanghai, People's Republic of China.

(4) The business address of Ms. Linda Wong is 8 Century Avenue, Lujiazui, Pudong, Shanghai, People's Republic of China.

(5) The business address of Mr. Bang Zhang is 7/F, 3162 Yan'an Road West, Shanghai, People's Republic of China.

(6) The business address of Mr. Hongchao Zhu is 17/F, Bund Center, 222 East yan'an Road, Shanghai, 200002, China.

(7) Represents 43,809,591 ordinary shares held by E-House (China) Holdings Limited, which is an indirectly wholly owned subsidiary of E-House Holdings Ltd. as reported in a Schedule 13D/A filed by Mr. Xin Zhou and E-House Holdings Ltd. on March 26, 2018. The business address of E-House (China) Holdings Limited is 11/F, Yinli Building, No. 383 Guangyan Road, Shanghai, People's Republic of China.

(8) Represents (i) 27,740,074 ordinary shares held by Juda Holding Inc., a British Virgin Islands company wholly owned and controlled by Mr. Tianxiang Hu, as reported in a Schedule 13G/A filed by Mr. Tianxiang Hu on February 14, 2017, (ii) 138,393 ADSs held by Mr. Tianxiang Hu, and (iii) 4,203,480 ordinary shares that were issuable upon exercise of options exercisable within 60 days after March 31, 2018 .

(9) Represents 21,798,340 ordinary shares held by SINA Corporation as last reported in a Schedule 13G filed by SINA Corporation and SINA Hong Kong Limited on February 5, 2016. The business address of SINA Corporation is 20F Ideal Plaza, No. 58 Bei Si Huan Xi Road, Beijing, 100080, China.

(10) Represents 19,853,538 ordinary shares held by High-Gold Worldwide Limited, a British Virgin Islands company wholly owned by and controlled by Mr. Jianda Ni. as reported in a Schedule 13D jointly filed by Mr. Jianda Ni and High-Gold Worldwide Limited on January 23, 2018. The business address of High-Gold Worldwide Limited is Yinli Building, 8/F, 788 Guangzhong Road, Jingan District, Shanghai 200072, Shanghai, China.

None of our existing shareholders have different voting rights from other shareholders. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

As of March 31, 2018, we had 200,112,371 ordinary shares outstanding, excluding 10,206,534 ordinary shares issued to our depositary bank for bulk issuance of ADSs reserved under our Share Incentive Plan and 593,466 unvested restricted shares. To our knowledge, we had only one record shareholder in the United States. JPMorgan Chase Bank, N.A., which is the depositary of our ADS program, held approximately 40.8% of our total outstanding ordinary shares. 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.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

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

B. Related Party Transactions

Contractual Arrangements with Our Variable Interest Entity and Its Shareholders

For a description of our contractual arrangements with Shanghai Jupai, Shanghai E-Cheng and their respective shareholders, see "Item 4. Information on the Company—C. Organizational Structure."

Shareholders Agreements

In connection with our series B financing, we entered into an investors' rights agreement with our shareholders and relevant parties therein in May 2014. Pursuant to the investors' rights agreement, holders of our registrable shares are entitled to registration rights, including demand registration rights, Form F-3 registration rights and piggyback registration rights.

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees — A. Directors and Senior Management — Employment Agreements and Indemnification Agreements."

Share Incentive Plan

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

Revenues from Related Parties

We provided management services to 168 funds in 2017. In 2017, we generated revenues from one-time commission fee in a total amount of RMB739.9 million, and recurring management fee in a total amount of RMB365.0 million (including carried interest of RMB81.7 million. In 2017, we generated revenues from other service fee in a total amount of RMB117.8 million. As of December 31, 2017, we had RMB235.8 million unpaid service fees due from these funds and had RMB234.5 million prepaid services fees from these funds recorded as deferred revenues.

Amount due to Related Parties

As of December 31, 2017, we had RMB27.3 million due to related parties, which mainly represent investment proceeds that we collect on behalf of certain funds managed by us.

IT Services from Related Party

In 2017, we engaged Shanghai Yunchuang Information Technology Co., Ltd. to upgrade "Jupai Online" platform and we recognized the total service consideration of RMB14,150,943 into intangible assets.

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.

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Legal and Administrative Proceedings

We are subject to legal proceedings, investigations and claims incidental to the conduct of our business from time to time. We are not currently a party to, nor are we aware of, any legal proceeding, investigation or claim which, in the opinion of our management, is likely to have a material adverse effect on our business, financial condition, results of operations, liquidity or cash flows.

Dividend Policy

On March 12, 2018, we declared cash dividends in an aggregate amount of approximately US$20.0 million (being US$0.1 per ordinary share) to our shareholders. Holders of our ADSs were entitled to cash dividend of US$0.6 per ADS. The cash dividend will be paid on or about May 31, 2018.

However, we may not continue to declare and pay dividends regularly, or at all. We are a holding company incorporated in the Cayman Islands. PRC regulations may restrict the abilities of our PRC subsidiaries to pay dividend to us. We rely on dividends from our subsidiaries in China. Current PRC regulations permit our subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our subsidiaries in China is required to set aside a certain amount of its accumulated after-tax profits each year, if any, to fund certain statutory reserves. These reserves may not be distributed as cash dividends. Further, if our subsidiaries in China incur debt on their own behalf, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us.

Our board of directors has discretion on whether to distribute dividends, subject to our memorandum and articles of association and certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Our board of directors intends on paying dividends only to the extent cash is available in the offshore entities. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Even if our board of directors decides to pay

dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

B. *Significant Changes*

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*

Market Price Information for our American Depositary Shares

Our ADSs, each representing six of our ordinary shares, have been listed on the NYSE since July 16, 2015. Our ADSs trade under the symbol "JP."

The following table provides the high and low trading prices for our ADSs on the NYSE for each period indicated.

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	Trading Price	
	High US$	Low US$
Annual Highs and Lows		
2015 (since July 16, 2015)	11.55	7.72
2016	10.18	7.49
2017	29.00	7.36
Quarterly Highs and Lows		
Second Quarter 2016	10.18	8.00
Third Quarter 2016	8.78	7.49
Fourth Quarter 2016	9.51	7.64
First Quarter 2017	9.70	8.40
Second Quarter 2017	9.22	7.50
Third Quarter 2017	13.98	7.36
Fourth Quarter 2017	29.00	13.22
First Quarter 2018		
Monthly Highs and Lows		
October 2017	29.00	13.22
November 2017	27.31	17.51
December 2017	19.68	14.62
January 2018	24.42	18.36
February 2018	22.63	17.50
March 2018	22.17	17.84
April 2018 (through April 11)	20.72	18.91

B. *Plan of Distribution*

Not applicable.

C. *Markets*

Our ADSs, each representing six of our ordinary shares, have been listed on the NYSE since July 16, 2015 under the symbol "JP."

D. *Selling Shareholders*

Not applicable.

E. *Dilution*

Not applicable.

F. *Expenses of the Issue*

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. *Share Capital*

Not applicable.

B. *Memorandum and Articles of Association*

The following are summaries of material provisions of our fourth amended and restated memorandum and articles of association, as well as the Companies Law (2016 Revision) insofar as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The objects for which our company is established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Law (2016 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.

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Board of Directors

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

Ordinary Shares

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

Ordinary Shares. Our ordinary shares are issued in registered form and are issued when registered in our register of members. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, 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. Voting at any shareholders' meeting is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one or more shareholders who together hold not less than 10% of the voting share capital of our company present in person or by proxy.

A quorum required for a meeting of shareholders consists of one or more shareholders present and holding not less than a majority of all voting share capital of our company in issue. Shareholders may be present in person or by proxy or, if the shareholder is a legal entity, by its duly authorized representative. Shareholders' meetings may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding no less than one-third of our voting share capital in issue. Advance notice of at least seven calendar days is required for the convening of our annual general shareholders' meeting and any other general shareholders' meeting.

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

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

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

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

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

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

The registration of transfers may, after compliance with any notice requirement of the NYSE, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the

register closed for more than 30 days in any year.

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

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

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

Variations of Rights of Shares. The rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series) may be varied with the consent in writing of the holders of not less than two thirds of the issued shares of that class or series or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class or series. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

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

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

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

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

Inspection of Books and Records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See "Where You Can Find Additional Information."

Anti-Takeover Provisions. Some provisions of our fourth amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

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

General Meetings of Shareholders and Shareholder Proposals. Our shareholders' general meetings may be held in such place within or outside the Cayman Islands as our board of directors considers appropriate.

As a Cayman Islands exempted company, we are not obliged by the Companies Law to call shareholders' annual general meetings. Our fourth amended and restated memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting.

Shareholders' annual general meetings and any other general meetings of our shareholders may be convened by a majority of our board of directors. Our board of directors shall give not less than seven calendar days' written notice of a shareholders' meeting to those persons whose names appear as

members in our register of members on the date the notice is given (or on any other date determined by our directors to be the record date for such meeting) and who are entitled to vote at the meeting.

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 fourth amended and restated memorandum and articles of association allow our shareholders holding shares representing in aggregate not less than one-third of our voting share capital in issue, to requisition an extraordinary general meeting of our shareholders, in which case our directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our fourth amended and restated memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

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Exempted Company. We are an exempted company with limited liability under the Companies Law. The Companies Law 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 that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

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

- 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; and
- the date on which any person ceased to be a member.

Under Cayman Islands law, the register of members of our company is prima facie evidence of the matters set out therein (i.e. the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a member registered in the register of members 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.

If the name of any person is incorrectly entered in or omitted from our register of members, 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.

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", in this "Item 10. Additional Information—C. Material Contracts" or elsewhere in this annual report on Form 20-F.

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D. Exchange Controls

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

E. Taxation

The following summary of the material Cayman Islands, People's Republic of China and United States federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of February 28, 2018, all of which are subject to

change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under 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 us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not a party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

People's Republic of China Taxation

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

We believe that Jupai Holdings Limited is not a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body".

However, if the PRC tax authorities determine that Jupai Holdings Limited is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within China. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is also unclear whether non-PRC shareholders of Jupai Holdings Limited would be able to claim the benefits of any tax treaties between their country of tax residence and China in the event that Jupai Holdings Limited is treated as a PRC resident enterprise.

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Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, our subsidiaries established in Hong Kong are subject to 16.5% income tax on their taxable income generated from operations in Hong Kong. Under the Hong Kong tax laws, we are exempt from the Hong Kong income tax on our foreign-derived income. In addition, payments of dividends from our Hong Kong subsidiaries to us are not subject to any Hong Kong withholding tax.

United States Federal Income Taxation

The following discussion is a summary of United States federal income tax considerations relating to the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder (as defined below) that holds our ADSs as "capital assets" (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended, or the Code. This discussion is based upon existing United States federal income tax law, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service, or the IRS, with respect to any United States federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion does not discuss all aspects of United States federal income taxation that may be important to particular investors in light of their individual investment circumstances, including investors subject to special tax rules (including for example, financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, traders in securities that elect mark-to-market treatment, tax-exempt organizations (including private foundations), holders who are not U.S. Holders, holders who own (directly, indirectly or constructively) 10% or more of our stock, holders who acquire their ADSs or ordinary shares pursuant to any employee share option or otherwise as compensation, investors that will hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for United States federal income tax purposes, or investors that have a functional currency other than the United States dollar, all of whom may be subject to tax rules that differ significantly from those discussed below). This discussion, moreover, does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition or ownership of our ADSs or ordinary shares or the Medicare tax on net investment income. Each U.S. Holder is urged to consult its tax advisor regarding the United States federal, state, local and non-United States income and other tax considerations applicable to the ownership and disposition of our ADSs or ordinary shares.

General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of our ADSs or ordinary shares that is, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States,(ii) a corporation (or other entity treated as a corporation for United States federal income tax purposes) created in, or organized under the law of, the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is

subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a United States person under the Code.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of our ADSs or ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding our ADSs or ordinary shares and their partners are urged to consult their tax advisors regarding an investment in our ADSs or ordinary shares.

For United States federal income tax purposes, it is generally expected that a U.S. Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner. Accordingly, deposits or withdrawals of ordinary shares for ADSs will generally not be subject to United States federal income tax. The United States Treasury has expressed concerns that parties to whom American depositary shares are released before shares are delivered to the depositary (a "pre-release transaction"), or intermediaries in the chain of ownership between holders of American depositary shares and the issuer of the security underlying the American depositary shares, may be taking actions that are inconsistent with the claiming of foreign tax credits by holders of American depositary shares. These actions would also be inconsistent with the claiming of the reduced rate of tax, described below, applicable to dividends received by certain non-corporate holders. Accordingly, the creditability of any PRC taxes, and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders, each described below, could be affected by actions taken by such parties or intermediaries in respect of a pre-release transaction.

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Passive Foreign Investment Company Considerations

A non-United States corporation, such as our company, will be classified as a PFIC, for United States federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of its average quarterly assets (as determined on the basis of fair market value) during such year produce or are held for the production of passive income. For this purpose, cash and assets readily convertible into cash are categorized as a passive asset and the company's goodwill and other unbooked intangibles associated with active business activities may generally be classified as active assets. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

Based on the market price of our ADSs and the composition of assets (in particular, the retention of a large amount of cash), we believe that we were a PFIC for United States federal income tax purposes for the taxable year ended December 31, 2017, and we will very likely be classified as a PFIC for our current taxable year ending December 31, 2018 unless the market price of our ADSs increases and /or we invest a substantial amount of the cash and other passive assets we hold in assets that produce or are held for the production of non-passive income. If we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or ordinary shares.

The discussion below under "Dividends" and "Sale or Other Disposition of ADSs or Ordinary Shares" is written on the basis that we will not be classified as a PFIC for United States federal income tax purposes. The United States federal income tax rules that apply if we are treated as a PFIC are generally discussed below under "Passive Foreign Investment Company Rules."

Dividends

Subject to the discussion below under "Passive Foreign Investment Company Rules," any cash distributions (including the amount of any PRC tax withheld) paid on our ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under United States federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depositary, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution we pay will generally be treated as a "dividend" for United States federal income tax purposes. A non-corporate U.S. Holder will be subject to tax on dividend income from a "qualified foreign corporation" at a lower applicable capital gains rate rather than the marginal tax rates generally applicable to ordinary income provided that certain holding period requirements are met. A non-United States corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) will generally be considered to be a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, or (ii) with respect to any dividend it pays on stock (or ADSs in respect of such stock) which is readily tradable on an established securities market in the United States. Our ADSs are listed on the NYSE, which is an established securities market in the United States and our ADSs are readily tradable. Thus, we believe that dividends we pay on our ADSs meet the conditions required for the reduced tax rates. Since we do not expect that our ordinary shares will be listed on an established securities market, it is unclear whether dividends that we pay on our ordinary shares that are not represented by ADSs will meet the conditions required for the reduced tax rate. There can be no assurance that our ADSs will continue to be considered readily tradable on an established securities market in later years. Furthermore, as mentioned above, we believe that we were a PFIC for the taxable year ended December 31, 2017, and we will very likely be classified as a PFIC for our current taxable year ending December 31, 2018. U.S. Holders are urged to consult their tax advisors regarding the availability of the reduced tax rate on dividends with respect to our ADSs or ordinary shares in their particular circumstances. Dividends received on our ADSs or ordinary shares will not be eligible for the dividends received deduction allowed to corporations.

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In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on our ADSs or ordinary shares. We may, however, be eligible for the benefits of the United States-PRC income tax treaty. If we are eligible for such benefits, 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 described in the preceding paragraph.

Dividends will generally be treated as income from foreign sources for United States foreign tax credit purposes and will generally constitute passive category income. Depending on the U.S. Holder's individual facts and circumstances, a U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit not in excess of any applicable treaty rate in respect of any 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 for foreign tax withheld may instead claim a deduction, for United States federal income tax purposes, in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and their outcome depends in large part on the U.S. Holder's individual facts and circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition of 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 disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the 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 United States source gain or loss for United States foreign tax credit purposes. Long-term capital gains of non-corporate taxpayers are currently eligible for reduced rates taxation. In the event that gain from the disposition of the ADSs or ordinary shares is subject to tax in China, such gain may be treated as PRC source gain under the United States-PRC income tax treaty. The deductibility of a capital loss may be subject to limitations. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of our ADSs or ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

Passive Foreign Investment Company Rules

As mentioned above, we believe that we were a PFIC for the taxable year ended December 31, 2017, and we will very likely be classified as a PFIC for our current taxable year ending December 31, 2018. If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125 percent of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or ordinary shares), and (ii) any gain realized on the sale or other disposition, including a pledge, of ADSs or ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (each, a "pre-PFIC year"), will be taxable as ordinary income;
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year; and

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- the interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares and any of our subsidiaries is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" in a PFIC may make a mark-to-market election with respect to such stock, provided that such stock is "regularly traded" within the meaning of applicable United States Treasury regulations. For those purposes, our ADSs, but not our ordinary shares will be treated as marketable stock upon their listing on the NYSE. 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, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the holder will not be required to take into account the gain or loss described above during any period that such corporation is not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election. Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or ordinary shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621 or such other form as is required by the United States Treasury Department. Each U.S. Holder is urged to consult its tax advisor concerning the United States federal income tax consequences of purchasing, holding and disposing ADSs or ordinary shares if we are or become treated as a PFIC, including the possibility of making a mark-to-market election, the "deemed sale" and "deemed dividend" elections and the unavailability of the election to treat us as a qualified electing fund.

Information Reporting

Certain U.S. Holders are required to report information to the IRS relating to an interest in "specified foreign financial assets," including shares issued by a non-United States 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 United States financial institution). These rules also impose penalties if a U.S. Holder is required to submit such information to the IRS and fails to timely do so.

In addition, U.S. Holders may be subject to information reporting to the IRS with respect to dividends on and proceeds from the sale or other disposition of our ADSs or ordinary shares. Each U.S. Holder is advised to consult with its tax advisor regarding the application of the United States information reporting rules to their particular circumstances.

F. Dividends and Paying Agents

Not applicable.

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G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a web site at *www.sec.gov* that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish JPMorgan Chase Bank, N.A., the depositary of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. We generated interest income of approximately RMB2.8 million, RMB3.7 million and RMB11.4 million in 2015, 2016 and 2017, respectively. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in market interest rates. However, our future interest income may fall short of expectations due to changes in market interest rates.

We had cash and cash equivalents of RMB1,527.8 million as of December 31, 2017, and interest income of RMB11.4 million for the year ended December 31, 2017 primarily derived from our cash and cash equivalents.

Foreign Exchange Risk

Our operating transactions and assets and liabilities are mainly denominated in Renminbi. Renminbi is not freely convertible into foreign currencies for capital account transactions. The value of Renminbi against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the PRC government has allowed Renminbi to appreciate slowly against the U.S. dollar again. 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 date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk.

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To the extent that we need to convert U.S. dollars we received from overseas offering into Renminbi for our operations, appreciation of Renminbi against the U.S. dollar would have an adverse effect on Renminbi amount we receive from the conversion. As of December 31, 2017, we had a U.S. dollar denominated cash balance of US$33.8 million. Assuming we had converted the U.S. dollar denominated cash balance of US$33.8 million as of December 31,

2017 into Renminbi at the exchange rate of US$1.00 for RMB6.5063 as of December 29, 2017, this cash balance would have been RMB219.9 million. Conversely, if we decide to convert our 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 Renminbi would have a negative effect on the U.S. dollar amount available to us. We have not used any forward contracts or currency borrowings to hedge our exposure to foreign currency exchange risk.

We have not hedged exposures denominated in foreign currencies or any other derivative financial instruments.

Inflation

Since our inception, inflation in China has not had a material adverse impact on 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 2015, 2016 and 2017 were increases of 1.6%, 2.1% and 1.8%, respectively. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China. For example, certain operating costs and expenses, such as personnel expenses, real estate leasing expenses, travel expenses and office operating expenses may increase as a result of higher inflation. Additionally, because a substantial portion of our assets consist of cash and cash equivalents, high inflation could significantly reduce the value and purchasing power of these assets. We are not able to hedge our exposure to higher inflation in China.

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 depositary may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering ADSs for withdrawal of deposited securities or whose ADRs are cancelled or reduced for any other reason, US$5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, cancelled or surrendered, as the case may be. The depositary may sell (by public or private sale) sufficient securities and property received in respect of a share distribution, rights and/or other distribution prior to such deposit to pay such charge.

- a fee of US$1.50 per ADR or ADRs for transfers of certificated or direct registration ADRs;
- a fee of up to US$0.05 per ADS for any cash distribution made pursuant to the deposit agreement;

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- a fee of up to US$0.05 per ADS per calendar year (or portion thereof) for services performed by the depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders of ADRs as of the record date or record dates set by the depositary during each calendar year and shall be payable in the manner described in the next succeeding provision);
- a fee for the reimbursement of such fees, charges and expenses as are incurred by the depositary and/or any of its agents (including, without limitation, the custodian and expenses incurred on behalf of holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the sale of securities (including, without limitation, deposited securities), the delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable law, rule or regulation (which fees and charges shall be assessed on a proportionate basis against holders as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such holders or by deducting such charge from one or more cash dividends or other cash distributions);
- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the US$0.05 per ADS issuance fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the depositary to those holders entitled thereto;
- stock transfer or other taxes and other governmental charges;
- cable, telex and facsimile transmission and delivery charges incurred at your request in connection with the deposit or delivery of shares;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities;

- in connection with the conversion of foreign currency into U.S. dollars, JPMorgan Chase Bank, N.A. shall deduct out of such foreign currency the fees, expenses and other charges charged by it and/or its agent (which may be a division, branch or affiliate) so appointed in connection with such conversion; and

- fees of any division, branch or affiliate of the depositary utilized by the depositary to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement.

JPMorgan Chase Bank, N.A. and/or its agent may act as principal for such conversion of foreign currency.

We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary. The charges described above may be amended from time to time by agreement between us and the depositary.

Fees and Other Payments Made by the Depositary to Us

The depositary has agreed to reimburse us for certain expenses we incur that are related to establishment and maintenance of the ADR program upon such terms and conditions as we and the depositary may agree from time to time. The depositary may make available to us a set amount or a portion of the depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as we and the depositary may agree from time to time.

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PART II.

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Material Modifications to the Rights of Security Holders

See “Item 10. Additional Information—B. Memorandum and Articles of Association—Ordinary Shares” for a description of the rights of securities holders, which remain unchanged.

Use of Proceeds

The following “Use of Proceeds” information relates to the registration statement on Form F-1, as amended (File Number 333-204950), in relation to our initial public offering, which became effective on July 15, 2015. We received net proceeds of approximately RMB270.2 million from our initial public offering. For the period from July 15, 2015 to December 31, 2017, we used these net proceeds as follows:

- Approximately RMB6.5 million to set up new client centers and expand our coverage network, including hiring additional wealth management product advisors and client managers;

- Approximately RMB3.3 million to fund capital expenditures in new office buildings, infrastructure and enhanced information technology system for operational needs; and

- Approximately RMB238.3 million for general corporate purposes, including funding potential acquisitions of complementary business.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer, we carried out an evaluation of the effectiveness of our disclosure controls and procedures, which is defined in Rules 13a-15(e) of the Exchange Act, as of December 31, 2017. Based upon that evaluation, our management, with the participation of our chief executive officer and chief financial officer, has concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is 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 is 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 Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company’s assets that could have a material effect on the consolidated financial statements.

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 risks that controls may become inadequate because of changes in conditions, or that the degree

of compliance with the policies or procedures may deteriorate.

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As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the Securities and Exchange Commission, our management including our Chief Executive Officer and Chief Financial Officer assessed the effectiveness of internal control over financial reporting as of December 31, 2017 using the criteria set forth in the report "Internal Control—Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2017.

Changes in Internal Control

Other than described above, there were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Bang Zhang and Linda Wong, both of whom are members of our audit committee and independent directors (under the standards set forth in Section 303A of the Corporate Governance Rules of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934), are audit committee financial experts.

ITEM 16B. CODE OF ETHICS

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees in July 2015. We have posted a copy of our code of business conduct and ethics on our website at http://ir.jpinvestment.com.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte Touche Tohmatsu Certified Public Accountants LLP, our principal external auditors, for the periods indicated. We did not pay any other fees to our auditors during the periods indicated below.

	For the Year Ended December 31,	
	2016	2017
	(in thousands of RMB)	
Audit fees[(1)]	5,191	5,905
Other service fee	—	—

(1) "Audit fees" means the aggregate fees billed for professional services rendered by our principal auditors for the audit of our annual financial statements and the review of our comparative interim financial statements.

The policy of our audit committee is to pre-approve all audit and other service provided by Deloitte Touche Tohmatsu Certified Public Accountants LLP as described above, other than those for de minimis services which are approved by the Audit Committee prior to the completion of the audit.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

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ITEM 16G. CORPORATE GOVERNANCE

Section 303A.08 of the NYSE Listing Company Manual requires a NYSE-listed company to obtain its shareholders' approval when an equity compensation arrangement is established or materially amended. Section 303A.00 of the NYSE Listing Company Manual permits a foreign private issuer like our company to follow home country practice in certain corporate governance matters. Pursuant to board approval obtained on December 21, 2015, we approved an amendment to our 2014 Plan. Our Cayman Islands counsel has provided a letter to NYSE dated December 28, 2015 certifying that under Cayman Islands law, we are not required to obtain shareholders' approval for the adoption of or revision to an equity incentive plan. NYSE has acknowledged the receipt of such letter and our home country practice with respect to approval for the amendment of our 2014 Plan. In February 2016, we adopted the Share Incentive Plan without seeking shareholders' approval. We have also elected to follow home country practice in lieu of the requirements of the NYSE Listing Company Manual that each of our compensation committee and nominating and corporate governance committee of the board be composed of independent directors.

Other than the home country practices described above, we are not aware of any significant ways in which our corporate governance practices differ from those followed by U.S. domestic companies under the NYSE Rules.

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 Jupai Holdings Limited are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	The Fourth Amended and Restated Memorandum and Articles of Association of the Registrant, effective July 21, 2015 (incorporated herein by reference to Exhibit 3.2 to the Form F-1/A filed on July 7, 2015 (File No. 333-204950))
2.1	Registrant's Specimen American Depositary Receipt (included in Exhibit 4.3) (incorporated herein by reference to Exhibit 4.3 to the Form F-1/A filed on July 7, 2015 (File No. 333-204950))
2.2	Registrant's Specimen Certificate for Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the Form F-1/A filed on July 7, 2015 (File No. 333-204950))
2.3	Form of Deposit Agreement, among the Registrant, the depositary and holder of the American Depositary Receipts (incorporated herein by reference to Exhibit 4.3 to the Form F-1/A filed on July 7, 2015 (File No. 333-204950))
2.4	Investor's Rights Agreement by and among the Registrant and its subsidiaries, Shanghai Jupai, the ordinary shareholders and the preferred shareholders of the Registrant and other parties therein, dated as of May 22, 2014 (incorporated herein by reference to Exhibit 4.4 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))

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Exhibit Number	Description of Document
2.5	Right of First Refusal and Co-Sale Agreement by and among the Registrant and its subsidiaries, Shanghai Jupai, the ordinary shareholders and the preferred shareholders of the Registrant and other parties therein, dated as of May 22, 2014 (incorporated herein by reference to Exhibit 4.10 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
2.6	Share Purchase Agreement by and among the Registrant, Jupai Holding Inc., Mr. Tianxiang Hu and E-House (China) Real Estate Asset Management Ltd., dated as of August 22, 2014 (incorporated herein by reference to Exhibit 4.11 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.1	Share Incentive Plan (incorporated herein by reference to Exhibit 10.1 to Form S-8 filed on March 4, 2016 (File No. 333-209924))
4.2	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.2 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.3	Form of Employment Agreement between the Registrant and its executive officers (incorporated herein by reference to Exhibit 10.3 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.4	Amended and Restated Operating Agreement by and among Shanghai Juxiang, Shanghai Jupai and its shareholders, dated January 8, 2014 (incorporated herein by reference to Exhibit 10.4 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.5	Amended and Restated Consulting Services Agreement by and between Shanghai Juxiang and Shanghai Jupai, dated January 8, 2014 (incorporated herein by reference to Exhibit 10.5 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.6	Amended and Restated Call Option Agreement by and among Shanghai Juxiang, Shanghai Jupai and each of its shareholders, dated January 8, 2014 (incorporated herein by reference to Exhibit 10.6 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.7	Amended and Restated Voting Rights Proxy agreement by and among Shanghai Juxiang and each shareholder of Shanghai Jupai, dated January 8, 2014 (incorporated herein by reference to Exhibit 10.7 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.8	Amended and Restated Equity Pledge Agreement by and among Shanghai Juxiang, Shanghai Jupai and each of its shareholders, dated October 9, 2014 (incorporated herein by reference to Exhibit 10.8 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.9	Amendment to Agreements by and among Shanghai Juxiang, Shanghai Jupai and each of its shareholders, dated October 9, 2014

	(incorporated herein by reference to Exhibit 10.9 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.10	English translation of Exclusive Support Agreement by and between Shanghai Baoyi and Shanghai E-Cheng, dated May 14, 2014 (incorporated herein by reference to Exhibit 10.10 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.11	English translation of Loan Agreement by and among Shanghai Baoyi, Shanghai E-Cheng, Zuyu Ding and Weijie Ma, dated April 28, 2014 (incorporated herein by reference to Exhibit 10.11 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.12	English translation of Exclusive Call Option Agreement by and among Shanghai Baoyi, Shanghai E-Cheng, Zuyu Ding and Weijie Ma, dated May 4, 2014 (incorporated herein by reference to Exhibit 10.12 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))

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Exhibit Number	Description of Document
4.13	English translation of Shareholder Voting Rights Proxy Agreement by and among Shanghai Baoyi, Zuyu Ding and Weijie Ma, dated May 4, 2014 (incorporated herein by reference to Exhibit 10.13 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.14	English translation of Equity Pledge Agreement by and among Shanghai Baoyi, Shanghai E-Cheng, Zuyu Ding and Weijie Ma, dated May 4, 2014 (incorporated herein by reference to Exhibit 10.14 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.15	Share Purchase Agreement, by and among the Registrant, Scepter Pacific Limited, E-House (China) Capital Investment Management Ltd. and Reckon Capital Limited, dated April 3, 2015 (incorporated herein by reference to Exhibit 10.15 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
4.16	Share Subscription Agreement, between Julius Baer Investment Ltd. and the Registrant, dated as of December 28, 2015 (incorporated herein by reference to Exhibit 4.16 to the Form 20-F filed on April 22, 2016 (File No. 001-37485))
4.17	Subscription Agreement, by and between the Registrant and SINA Hong Kong Limited, dated as of December 30, 2015 (incorporated herein by reference to Exhibit 4.17 to the Form 20-F filed on April 22, 2016 (File No. 001-37485))
4.18*	English translation of Termination Agreement by and among Shanghai Baoyi, Shanghai E-Cheng, Zuyu Ding and Weijie Ma, dated March 13, 2017
4.19*	English translation of Loan Agreement by and among Shanghai Baoyi, Qimin Wu and Tianxiang Hu, dated March 13, 2017
4.20*	English translation of Exclusive Call Option Agreement by and among Shanghai Baoyi, Shanghai E-Cheng, Qimin Wu and Tianxiang Hu, dated March 13, 2017
4.21*	English translation of Shareholder Voting Rights Proxy Agreement by and among Shanghai Baoyi, Qimin Wu and Tianxiang Hu, dated March 13, 2017
4.22*	English translation of Equity Pledge Agreement by and among Shanghai Baoyi, Shanghai E-Cheng, Qimin Wu and Tianxiang Hu, dated March 13, 2017
8.1*	List of significant subsidiaries and consolidated entities
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the Form F-1 filed on June 15, 2015 (File No. 333-204950))
12.1*	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of AllBright Law Offices
15.2*	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP
101.INS*	XBRL Instance Document

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Exhibit Number	Description of Document
101.SCH*	XBRL Taxonomy Extension Scheme 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 with this Annual Report on Form 20-F.
** Furnished with this Annual Report on Form 20-F.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

JUPAI HOLDINGS LIMITED

By: /s/ Jianda Ni
Name: Jianda Ni
Title: Chairman of the Board of Directors and Chief Executive Officer

Date: April 12, 2018

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Jupai Holdings Limited

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For the Years Ended December 31, 2015, 2016 and 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of
Jupai Holdings Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Jupai Holdings Limited and subsidiaries and VIEs and VIEs' subsidiaries (the "Group") as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income, changes in shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes and the Financial Statements Schedule included in Schedule I (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on the Group's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Convenience Translation

As discussed in Note 2(z), our audits also comprehended the translation of Renminbi amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2(z). Such United States dollar amounts are presented solely for the convenience of readers in the United States of America.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai, China
April 12, 2018

We have served as the Company's auditor since 2014.

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Jupai Holdings Limited

Consolidated Balance Sheets
(In RMB except for share data)

	As of December 31,		
	2016	2017	2017
	RMB	RMB	USD
Assets			
Current assets:			
Cash and cash equivalents	1,123,166,156	1,527,777,270	234,815,067
Short-term investments (including short-term investments measured at fair value of RMB5,210,000 and nil, as of December 31, 2016 and 2017, respectively)	25,210,000	23,203,612	3,566,330
Accounts receivable (net of allowance for doubtful accounts)	52,111,944	53,512,590	8,224,734
Other receivables	71,064,287	22,989,264	3,533,385
Amounts due from related parties	133,560,483	268,760,059	41,307,665
Deferred tax assets— current	55,791,373	—	—
Other current assets	12,551,186	12,276,204	1,886,818
Total current assets	1,473,455,429	1,908,518,999	293,333,999
Long-term investments	70,450,000	50,450,000	7,754,023
Intangible assets, net	83,072,545	74,350,855	11,427,517
Goodwill	277,752,765	261,621,691	40,210,518
Prepayment for acquisition	77,560,000	—	—
Investment in affiliates	85,830,444	181,922,556	27,960,986
Property and equipment, net	37,199,812	44,957,054	6,909,773
Other non-current assets	14,238,686	32,459,581	4,988,946
Deferred tax assets— non-current	8,494,738	71,807,042	11,036,540
Total Assets	**2,128,054,419**	**2,626,087,778**	**403,622,302**
Liabilities and Equity			
Current liabilities:			
Accrued payroll and welfare expenses (including accrued payroll and welfare expense of the consolidated VIEs and VIEs' subsidiaries without recourse to Jupai Holdings Limited of RMB13,202,322 and RMB17,211,922 as of December 31, 2016 and 2017, respectively)	101,864,007	212,718,285	32,694,202
Income tax payable (including income tax payable of the consolidated VIEs and VIEs' subsidiaries without recourse to Jupai Holdings Limited of RMB88,720,024 and RMB11,589,669 as of December 31, 2016 and 2017, respectively)	138,131,812	179,224,777	27,546,344
Other tax payable (including other tax payable of the consolidated VIEs and VIEs' subsidiaries without recourse to Jupai Holdings Limited of	58,189,283	57,325,185	8,810,720

RMB30,650,996 and RMB13,137,192 as of December 31, 2016 and 2017, respectively)			
Dividend payable (including dividend payable of the consolidated VIEs and VIEs' subsidiaries without recourse to Jupai Holdings Limited of RMB10,160,503 and nil as of December 31, 2016 and 2017, respectively)	10,160,503	—	—
Amounts due to related parties-current (including amounts due to related parties-current of the consolidated VIEs and VIEs' subsidiaries without recourse to Jupai Holdings Limited of RMB1,435,700 and RMB2,000,000 as of December 31,2016 and 2017, respectively)	6,118,678	27,294,813	4,195,136
Deferred revenue from related parties (including deferred revenue from related parties of the consolidated VIEs and VIEs' subsidiaries without recourse to Jupai Holdings Limited of RMB117,167,110 and RMB152,688,070 as of December 31,2016 and 2017, respectively)	121,644,250	171,546,620	26,366,233
Deferred revenues (including deferred revenues of the consolidated VIEs and VIEs' subsidiaries without recourse to Jupai Holdings Limited of RMB36,098,862 and RMB16,639,706 as of December 31,2016 and 2017, respectively)	36,432,195	17,921,745	2,754,522
Other current liabilities (including other current liabilities of the consolidated VIEs and VIEs' subsidiaries without recourse to Jupai Holdings Limited of RMB1,737,863 and RMB6,467,967 as of December 31, 2016 and 2017, respectively)	10,397,008	31,941,785	4,909,362
Total current liabilities	482,937,736	697,973,210	107,276,519
Deferred revenue — non-current from related parties (including deferred revenue from related parties of the consolidated VIEs and VIEs' subsidiaries without recourse to Jupai Holdings Limited of RMB74,798,150 and RMB58,319,769 as of December 31, 2016 and 2017, respectively)	75,413,617	62,917,485	9,670,240
Deferred revenue — non-current (including deferred revenue of the consolidated VIEs and VIEs' subsidiaries without recourse to Jupai Holdings Limited of RMB5,583,565 and RMB5,426,548 as of December 31, 2016 and 2017, respectively)	5,677,905	6,611,915	1,016,233
Non-current uncertain tax position liabilities (including uncertain tax position liabilities of the consolidated VIEs and VIEs' subsidiaries without recourse to Jupai Holdings Limited of RMB5,938,816 and nil as of December 31, 2016 and 2017, respectively)	5,938,816	—	—
Deferred tax liabilities— non-current (including deferred tax liabilities of the consolidated VIEs and VIEs' subsidiaries without recourse to Jupai Holdings Limited of nil as of December 31, 2016 and 2017, respectively)	9,815,595	4,717,167	725,015
Total Liabilities	**579,783,669**	**772,219,777**	**118,688,007**
Shareholders' Equity:			
Ordinary Shares ($0.0005 par value; 1,000,000,000 and 1,000,000,000 shares authorized, 193,720,706 and 198,143,739 shares issued and outstanding, as of December 31, 2016 and 2017, respectively)	606,170	620,953	95,439
Additional paid-in capital	1,059,906,023	1,116,742,286	171,640,147
Retained earnings	362,922,123	661,218,074	101,627,357
Accumulated other comprehensive income	77,171,557	40,770,443	6,266,302
Total Jupai shareholders' equity	1,500,605,873	1,819,351,756	279,629,245
Non-controlling interests	47,664,877	34,516,245	5,305,050
Total Equity	**1,548,270,750**	**1,853,868,001**	**284,934,295**
Total Liabilities and Total Equity	**2,128,054,419**	**2,626,087,778**	**403,622,302**

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Jupai Holdings Limited

Consolidated Statements of Operations
(In RMB except for share data)

	Years Ended December 31,			
	2015	2016	2017	2017
	RMB	RMB	RMB	USD
Revenues				
Third party revenues	266,182,435	415,295,453	479,917,547	73,761,977
Related party revenues	336,254,013	716,130,680	1,232,785,709	189,475,694
Total revenues	602,436,448	1,131,426,133	1,712,703,256	263,237,671
Business taxes and related surcharges	(7,427,171)	(3,715,689)	(6,541,634)	(1,005,431)
Net revenues	595,009,277	1,127,710,444	1,706,161,622	262,232,240
Operating cost and expenses:				
Cost of revenues	(235,943,955)	(477,034,912)	(737,507,904)	(113,352,889)
Selling expenses	(87,091,525)	(237,297,482)	(282,171,751)	(43,369,004)
General and administrative expenses	(91,777,836)	(155,958,876)	(204,052,576)	(31,362,307)
Other operating income — government subsidy	23,684,945	37,385,834	41,138,443	6,322,863

Total operating cost and expenses	(391,128,371)	(832,905,436)	(1,182,593,788)	(181,761,337)
Income from operations	203,880,906	294,805,008	523,567,834	80,470,903
Interest income	2,794,977	3,712,918	11,385,895	1,749,980
Investment income	19,076,015	12,619,887	10,012,216	1,538,849
Gain from disposal of investment in affiliates	2,330,001	—	—	—
Realized exchange gain (loss)	2,095,199	(19,568)	(2,040,641)	(313,640)
Total other income	26,296,192	16,313,237	19,357,470	2,975,189
Income before taxes and gain from equity in affiliates	230,177,098	311,118,245	542,925,304	83,446,092
Income tax expense	(67,246,490)	(82,612,132)	(122,998,509)	(18,904,525)
Gain from equity in affiliates	4,333,847	1,539,316	2,579,447	396,453
Net income	167,264,455	230,045,429	422,506,242	64,938,020
Net income attributable to non-controlling interests	(13,787,949)	(22,461,561)	(13,014,063)	(2,000,224)
Net income attributable to ordinary shareholders	153,476,506	207,583,868	409,492,179	62,937,796
Net income per share:				
Basic	1.06	1.08	2.09	0.32
Diluted	1.01	1.03	1.99	0.31
Weighted average number of shares used in computation:				
Basic	114,124,300	192,674,014	195,467,414	195,467,414
Diluted	119,598,947	200,765,917	205,671,904	205,671,904

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Jupai Holdings Limited

Consolidated Statements of Comprehensive Income
(In RMB)

	Years Ended December 31,			
	2015	2016	2017	2017
	RMB	RMB	RMB	USD
Net income	167,264,455	230,045,429	422,506,242	64,938,020
Other comprehensive income, net of tax:				
Change in fair value of available-for-sale investment, net of tax of RMB312,320, nil and nil in 2015, 2016 and 2017, respectively.	936,959	—	—	—
Disposal of available-for-sale investment, net of tax of RMB326,553, nil and nil in 2015, 2016 and 2017, respectively.	(979,665)	—	—	—
Change in cumulative foreign currency translation adjustment	34,375,809	44,026,895	(36,377,776)	(5,591,162)
Other comprehensive income	34,333,103	44,026,895	(36,377,776)	(5,591,162)
Comprehensive income	201,597,558	274,072,324	386,128,466	59,346,858
Less: comprehensive income attributable to non-controlling interest	13,847,117	23,670,962	13,037,401	2,003,812
Comprehensive income attributable to ordinary shareholders	187,750,441	250,401,362	373,091,065	57,343,046

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Jupai Holdings Limited

Consolidated Statements of Changes in Shareholders' Equity
(In RMB except for share data)

	Ordinary shares		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total Jupai shareholders' equity	Non-controlling interests	Total shareholders' equity
	Number of Shares	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance at January 1, 2015	61,244,980	198,113	43,046,402	1,861,749	80,128	45,186,392	4,403,889	49,590,281
Net income	—	—		153,476,506	—	153,476,506	13,787,949	167,264,455
Dividend distributed to non-controlling interest	—	—	—	—	—	—	(1,050,000)	(1,050,000)
Issuance of ordinary shares in connection with business acquisition	32,481,552	99,350	344,768,507	—	—	344,867,857	—	344,867,857
Change in fair value of available-for-sale	—	—	—	—	936,959	936,959	—	936,959

investment, net of tax of RMB312,320								
Disposal of available for sale investment, net of tax of RMB326,553	—	—	—	—	(979,665)	(979,665)	—	(979,665)
Foreign currency translation adjustments	—	—	—	—	34,316,641	34,316,641	59,168	34,375,809
Issuance of ordinary shares to public, net of issuance cost	29,970,000	91,669	259,016,528	—	—	259,108,197	—	259,108,197
Conversion of preferred share	55,890,227	170,948	234,088,810	—	—	234,259,758	—	234,259,758
Share-based compensation	—	—	15,895,439	—	—	15,895,439	—	15,895,439
Balance at December 31, 2015	179,586,759	560,080	896,815,686	155,338,255	34,354,063	1,087,068,084	17,201,006	1,104,269,090
Net income	—	—		207,583,868	—	207,583,868	22,461,561	230,045,429
Private placement	12,471,000	40,550	138,566,650	—	—	138,607,200	—	138,607,200
Share-based compensation			21,423,694	—	—	21,423,694	—	21,423,694
Option exercised	789,480	2,618	3,102,915	—	—	3,105,533	—	3,105,533
Restricted shares vested	873,467	2,922	(2,922)	—	—	—	—	—
Capital contribution by non-controlling interest shareholder	—	—	—	—	—	—	6,979,904	6,979,904
Non-controlling interest from acquisitions	—	—	—	—	—	—	9,973,508	9,973,508
Foreign currency translation adjustment	—	—	—	—	42,817,494	42,817,494	1,209,401	44,026,895
Dividend distributed to non-controlling interest shareholder	—	—	—	—	—	—	(10,160,503)	(10,160,503)
Balance at December 31, 2016	193,720,706	606,170	1,059,906,023	362,922,123	77,171,557	1,500,605,873	47,664,877	1,548,270,750
Net income	—	—	—	409,492,179	—	409,492,179	13,014,063	422,506,242
Share-based compensation	—	—	30,455,939	—	—	30,455,939	—	30,455,939
Option exercised	3,427,569	11,413	11,667,134	—	—	11,678,547	—	11,678,547
Restricted shares vested	995,464	3,370	(3,370)	—	—	—	—	—
Dividend distribution	—	—	—	(111,196,228)	—	(111,196,228)	(5,992,000)	(117,188,228)
Purchase of subsidiary shares from non-controlling interests	—	—	14,716,560	—	—	14,716,560	(20,194,033)	(5,477,473)
Foreign currency translation adjustment	—	—	—	—	(36,401,114)	(36,401,114)	23,338	(36,377,776)
Balance at December 31, 2017	198,143,739	620,953	1,116,742,286	661,218,074	40,770,443	1,819,351,756	34,516,245	1,853,868,001

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Jupai Holdings Limited

Consolidated Statements of Cash Flows
(In RMB)

	Years Ended December 31,			
	2015 RMB	2016 RMB	2017 RMB	2017 USD
Cash flows from operating activities:				
Net income	167,264,455	230,045,429	422,506,242	64,938,020
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	13,019,795	29,679,790	32,572,171	5,006,251
Allowance for doubtful accounts	—	—	3,997,417	614,392
Income from equity in affiliates	(4,333,847)	(1,539,316)	(2,579,447)	(396,453)
Gain from disposal of investment in affiliates	(2,330,001)	—	—	—
Investment loss (income) on investment securities	(18,499,384)	198,208	—	—
Impairment loss for a held-to-maturity investment	3,200,000	—	—	—
Share based compensation	15,895,439	21,423,694	30,455,939	4,680,992
Changes in operating assets and liabilities:				
Accounts receivable	(20,318,891)	(25,988,894)	(1,400,646)	(215,275)
Other receivables	(22,209,033)	(57,915,196)	48,869,539	7,511,111
Other assets	(349,015)	3,173,970	(16,663,128)	(2,561,076)
Short term investments — trading securities	(2,579,599)	1,566,400	5,210,000	800,762
Amounts due from related party	14,722,220	(118,339,158)	(104,991,509)	(16,136,899)
Accrued payroll and welfare expenses	66,956,154	20,985,042	110,854,278	17,037,991
Income tax payable	61,434,310	34,794,805	41,092,965	6,315,873

Other tax payable	26,536,831	18,969,276	(864,098)	(132,809)
Deferred revenue	38,370,035	(19,609,354)	(17,576,440)	(2,701,449)
Uncertain tax position	566,562	566,563	(5,938,816)	(912,779)
Return on investment in affiliates	—	—	1,364,431	209,709
Other current liabilities	(8,591,012)	(17,942,451)	45,400,912	6,977,992
Deferred revenue from related parties	73,905,722	83,040,705	37,406,237	5,749,233
Deferred taxes	(33,607,234)	(14,845,784)	(12,188,991)	(1,873,414)
Net cash provided by operating activities	369,053,507	188,263,729	617,527,056	94,912,172
Cash flows from investing activities:				
Purchases of property and equipment and intangible assets	(12,350,964)	(52,634,072)	(39,065,784)	(6,004,301)
Purchase of held-to-maturity investments	(249,100,000)	(1,000,000)	(173,745,612)	(26,704,212)
Collection of held-to-maturity investments	244,462,485	98,400,000	185,342,000	28,486,544
Purchase of investment at cost method	(48,950,000)	(10,000,000)	(3,000,000)	(461,092)
Proceeds of investment at cost method	—	—	8,200,000	1,260,317
Collection of entrusted investments	20,770,157	1,800,000	—	—
Purchases of available-for-sale investments	(44,700,000)	—	(3,000,000)	(461,092)
Proceeds from available-for-sale investments	56,004,429	—	3,000,000	461,092
Payment for investment in affiliates	—	(48,809,623)	(20,714,800)	(3,183,806)
Proceeds from partial disposal of subsidiaries	7,100,000	—	—	—
Proceeds from disposal of investment in affiliates	—	6,500,000	3,225,000	495,673
Origination of short-term loan	—	—	(300,000,000)	(46,109,156)
Collection of short-term loan	3,364,569	—	300,000,000	46,109,156
Acquisition of subsidiaries, net of cash acquired (payment)	43,581,058	(2,048,328)	—	—
Long term prepayment	(600,385)	(4,360,767)	(1,157,786)	(177,948)
(Payment) Collection of advanced payment for acquisition	(94,888,600)	17,328,600	(125,000)	(19,212)
Loan to related parties	—	—	(33,000,000)	(5,072,007)
Loan to non-controlling interests shareholder	—	(3,297,719)	—	—
Net cash (used in) provided by investing activities	(75,307,251)	1,878,091	(74,041,982)	(11,380,044)
Cash flows from financing activities:				
Capital contribution from non-controlling interest shareholder	—	6,979,904	—	—
Dividend paid to Jupai shareholders	—	—	(111,196,228)	(17,090,547)
Dividend paid to non-controlling interest shareholder	(1,050,000)	—	(16,152,503)	(2,482,594)
Proceeds from IPO	305,559,135	—	—	—
Payment of IPO expenses	(44,801,147)	—	—	—
Proceeds from private placement	34,286,208	114,399,705	—	—
Payments of private placement cost	—	(10,078,713)	—	—
Purchase of non-controlling interest shareholder	—	—	(5,477,473)	(841,872)
Proceeds from option exercise	—	3,105,533	11,678,547	1,794,960
Net cash (used in) provided by financing activities	293,994,196	114,406,429	(121,147,657)	(18,620,053)
Effect of exchange rate changes	14,657,999	23,120,744	(17,726,303)	(2,724,485)
Net increases in cash and cash equivalents	602,398,451	327,668,993	404,611,114	62,187,590
Cash and cash equivalents—beginning of the year	193,098,712	795,497,163	1,123,166,156	172,627,477
Cash and cash equivalents—end of the year	795,497,163	1,123,166,156	1,527,777,270	234,815,067
Supplemental disclosure of cash flow information:				
Cash paid for income taxes	38,263,646	62,496,548	100,033,351	15,374,845
Non-cash investing and financing activities:				
Partial disposal of a subsidiary included in other receivables	—	1,194,149	—	—
Acquisition of Scepter through share settlement	(344,867,857)	—	—	—
Conversion of Series A and B convertible redeemable preferred shares to ordinary shares	234,259,757	—	—	—
Unpaid cash dividend	7,499,998	10,160,503	—	—
Disposal of an investment included in other receivables	—	—	2,000,000	307,394
Unpaid consideration for purchasing an investment	—	—	2,000,000	307,394
Purchase of subsidiary shares from non-controlling interests by settlement of the loan to non-controlling interest shareholder	—	—	3,297,719	506,850

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Jupai Holdings Limited

Notes to Consolidated Financial Statements
For the Years Ended December 31, 2015, 2016 and 2017
(In RMB, except for share and per share data, unless otherwise stated)

1. Organization and Principal Activities

Jupai Holdings Limited (the ‘‘Company’’), formerly Jupai Investment Group, was incorporated on August 13, 2012 in the Cayman Islands. The Company, through its subsidiaries and consolidated variable interest entity, Shanghai Jupai Investment Group Co., Ltd. (‘‘Shanghai Jupai’’ or ‘‘the VIE’’) and the VIE’s subsidiaries (collectively, the ‘‘Group’’), provides wealth management and asset management services to the high net worth individuals in the People’s Republic of China (‘‘PRC’’). The Group began offering services in 2010 through Shanghai Jupai, which was founded in the PRC on July 28, 2010 by Mr. Tianxiang Hu who holds more than 50% of voting interests since establishment.

In July 2015, the Company completed its initial public offering (“IPO”) on NYSE and acquisition of E-House Investment and Rechon Capital Limited’s 100% equity interest in Scepter Pacific Limited (“Scepter”), a holding company incorporated in BVI. Scepter provides asset management services in China through a consolidated VIE, Shanghai E-Cheng Asset Management Co. Ltd. (“Shanghai E-Cheng”) in PRC (see Note 2).

In January 2016, the Group issued to Julius Baer Investment Ltd. (“Julius Baer”) and SINA Hong Kong Limited (“SINA”) 9,591,000 and 2,880,000 ordinary shares, respectively, representing approximately 4.99% and 1.5% of the Group’s total outstanding share capital, respectively, at $1.83 per share, in a private placement. The aggregate transaction value of this private placement was approximately $22.9 million.

The Company’s significant subsidiaries as of December 31, 2017 include the following:

	Date of Incorporation/Acquisition	Place of Incorporation	Percentage of Ownership
Shanghai Juxiang Investment Management Consulting Co., Ltd. (“Shanghai Juxiang”)	July16, 2013	PRC	100%
Baoyi Investment Consulting (Shanghai) Co., Ltd (“Shanghai Baoyi”)	July 16, 2015	PRC	100%
Jupai HongKong Investment Limited(“Jupai Hong Kong”)	August 21, 2012	Hong Kong	100%
Shanghai Baoyixuan Investment Center (Limited Partnership) (“Baoyixuan”)	December 24, 2015	PRC	100%

Shanghai Jupai’s significant subsidiaries as of December 31, 2017 include the following:

	Date of Incorporation/acquisition	Place of Incorporation	Percentage of Ownership
Juzhou Asset Management (Shanghai) Co., Ltd. (“Juzhou”)	May 17, 2013	PRC	85%
Shanghai Jupeng Asset Management Co., Ltd. (“Jupeng”)	June 8, 2015	PRC	85%

Shanghai E-Cheng’s significant subsidiaries as of December 31, 2017 include the following:

	Date of Acquisition	Place of Incorporation	Percentage of Ownership
Shanghai Yidezhen Equity Investment Center (“Yidezhen”)	July 16, 2015	PRC	100%

During 2017, the Group re-organized the ownership structure of Jupeng and changed the percentage of direct ownership to 85%.

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2. Summary of Principal Accounting Policies

(a) Basis of Presentation

The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

(b) Principles of Consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, the VIEs and VIEs’ subsidiaries for which the Company is the ultimate primary beneficiary. All transactions and balances among the Company, its subsidiaries, the VIEs and VIEs’ subsidiaries have been eliminated upon consolidation.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power or has the power to: govern the financial and operating policies; appoint or remove the majority of the members of the board of directors; cast a majority of votes at the meeting of the board of directors.

U.S. GAAP provides guidance on the identification of VIE and financial reporting for entities over which control is achieved through means other than voting interests. The Group evaluates each of its investments to determine whether or not the investee is a VIE and, if so, whether the Group is the primary beneficiary of such VIE. In determining whether the Group is the primary beneficiary, the Group considers if the Group (1) has power to direct the activities that most significantly affects the economic performance of the VIE, and (2) receives the economic benefits of the VIE that could be significant to the VIE. If deemed the primary beneficiary, the Group consolidates the VIE.

Although PRC laws and regulations do not prohibit foreign-invested enterprises from obtaining such license, in practice, the supervisory authority, at its discretion, generally does not issue such license to a foreign-invested third-party mutual fund sales company. Therefore, the Company decided to conduct such business in China through Shanghai Jupai and its subsidiaries which are PRC domestic companies substantially beneficially owned by Mr. Tianxiang Hu, the Founder of the Company. Since the Company does not have any equity interests in Shanghai Jupai, in order to exercise effective control over its operations, the Company, through its wholly owned subsidiary Shanghai Juxiang, entered into a series of contractual arrangements, or Control Documents with Shanghai Jupai and its shareholders (“Jupai VIE”), pursuant to which the Company is entitled to receive effectively all economic benefits generated from Shanghai Jupai shareholders’ equity interests in it.

Since the Company acquired Scepter in July 2015, Scepter, its subsidiaries, Shanghai E-Cheng and Shanghai E-Cheng's subsidiaries were included in the consolidated financial statements. Scepter is engaged in asset management service business. Foreign-invested enterprises incorporated in the PRC are not expressively prohibited from providing asset management services in PRC. However, according to local business practice, as a general partner of a fund, Scepter must invest as a limited partner before the fund is established. Some investments of the fund managed by the Scepter are in the foreign-invested enterprise prohibited, or not encouraged industries, which requires all investors not to be foreign-invested enterprises. Therefore Scepter provides asset management services through its VIE entities. To provide Scepter effective control over and the ability to receive substantially all of the economic benefits of its VIE and its subsidiaries, Scepter's wholly owned subsidiary Shanghai Baoyi, entered into a series of contractual arrangements with Shanghai E-Cheng, the "VIE" and its respective shareholders, respectively. (Hereafter, the VIE structure under Scepter is called "Scepter VIE".) In 2017, the agreements of Scepter VIE have been updated for changing its PRC national shareholders with others staying the same.

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The agreements of Jupai VIE and Scepter VIE that provide the Company effective control over the VIE include:

(i) Voting Rights Proxy Agreement

(1) Jupai VIE: Each shareholder of Shanghai Jupai has executed a power of attorney to grant Shanghai Juxiang the power of attorney to act on his or her behalf on all matters pertaining to Shanghai Jupai and to exercise all of his or her rights as a shareholder of the Shanghai Jupai, including but not limited to convene, attend and vote at shareholders' meetings, designate and appoint directors and senior management members. The proxy agreement will remain in effect unless Shanghai Juxiang terminates the agreement by giving a 30-day prior written notice or gives its consent to the termination by Shanghai Jupai.

(2) Scepter VIE: Each of the shareholders of Shanghai E-Cheng irrevocably granted any person designated by Shanghai Baoyi the power to exercise all voting rights to which he will be entitled to as shareholder of Shanghai E-Cheng at that time, including the right to declare dividends, appoint and elect board members and senior management members and other voting rights.

Each shareholder voting right proxy agreement has a term of twenty years, unless it is early terminated by all parties in writing or pursuant to provision of this agreement. The term of the agreement will be automatically extended for one year upon the expiration, if Shanghai Baoyi gives the other Parties written notice requiring the extension thereof and the same mechanism will apply subsequently upon the expiration of each extended term.

(ii) Call Option Agreement

(1) Jupai VIE: The shareholders of Shanghai Jupai granted Shanghai Juxiang or its designated representative(s) an irrevocable and exclusive option to purchase their equity interests or assets in Shanghai Jupai when and to the extent permitted by PRC law. Shanghai Juxiang or its designated representative(s) has sole discretion as to when to exercise such options, either in part or in full. Without Shanghai Juxiang's written consent, the shareholders of Shanghai Jupai shall not transfer, donate, pledge, or otherwise dispose any equity interests of Shanghai Jupai in any way. The acquisition price for the shares or assets will be the minimum amount of consideration permitted under the PRC law at the time when the option is exercised. The agreement can be early terminated by Shanghai Juxiang, but not by Shanghai Jupai or its shareholders.

(2) Scepter VIE: Each of shareholders of Shanghai E-Cheng has entered into an Exclusive Call Option Agreement with Baoyi. Pursuant to these agreements, each of the shareholders of Shanghai E-Cheng has granted an irrevocable and unconditional option to Shanghai Baoyi or its designees to acquire all or part of such shareholder's equity interests in Shanghai E-Cheng at its sole discretion, to the extent as permitted by PRC laws and regulations then in effect. The consideration for such acquisition of all equity interests in Shanghai E-Cheng will be equal to the registered capital of Shanghai E-Cheng, and if PRC law requires the consideration to be greater than the registered capital, the consideration will be the minimum amount as permitted by PRC law. In addition, Shanghai E-Cheng irrevocably and unconditionally granted Baoyi an exclusive option to purchase, to the extent permitted under the PRC law, all or part of the assets of Shanghai E-Cheng. The exercise price for purchasing the assets of Shanghai E-Cheng will be equal to its respective book values, and if PRC law requires the price to be greater than the book value, the price will be the minimum amount as permitted by PRC law. The call option may be exercised by Shanghai Baoyi or its designees.

The agreements that transfer economic benefits to the Company include:

(i) Consulting Services Agreement, Operating Agreement and Exclusive Support Agreement

(1) Jupai VIE: Shanghai Jupai engages Shanghai Juxiang as its exclusive technical and operational consultant and under which Shanghai Juxiang agrees to assist in arranging the financial support necessary to conduct Shanghai Jupai's operational activities. Shanghai Jupai shall not seek or accept similar services from other providers without the prior written approval of Shanghai Juxiang. The agreements will be effective as long as Shanghai Jupai exists. Shanghai Juxiang may terminate this agreement at any time by giving a prior written notice to Shanghai Jupai.

(2) Scepter VIE: Pursuant to an Exclusive Support Agreement between Shanghai Baoyi and Shanghai E-Cheng, Shanghai Baoyi provides Shanghai E-Cheng with a series of consultancy services on an exclusive basis and is entitled to receive related fees. The term of this Exclusive Support Agreement will expire upon dissolution of Shanghai E-Cheng. Unless expressly provided by this agreement, without prior written consent of Shanghai Baoyi, Shanghai E-Cheng may not engage any third party to provide the services offered by Shanghai Baoyi under this agreement.

(ii) Equity Interest Pledge Agreement

(1) Jupai VIE: The shareholders of Shanghai Jupai pledged all of their equity interests in Shanghai Jupai to Shanghai Juxiang as collateral to secure their obligations under the above agreement. If the shareholders of Shanghai Jupai or Shanghai Jupai breach their respective contractual obligations, Shanghai Juxiang, as pledgee, will be entitled to certain rights, including the right to dispose the pledged equity interests. Pursuant to the agreement, the shareholders of Shanghai Jupai shall not transfer, assign or otherwise create any new encumbrance on their respective equity interest in Shanghai Jupai without prior written consent of Shanghai Juxiang. This pledge will remain effective until all the guaranteed obligations are performed. The equity pledges of Shanghai Jupai have been registered with the relevant local branch of the State Administration for Industry and Commerce, or SAIC.

(2) Scepter VIE: Each of the shareholders of Shanghai E-Cheng has also entered into an equity pledge agreement with Shanghai Baoyi. Pursuant to which these shareholders pledged their respective equity interest in Shanghai E-Cheng to guarantee the performance of the obligations of Shanghai E-Cheng. If Shanghai E-Cheng or its shareholders breach any of their respective obligations under any of these agreements, Shanghai Baoyi, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests. Pursuant to the equity pledge agreement, each shareholder of Shanghai E-Cheng cannot transfer, sell, pledge, dispose of or otherwise create any new encumbrance on their respective equity interest in Shanghai E-Cheng without prior written consent of Shanghai Baoyi. The equity pledge right enjoyed by Shanghai Baoyi will expire when shareholders of Shanghai E-Cheng have fully performed their respective obligations under the above agreements. The equity pledges of Shanghai E-Cheng have been registered with the relevant local branch of SAIC. The

shareholders of Shanghai E-Cheng are in the process of applying with the local branch of SAIC in Shanghai for registration of their equity interest pledge.

(iii) Loan Agreement for Scepter VIE. Under the Loan Agreement among the shareholders of Shanghai E-Cheng and Shanghai Baoyi, Shanghai Baoyi granted an interest-free loan to the shareholders of Shanghai E-Cheng, solely for their purchase of the equity interests of Shanghai E-Cheng. The loan is interest free and the term of the loan is (i) the expiration of 20 years from the date of the loan agreement, (ii) the expiration of Shanghai Baoyi's operation term or (iii) the expiration of Shanghai E-Cheng's operation term whichever is the earliest.

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Under the above agreements, the shareholders of Shanghai Jupai/Shanghai E-Cheng irrevocably granted Shanghai Juxiang/Shanghai Baoyi the power to exercise all voting rights to which they were entitled. In addition, Shanghai Juxiang/Shanghai Baoyi have the option to acquire all of the equity interests in Shanghai Jupai/Shanghai E-Cheng, to the extent permitted by the then-effective PRC laws and regulations, for nominal consideration. Finally, Shanghai Juxiang/Shanghai Baoyi is entitled to receive service fees for certain services to be provided to Shanghai Jupai/Shanghai E-Cheng.

The Call Option Agreement and Voting Rights Proxy Agreement provide the Company effective control over the VIEs and their subsidiaries, while the Equity Interest Pledge Agreements secure the obligations of the shareholders of Shanghai Jupai and Shanghai E-Cheng under the relevant agreements. Because the Company, through Shanghai Juxiang and Shanghai Baoyi, has (i) the power to direct the activities of Shanghai Jupai and Shanghai E-Cheng that most significantly affect the entities' economic performance and (ii) the right to receive substantially all of the benefits from Shanghai Jupai and Shanghai E-Cheng, the Company is deemed the primary beneficiary of Shanghai Jupai and Shanghai E-Cheng. Accordingly, the Company has consolidated the Shanghai Jupai and Shanghai E-Cheng's financial results of operations, assets and liabilities, and cash flows in the Company's consolidated financial statements.

The Company believes that the contractual arrangements with the VIEs are in compliance with PRC law and are legally enforceable. However, the contractual arrangements are subject to risks and uncertainties, including:

- Shanghai Jupai and Shanghai E-Cheng and their shareholders may have or develop interests that conflict with the Group's interests, which may lead them to pursue opportunities in violation of the aforementioned contractual arrangements.

- Shanghai Jupai and Shanghai E-Cheng and their shareholders could fail to obtain the proper operating licenses or fail to comply with other regulatory requirements. As a result, the PRC government could impose fines, new requirements or other penalties on the VIEs or the Group, mandate a change in ownership structure or operations for the VIEs or the Group, restrict the VIEs or the Group's use of financing sources or otherwise restrict the VIEs or the Group's ability to conduct business.

- The aforementioned contractual agreements may be unenforceable or difficult to enforce. The equity interests under the Equity Interest Pledge Agreements have been registered by the shareholders of Shanghai Jupai and Shanghai E-Cheng with the relevant office of the administration of industry and commerce, however, the VIEs or the Group may fail to meet other requirements. Even if the contractual agreements are enforceable, they may be difficult to enforce given the uncertainties in the PRC legal system.

- The PRC government may declare the aforementioned contractual arrangements invalid. They may modify the relevant regulations, have a different interpretation of such regulations, or otherwise determine that the Group or the VIEs have failed to comply with the legal obligations required to effectuate such contractual arrangements.

As of December 31, 2017, the Group had variable interests in various investment funds and contractual funds that are VIEs but determined that it was not the primary beneficiary and, therefore, was not consolidating the VIEs. The maximum potential financial statement loss the Group could incur if the investment funds and contractual funds were to default on all of their obligations is (i) the loss of value of the interests in such investments that the Group holds, including equity investments recorded in investment in affiliates and investment at cost method in the consolidated balance sheet, and (ii) any one-time commissions, management fee and other service fees receivables recorded in amount due from related parties. The following table summarizes the Company's maximum exposure to loss associated with identified nonconsolidated VIEs in which it holds variable interests as of December 31, 2017 and 2016, respectively.

	As of December 31,		
	2016	2017	2017
	RMB	RMB	USD
Amount due from related parties	39,258,288	12,064,450	1,854,272
Investments	37,264,623	36,150,192	5,556,183
Maximum exposure to loss in non-consolidated VIEs	76,522,911	48,214,642	7,410,455

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The following amounts and balances of Shanghai Jupai and Shanghai E-Cheng and their subsidiaries were included in the Group's consolidated financial statements after the elimination of intercompany balances and transactions:

	As of December 31,		
	2016	2017	2017
	RMB	RMB	USD
Cash and cash equivalents	590,606,072	690,746,313	106,165,764
Short-term investments	5,210,000	8,403,612	1,291,612
Accounts receivable (net of allowance for doubtful accounts)	2,217,032	21,518,406	3,307,318
Other receivables	17,115,966	5,347,169	821,845
Amounts due from related parties	18,600,587	111,677,886	17,164,577
Deferred tax assets— current	54,514,909	—	—
Other current assets	4,799,791	4,530,389	696,308
Long-term investments	50,450,000	50,450,000	7,754,023

Investment in affiliates	65,324,060	146,335,509	22,491,356
Property and equipment, net	9,270,856	5,789,030	889,758
Intangible assets, net	—	24,125,958	3,708,092
Other non-current assets	1,159,664	7,644,721	1,174,972
Deferred tax assets— non-current	3,818,230	62,207,252	9,561,080
Total assets	**823,087,167**	**1,138,776,245**	**175,026,705**
Accrued payroll and welfare expenses	13,202,322	17,211,922	2,645,424
Income tax payable	88,720,024	11,589,669	1,781,300
Other tax payable	30,650,996	13,137,192	2,019,149
Dividend payable	10,160,503	—	—
Deferred revenue — current from related parties	117,167,110	152,688,070	23,467,727
Deferred revenue — current	36,098,862	16,639,706	2,557,476
Amount due to related parties-current	1,435,700	2,000,000	307,394
Other current liabilities	1,737,863	6,467,967	994,108
Non-current uncertain tax position liabilities	5,938,816	—	—
Deferred revenue — non-current from related parties	74,798,150	58,319,769	8,963,584
Deferred revenue — non-current	5,583,565	5,426,548	834,045
Total liabilities	**385,493,911**	**283,480,843**	**43,570,207**

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	Year ended December 31,			
	2015 RMB	2016 RMB	2017 RMB	2017 USD
Net revenues	240,154,536	732,980,901	627,016,422	96,370,660
Third party	80,417,496	98,500,261	108,640,382	16,697,721
Related party	159,737,040	634,480,640	518,376,040	79,672,939
Operating cost and expenses	166,671,341	403,582,170	405,103,864	62,263,324
Net income attributable to Jupai shareholders	49,097,295	131,718,076	224,603,316	34,520,898
Cash flows generated from operating activities:	231,200,063	277,276,364	174,718,889	26,853,802
Cash flows generated from (used in) investing activities:	(30,079,891)	15,580,919	(58,426,145)	(8,979,934)
Cash flows generated from (used in) financing activities:	(1,080,093)	775,000	(16,152,503)	(2,482,594)

The VIEs contributed an aggregate of 40%, 65% and 37% of the consolidated net revenues for the years ended December 31, 2015, 2016 and 2017, respectively and an aggregate of 32%, 63% and 55% of the consolidated net income attributable to Jupai shareholders for the years ended December 31, 2015, 2016 and 2017, respectively. As of December 31, 2016 and 2017, the VIEs accounted for an aggregate of 39% and 43%, respectively, of the consolidated total assets.

There are no consolidated assets of the VIEs and their subsidiaries that are collateral for the obligations of the VIEs and their subsidiaries and can only be used to settle the obligations of the VIEs and their subsidiaries. There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests that require the Company or its subsidiaries to provide financial support to the VIEs. However, if the VIEs ever need financial support, the Company or its subsidiaries may, at its option and subject to statutory limits and restrictions, provide financial support to its VIEs through loans to the shareholder of the VIEs or entrustment loans to the VIEs.

Relevant PRC laws and regulations restrict the VIEs from transferring a portion of their net assets, equivalent to the balance of their statutory reserve and their share capital, to the Company in the form of loans and advances or cash dividends. Please refer to Note 15 for disclosure of restricted net assets.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ materially from such estimates. Significant accounting estimates reflected in the Group's consolidated financial statements include assumptions used to determine the liability for uncertain tax positions, allowance for doubtful accounts, valuation allowance for deferred tax assets, fair value measurement of underlying investment portfolios of the funds that the Group invests, assumptions related to the consolidation of entities in which the Group holds variable interests, assumptions related to the valuation of share-based compensation, including estimation of related forfeiture rates, revenue multiple element allocation in terms of one-time, recurring and other service fees, and assumption used to determine the useful life of intangible assets acquired.

(d) Concentration of Credit Risk

The Group is subject to potential significant concentrations of credit risk consisting principally of cash and cash equivalents, accounts receivable, other receivables, amounts due from related party and investments. All of the Group's cash and cash equivalents and a majority of investments are held with financial institutions that Group management believes to be of high credit quality.

Substantively all revenues were generated within China.

There were no product providers or underlying corporate borrowers which accounted for 10% or more of total revenues for the years ended December 31, 2015, 2016, and 2017.

(e) Entrusted investments

In the past, the Group sometimes purchased the same financial product with its customers using its own funds but under the customers' name, aiming to pursue higher return. The concerned customers are obliged to return the principle and gain to the Group at the maturity of the financial products. The Group bears both the product risk and the credit risk. The Group assessed the collectability of such entrusted investment based on factors surrounding the credit risk of specific customers like the length of time the investments are past due, previous loss history and the counterparty's current ability to fulfill its obligation and did not provide any allowance for such investment due to the remote possibility of collection failure. The Group has terminated such practice of co-investment since August 2014.

(f) Investments in Affiliates

Affiliated companies are entities over which the Group does not control. The Group accounts for common-stock-equivalent equity investments in entities over which it has significant influence but does not own a majority voting interest or otherwise control using the equity method. The Group generally considers an ownership interest of 20% or higher to represent significant influence. Under the equity method, the Group's share of the post-acquisition profits or losses of affiliated companies is recognized in the statements of operations and its shares of post-acquisition movements in other comprehensive income are recognized in other comprehensive income. When the Group's share of losses in an affiliated company equals or exceeds its carrying amount of the investment in the affiliated company, the Group does not recognize further losses, unless the Group has guaranteed the obligations of the affiliated company or is otherwise committed to provide further financial support for the affiliated company. An impairment loss is recorded when there has been a loss in value of the investment that is other than temporary. The Group did not record any impairment loss for the years ended December 31, 2015, 2016 and 2017.

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The Group also considers it has significant influence over the funds that it serves as general partner or fund manager, and the Group's ownership interest in these funds as limited partner is generally much lower than 5%. These funds are not consolidated by the Group based on the facts that the Group does not have control over the funds given substantive kick-out rights held by unrelated limited partners that allow them to remove the general partner without cause, and/or substantive participating rights that allow them to participate in certain financial and operating decisions of the limited partnership in the ordinary course of business. The equity method of accounting is accordingly used for investments by the Group in these funds. If an investee fund meets the definition of an Investment Company, it's required to be reported at fair value. The Group records its equity pick-up based on its percentage ownership of the investee funds' net income. For real estate projects, the group recorded its pick-up one quarter in arrears to enable it to have more time to collect and analyze the investments' operating results. For other investee funds, the group recorded its pick-up based on current period net income.

(g) Fair Value of Financial Instruments

The Group records certain of its financial assets at fair value on a recurring basis. Fair value reflects 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 considers assumptions that market participants would use when pricing the asset or liability.

The Group applies 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. The hierarchy is as follows:

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.

(h) Business combinations

Business combinations are recorded using the purchase method of accounting and, accordingly, the acquired assets and liabilities are recorded at their fair market value at the date of acquisition. The consideration of an acquisition is measured as the aggregate of the acquisition date fair values of the assets transferred and liabilities incurred by the Group to the sellers and equity instruments issued. Any excess of acquisition cost over the fair value of the acquired assets and liabilities, including identifiable intangible assets, is recorded as goodwill. Transaction costs directly attributable to the acquisition are expensed as incurred.

(i) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits, which are unrestricted as to withdrawal and use, and which have original maturities of three months or less when purchased.

(j) Accounts receivable, net

Accounts receivable mainly represent amounts due from product providers or underlying corporate borrowers and are recorded net of allowance for doubtful accounts. The Group considers many factors in assessing the collectability of its accounts receivable, such as the age of the amounts due, the product providers or underlying corporate borrowers' payment history, creditworthiness, financial conditions of the product providers or underlying corporate borrowers and industry trend. An allowance for doubtful accounts is recorded in the period in which a loss is determined to be probable. The Group also makes specific allowance if there is strong evidence indicating that the accounts receivable is likely to be unrecoverable. Accounts receivable balances are written off after all collection efforts have been exhausted.

(k) Investments

The Group invests in debt securities and accounts for the investments based on the nature of the products invested, and the Group's intent and ability to hold the investments to maturity.

The Group's investments in debt securities include trust products, asset management plans and real estate funds that have a stated maturity and normally pay a prospective fixed rate of return. The Group classifies the investments in debt securities as held-to-maturity when it has both the positive intent and ability to hold them until maturity. Held-to-maturity investments are recorded at amortized cost and are classified as long-term or short-term according to their contractual maturity. Long-term investments are reclassified as short-term when their remaining contractual maturity date is less than one year. Investments that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value with changes in fair value recognized in earnings. Investments that do not meet the criteria of held-to-maturity or trading securities are classified as available-for-sale, and are reported at fair value with changes in fair value included in other comprehensive income.

For equity investment over which the company does not have significant influence, the group records in investments at cost method.

The Group reviews its investments, except for those classified as trading securities, for other-than-temporary impairment based on the specific identification method and considers available quantitative and qualitative evidence in evaluating potential impairment. If the cost of an investment exceeds the investment's fair value, the Group considers, among other factors, general market conditions, government economic plans, the duration and the extent to which the fair value of the investment is less than cost and the Group's intent and ability to hold the investment to determine whether an other-than-temporary impairment has occurred.

The Group recognizes other-than-temporary impairment in earnings if it has the intent to sell the debt security or if it is more-likely-than-not that it will be required to sell the debt security before recovery of its amortized cost basis. Additionally, the Group evaluates expected cash flows to be received and determines if credit-related losses on debt securities exist, which are considered to be other-than-temporary, should be recognized in earnings.

If the equity investment's estimated fair value is less than the cost of an investment and the Group determines the impairment to be other-than-temporary, the Group recognizes an impairment loss for the difference between the fair value and the cost basis of the investment.

(l) Non-controlling interests

A non-controlling interest in a subsidiary of the Group represents the portion of the equity (net assets) in the subsidiary not directly or indirectly attributable to the Group. Non-controlling interests are presented as a separate component of equity in the consolidated balance sheet and earnings and other comprehensive income are attributed to controlling and non-controlling interests.

Below is changes in the Group's ownership interest in its subsidiary on the Group's equity.

	As of December 31,			
	2015 RMB	2016 RMB	2017 RMB	2017 USD
Net income attributable to Jupai shareholders	153,476,506	207,583,868	409,492,179	62,937,796
Transfers from the noncontrolling interest				
Increase in Jupai's paid-in-capital for purchase shares of UP Capital Asset Management Ltd.	—	—	1,411,129	216,887
Increase in Jupai's paid-in-capital for purchase of shares of Jupeng	—	—	13,305,431	2,045,007
Net transfers from noncontrolling interest	—	—	14,716,560	2,261,894
Change from net income attributable to Jupai and transfers from noncontrolling interest	153,476,506	207,583,868	424,208,739	65,199,690

(m) Property and Equipment, net

Property and equipment is stated at cost less accumulated depreciation, and is depreciated using the straight-line method over the following estimated useful lives:

	Estimated Useful Lives in Years
Leasehold improvements	Shorter of the lease term or expected useful life
Furniture, fixtures, and equipment	3—5 years
Motor Vehicles	5 years

Gains and losses from the disposal of property and equipment are included in income from operations.

(n) Revenue Recognition

The Group derives revenue primarily from one-time commissions and recurring service fees paid by product providers for whom the Group distributes wealth management products, and recurring management fee and carried interest paid by funds the Group manages. Starting from the second half of 2016, the Group also began to earn other service fees for consulting services provided to other companies.

The Group recognizes revenues when there is persuasive evidence of an arrangement, service has been rendered, the sales price is fixed or determinable and collectability is reasonably assured. Revenues are recorded, net of sales related taxes and surcharges.

Deferred revenues are recognized when payments are received in advance of the revenue being earned. Certain contracts require that a portion of the payment be deferred until the end of the wealth management product's life or other specified contingencies.

The Group sometimes engages third party agents in promoting financial products and pays a channel fee accordingly, in which the Group recognizes revenue on a net basis by deducting the channel fee it pays to the third party agents.

One-time Commissions

The Group enters into one-time commission agreements with product providers or underlying corporate borrowers, which specifies the key terms and conditions of the arrangement. Such agreements do not include rights of return, credits or discounts, rebates, price protection or other similar privileges. Upon establishment of a wealth management product, the Group earns a one-time commission from product providers or underlying corporate borrowers, calculated as a percentage of the wealth management products purchased by its clients. The Group defines the "establishment of a wealth management product" for its revenue recognition purpose as the time when both of the following two criteria are met: (1) the Group's client has entered into a purchase or subscription contract with the relevant product provider and, if required, the client has transferred a deposit to an escrow account designated by the product provider and (2) the product provider has issued a formal notice to confirm the establishment of a wealth management product. Revenue is recorded upon the establishment of the wealth management product, when the provision of service concludes and the fee becomes fixed and determinable, assuming all other revenue recognition criteria have been met, and there are no future obligations or contingencies.

Recurring Service Fees

Recurring service fee includes service fee and carried interest. It arises from on-going services provided to product providers after the distribution of wealth management product including investment relationship maintenance and coordination and product reports distribution. It is calculated as a percentage of the total value of investments in the wealth management products purchased by the Group's clients, calculated at the establishment date of the wealth management product. As the Group provides these services throughout the contract term, revenue is recognized over the contract term, assuming all other revenue recognition criteria have been met. For certain products, recurring service fees may also include a variable performance fee contingent upon the performance of the underlying investment, which is not recognized until the contingent criteria are met. Recurring service agreements do not include rights of return, credits or discounts, rebates, price protection or other similar privileges.

Recurring Management Fees

Recurring management fee arises from the fund management services provided to funds the Group manages, including management fee and carried interest. Management fees are computed as a percentage of the capital contribution in a fund and are recognized as earned over the specified contract period. Carried interest represents preferential allocations of profits that are a component of the Group's general partnership interests and fund managing interests in the limited partnership and contractual funds and is not recognized until the end of the fund's contract term when the carried interest is determined and distributed. Management fee received in advance of the specified contract period and in the limited circumstances carried interest received before the end of the fund's contract term are recorded as deferred revenues.

Other service fees

Other service fee refers to revenue generated from consulting services provided to peers in asset management industry and other companies seeking for equity investment. Service fees are negotiated case by case, and are specified in agreements before services are provided. Revenue is recognized upon completion of the services when collectability is reasonably assured.

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Multiple Element Arrangements

The Group enters into multiple element arrangements when a product provider or underlying corporate borrower engages it to provide both wealth management marketing and recurring services or other services. The Group also provides wealth management marketing, recurring services and other services to funds that it serves as general partner/co-general partner or fund manager.

Both wealth management marketing and recurring services represent separate units of accounting. The Group allocates arrangement consideration in multiple-deliverable revenue arrangements at the inception of an arrangement each unit of accounting to all deliverables based on the relative selling price in accordance with the selling price hierarchy, which includes: (i) vendor-specific objective evidence ("VSOE") if available; (ii) third-party evidence ("TPE") if VSOE is not available; and (iii) best estimate of selling price ("BESP") if neither VSOE nor TPE is available.

VSOE. The Group determines VSOE based on its historical pricing and discounting practices for the specific service when sold separately. In determining VSOE, the Group requires that a substantial majority of the selling prices for these services fall within a reasonably narrow pricing range.

TPE. When VSOE cannot be established for deliverables in multiple element arrangements, the Group applies judgment with respect to whether it can establish a selling price based on TPE. TPE is determined based on competitor prices for similar deliverables when sold separately. Generally, the Group's products and services contain certain level of differentiation such that the comparable pricing of services with similar functionality cannot be obtained. Furthermore, the Group is unable to reliably determine what similar competitor services' selling prices are on a stand-alone basis. As a result, the Group has not been able to establish selling price based on TPE.

BESP. When it is unable to establish selling price using VSOE or TPE, the Group uses BESP in its allocation of arrangement consideration. The objective of BESP is to determine the price at which the Group would transact a sale if the service were sold on a stand-alone basis. The Group determines BESP for deliverables by considering multiple factors including, but not limited to, prices it charged for similar products or funds, market conditions, specification of the services rendered and pricing practices.

The Group has vendor specific objective evidence of selling price for its wealth management marketing services as it provides such services on a stand-alone basis. For certain wealth management marketing services related to private equity products, if vendor specific objective evidence is not available, the Group adopts BESP to establish selling prices. The Group has not sold its recurring services or other services on a stand-alone basis. However, the recurring management fee or recurring service fee the Group charges as general partner /co-general partner or fund manager/fund advisor is consistent with the fee at which the Group would transact if the recurring services were sold regularly on a stand-alone basis. Other service fees the Group charges for consulting services is consistent with that at which the Group would quote if the service is provided on a stand-alone basis. As such, the Group believes the fee it charges represents their best estimate of the selling price for its recurring services and other services. The Group allocates arrangement consideration based on the

relative selling price, which is equivalent to the fees charged for each of the respective units of accounting, as described above. Revenue for the respective units of accounting is also recognized in the same manner as described above.

(o) Sales Related Tax and Related Surcharges

The Group is subject to value-added tax ("VAT"), business tax, education surtax, and urban maintenance and construction tax, on the services provided in the PRC. Business tax and related surcharges are primarily levied based on revenues at rates of 5% and are recorded as a reduction of revenues.

With the rollout of the Value-added Tax ("VAT") reform on May 1, 2016, business tax is no longer applicable to the Group, and the applicable VAT rate for the Group is 3% to 6%.

(p) Cost of Revenues

Cost of revenue includes salaries and performance-based commissions of relationship managers and business development team, and expenses incurred in connection with product-specific client meetings and other events.

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(q) Selling Expenses

Selling expenses primarily consist of payroll, bonus and benefits of sales and marketing staff, brand promotion costs, and agency fees. Brand promotion costs are expensed as incurred.

Brand promotion costs in connection with the provision of marketing and promotion services consisted of fees the Group paid to third party venders for brand promotion on various online and offline channels. Such costs were included as selling expenses in the consolidated statements of operations and totaled RMB924,505, RMB8,453,323 and RMB 12,021,015 for the years ended December 31, 2015, 2016 and 2017, respectively.

(r) Intangible assets, net

Acquired intangible assets mainly consist of customer contracts, internal-used software and licenses from business combinations and are recorded at fair value on the acquisition date. Customer contracts, internal-used software and certain licenses are amortized using a straight-line method. Most of the licenses are determined to be infinite, and not subject to amortization.

	Estimated Useful Lives in Years
Customer contracts	3.5 yeas
Internal-used software	10 years
Licenses amortized	Shorter of the legal rights or expected useful life

(s) Impairment of long-lived assets

The Group evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When these events occur, the Group measures impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition.

The Group evaluates intangible asset that is not subject to amortization for impairment annual and more frequently if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group conducts quantitative impairment test for indefinite-lived intangible asset and compares of the fair value of the asset with its carrying amount. The Group recognizes impairment loss on the amount by which the carrying value exceeds the fair value of the asset. After an impairment loss is recognized, the Group uses adjusted carrying amount of the intangible asset as its new accounting basis.

(t) Goodwill

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value assigned to the individual assets acquired and liabilities assumed. Goodwill is not depreciated or amortized but is tested for impairment on an annual basis as of December 31, and in between annual tests when an event occurs or circumstances change that could indicate that the asset might be impaired. In accordance with Accounting Standards Codification ("ASC") 350-20, a 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 ("step 0"), that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a two-step quantitative impairment test is mandatory. The Company may also elect to proceed directly to the two-step impairment test without considering qualitative factors.

The first step compares the fair value of each reporting unit to its carrying amount, including goodwill. If the fair value of each reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and the second step will not be required. If the carrying amount of a reporting unit exceeds its fair value, the second step compares the implied fair value of goodwill to the carrying value of a reporting unit's goodwill. The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. This allocation process is only performed for purposes of evaluating goodwill impairment and does not result in an entry to adjust the value of any assets or liabilities. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill.

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(u) Income Taxes

Current income taxes are provided for in accordance with the relevant statutory tax laws and regulations.

The Group accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Group recognizes net deferred tax assets to the extent that it believes these assets are more likely than not to be realized. In making such a determination, it considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Group determines that its deferred tax assets are realizable in the future in excess of their net recorded amount, the Group would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. According to ASU 2015-17, the Group recognized deferred tax assets and liabilities as non-current asstes and liabilities for the year ended December 31,2017. Prior balances were not retrospectively adjusted.

The Group records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process whereby (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Group recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. The effective tax rate for the Group includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by management. The Group recognizes interest and penalties related to unrecognized tax benefits within the income tax expense line in the accompanying Consolidated Statement of Operations. Accrued interest and penalties are included within the related tax liability line in the Consolidated Balance Sheet.

(v) Share-Based Compensation

The Group recognizes share-based compensation based on the grant date fair value of equity awards, with compensation expense recognized over the vesting period. Share-based compensation expense is classified in the consolidated statements of operations based upon the job function of the grantee. The Group accounts for a cancellation or settlement of an equity settled share-based payment award as an acceleration of vesting, and recognize immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period. The Group also estimates expected forfeitures and recognizes compensation cost only for those share-based awards expected to vest. Actual forfeitures may differ from those estimated by the Group which would affect the amount of share-based compensation to be recognized.

(w) Government Grants

Government subsidies include cash subsidies received by the Group's entities in the PRC from local governments as incentives for registering and operating business in certain local districts and are typically granted based on the amount of value-added tax, business tax, and income tax payment generated by the Group in certain local districts. Such subsidies allow the Group full discretion in utilizing the funds and are used by the Group for general corporate purpose. The local governments have final discretion as to the amount of cash subsidies.

Cash subsidies are included in other operating income and recognized when received and when all the conditions for their receipt have been satisfied.

(x) Net Income per Share

Basic net income per share is computed by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The Group has determined that its Series B convertible redeemable preferred shares issued in 2014 are participating securities as the convertible redeemable preferred shares participate in the undistributed earnings on the same basis as the ordinary shares for the periods applicable. Accordingly, the Group has used the two-class method of computing earnings per share.

Under this method, net income attributable to the Jupai shareholders is allocated on a pro-rata basis to the ordinary and convertible redeemable preferred shares to the extent that each class may share in income for the period. Losses are not allocated to the participating securities. Diluted earnings per share are computed using the more dilutive of the two-class method or the if-converted method.

Upon the IPO, the Series B convertible redeemable preferred shares were converted into ordinary shares in 2015 and accordingly, the two-class method was not applied since the 2016 net income per share calculation.

Diluted net income per share is computed by giving effect to all potential dilutive shares, including convertible redeemable preferred shares, stock options and unvested restricted shares. To calculate the number of shares for diluted income per share, the effect of the stock options and restricted share units is computed using the treasury stock method.

(y) Operating Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Certain of the Group's facility leases provide for a free rent period. Payments made under operating leases are charged to the consolidated statements of operations on a straight-line basis over the lease period.

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(z) Foreign Currency Translation

The functional currency of the Company, Jupai Investment International, Scepter Holdings Limited, and Scepter Pacific Limited is the United States dollar ("U.S. dollar"). The functional currency of Jupai Hong Kong, UP Capital Asset Management Ltd., Non-Linear Investment Management Ltd., is the Hong Kong Dollar ("HKD"). The subsidiaries in the PRC and the VIEs determined their functional currency to be the Chinese Renminbi("RMB"). The determination of the respective functional currency is based on the criteria of ASC 830, Foreign Currency Matters.

Assets and liabilities of the Group's overseas entities denominated in currencies other than RMB are translated into RMB at the rates of exchange ruling at the balance sheet date. Equity accounts are translated at historical exchange rates and revenues, expenses, gains and losses are translated using the average rate

for the year. Translation adjustments are reported as foreign currency translation adjustment and are shown as a separate component of other comprehensive income in the consolidated statements of comprehensive income.

Effective July 1, 2016, the Company changed its reporting currency from US$ to RMB. The aligning of the reporting currency with the underlying operations better reflects the Company's results of operations for each period, and reduces the impact that the increased volatility of the Renminbi to U.S. dollars exchange rate will have on the Company's reported operating results. Prior to July 1, 2016, the Company reported its annual and quarterly consolidated balance sheets and consolidated statements of income and comprehensive income and shareholder's equity and cash flows in US$. The related financial statements prior to July 1, 2016 have been recast to RMB as if the financial information originally had been presented in RMB since the earliest periods presented. The change in reporting currency resulted in cumulative foreign currency translation adjustment of RMB34,375,809 and RMB44,026,895 for the year ended December 31, 2015 and 2016, respectively.

Translations of amounts from RMB into US$ are solely for the convenience of the readers and were calculated at the rate of US$1.00 for RMB6.5063 on December 29, 2017, representing the certificated exchange rate published by the Federal Reserve Board. No representation is intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into US$ at that rate on December 31, 2017, or at any other rate.

(aa) Comprehensive Income

Comprehensive income includes all changes in equity except those resulting from investments by owners and distributions to owners. For the years presented, total comprehensive income included net income, foreign currency translation adjustments, fair value changes of available-for-sale investments, net of tax effect.

(ab) Recently issued accounting pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued, ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)", which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The accounting guidance also requires additional disclosure regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 can be adopted using one of two retrospective application methods. In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers (Topic 606), Deferral of the Effective Date", which defers the effective date of ASU 2014-09 by one year, to fiscal years beginning after December 15, 2017, and interim periods therein.

Additionally, the FASB issued the following various updates affecting the guidance in ASU 2014-09. The effective dates and transition requirements are the same as those in ASC Topic 606 above. In March 2016, FASB issued an amendment to the standard, ASU 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations" Under the amendment, an entity is required to determine whether the nature of its promise is to provide the specified good or service itself (that is, the entity is a principal) or to arrange for that good or service to be provided by the other party (as an agent). In April 2016, FASB issued ASU 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing", to clarify identifying performance obligations and the licensing implementation guidance, which retaining the related principles for those areas. In May 2016, the FASB issued ASU 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients". This update addresses narrow-scope improvements to the guidance on collectability, noncash consideration and completed contracts at transition. The update provides a practical expedient for contract modifications at transition and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers. Then, in December 2016, the FASB issued ASU 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers". The updates in ASU 2016-20 affect narrow aspects of the guidance issued in ASU 2014-09.

The Group has substantially completed the assessment of all revenue from existing contracts with customers and expects to implement this standard on a modified retrospective approach. The timing and amount of revenue recognition under the new standard is not expected to differ materially from the current revenue standard. The Company will adopt the new revenue recognition guidance effective January 1, 2018.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments (Topic 825): Recognition and Measurement of Financial Assets and Liabilities ("ASU 2016-01"). The amended guidance (i) requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; (ii) eliminates the requirement to disclose the method(s) and significant assumptions used to estimate the fair value that is currently required to be disclosed for financial instruments measured at fair value; (iii) requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments and (iv) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The amended guidance should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amended guidance related to equity securities without readily determinable fair values (including the disclosure requirements) should be applied prospectively to equity investments that exist as of the date of adoption. The Group is currently evaluating the impact of this guidance on the financial statements. The Group will adopt this guidance since January 1, 2018.

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In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize most leases on the balance sheet. This ASU requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Lessees are permitted to make an accounting policy election to not recognize the asset and liability for leases with a term of twelve months or less. The ASU does not significantly change the lessees' recognition, measurement and presentation of expenses and cash flows from the previous accounting standard. Lessors' accounting under the ASC is largely unchanged from the previous accounting standard. In addition, the ASU expands the disclosure requirements of lease arrangements. Lessees and lessors will use a modified retrospective transition approach, which includes a number of practical expedients. The provisions of this guidance are effective for annual periods beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. The Group is in the process of evaluating the impact of adoption of this guidance on the Group's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230). The update is intended to improve financial reporting in regards to how certain transactions are classified in the statement of cash flows. This update requires that debt extinguishment costs be classified as cash outflows for financing activities and provides additional classification guidance for the statement of cash flows. The update also requires that the classification of cash receipts and payments that have aspects of more than one class of cash flows to be determined by applying specific guidance under generally accepted

accounting principles. The update also requires that each separately identifiable source or use within the cash receipts and payments be classified on the basis of their nature in financing, investing or operating activities. The update is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Group expects no material impact of adoption of this guidance on the consolidated financial statements.

In October 2016, FASB issued ASU 2016-16, Income Taxes (Topic 740). Current GAAP prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. Under the new standard, an entity is to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The new standard does not include new disclosure requirements; however, existing disclosure requirements might be applicable when accounting for the current and deferred income taxes for an intra-entity transfer of an asset other than inventory. The new standard is effective for annual periods beginning after December 15, 2017, including interim reporting periods within those annual periods. The Group expects no material impact of adoption of this guidance on the consolidated financial statements.

In October 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230), Restricted Cash. The update applies to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows. The update addresses diversity in practice that exists in the classification and presentation of changes in restricted cash on the statement of cash flows, and requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The update is effective for public companies for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. The updates should be applied using a retrospective transition method to each period presented. The Group expects no material impact of adoption of this guidance on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. The update affects all companies and other reporting organizations that must determine whether they have acquired or sold a business. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The update is intended to help companies and other organizations evaluate whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The update provides a more robust framework to use in determining when a set of assets and activities is a business, and also provides more consistency in applying the guidance, reduce the costs of application, and make the definition of a business more operable. For public companies, the update is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. The Group chose to early adopt this guidance on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. The update simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. The update also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The update should be applied on a prospective basis. The nature of and reason for the change in accounting principle should be disclosed upon transition. For public companies, the update is effective for any annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Group is in the process of evaluating the impact of adoption of this guidance on the consolidated financial statements.

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3. Net Income per Share

The following table sets forth the computation of basic and diluted net income per share attributable to ordinary shareholders:

	2015 RMB	2016 RMB	2017 RMB	2017 USD
Net income attributable to ordinary shareholders—basic	120,877,378	207,583,868	409,492,179	62,937,796
Amounts allocated to convertible redeemable preferred shares for participating rights to dividends	32,599,128	—	—	—
Net income attributable to ordinary shareholders—diluted	153,476,506	207,583,868	409,492,179	62,937,796
Weighted average number of ordinary shares outstanding—basic	114,124,300	192,674,014	195,467,414	195,467,414
Plus: share options	5,474,647	7,422,663	8,592,663	8,592,663
Plus: restricted shares	—	669,240	1,611,827	1,611,827
Weighted average number of ordinary shares outstanding—diluted	119,598,947	200,765,917	205,671,904	205,671,904
Basic net income per share	1.06	1.08	2.09	0.32
Diluted net income per share	1.01	1.03	1.99	0.31

Diluted earnings per share do not include the following instruments as their inclusion would have been anti-dilutive:

	As of December 31,		
	2015	2016	2017
Share options	3,586,600	425,000	—
Restricted shares	2,680,400	—	—
Convertible redeemable preferred shares	30,777,906	—	—
Total	37,044,906	425,000	—

4. Accounts receivable and amounts due from related parties

Accounts receivable are RMB52,111,944 and RMB53,512,590 at December 31, 2016 and 2017, respectively.

Amounts due from related parties are RMB133,560,483 and RMB268,760,059 at December 31, 2016 and 2017, respectively. Composition of amounts due from related parties is disclosed in Note 18.

Group establishes an allowance policy for doubtful accounts and customer deposits primarily based upon factors surrounding the credit risk of specific customers, including creditworthiness of the clients, aging of the receivables and other specific circumstances related to the accounts.

The allowance for accounts receivable, amounts due from related parties and other receivables was as following:

	Year Ended December 31		
	2015 RMB	2016 RMB	2017 RMB
Balance as of January 1	—	—	—
Provisions for doubtful accounts	—	—	3,997,417
Write offs	—	—	—
Balance as of December 31	—	—	3,997,417

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5. Investments

The following table summarizes the Group's investment balances:

	As of December 31,		
	2016 RMB	2017 RMB	2017 USD
Short-term investments			
- Trading securities investments	5,210,000	—	—
Trust products	5,210,000	—	—
- Held-to-maturity investments	20,000,000	8,403,612	1,291,612
Trust products	20,000,000	4,723,612	726,006
Asset management plans	—	3,680,000	565,606
- Investments at cost method	—	14,800,000	2,274,718
Total short-term investments	25,210,000	23,203,612	3,566,330
Long-term investments			
Investments at cost method	70,450,000	50,450,000	7,754,023
Total investments	95,660,000	73,653,612	11,320,353

Trading securities investments consist of an investment in a trust product that could be redeemed at any time. The investment is recorded at fair value on a recurring basis. The fair value is from unadjusted quoted price in active market and therefore is classified as Level 1 measurement. The Group recorded investment income on these investments of RMB3,801,448 for the years ended December 31, 2015, and investment loss of RMB1,566,400 and RMB1,274,506 for the years ended December 31, 2016 and 2017, repsectively.

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Held-to-maturity investments consist of investments in trust products that have stated maturity and normally pay a prospective fixed rate of return, and are carried at amortized cost. The Group recorded investment income on the following investments:

	For year ended December 31,		
	2015 RMB	2016 RMB	2017 RMB
Trust products	3,024,672	3,383,521	1,365,020
Asset management plans	5,022,717	4,383,407	1,444,497
Real estate funds	2,359,449	811,521	—
Total	10,406,838	8,578,449	2,809,517

The Group recorded an impairment loss due to credit loss of RMB3,200,000, nil and nil for years ended December 31, 2015, 2016 and 2017, respectively for held-to-maturity investments. The gross unrecognized gain was 915,933, nil and nil December 31, 2015, 2016 and 2017, respectively, representing the difference between the estimated fair value (Note 16) and carrying amount of the held-to-maturity investments.

There were no transfers of assets among trading, available-for-sale and held-to-maturity classifications during the period presented.

Investments at cost method consist of real estate fund of RMB10,000,000, private equity fund of RMB10,000,000 and private companies of RMB40,450,000 as of December 31, 2016. As of December 31, 2017, the investment in real estate fund was RMB4,800,000 and in private equity fund was RMB10,000,000 and in private companies was RMB40,450,000. In addition, the investment in convertible preferred shares of RMB 10,000,000 in a private company in 2016 and 2017 was accounted for under the cost method of which fair value cannot be practicably estimated without incurring excessive costs.

6. Investment in affiliates

The following table summarizes the Group's balances of investment in affiliates:

	As of December 31					
	2016		2017		2017	
	RMB	%	RMB	%	USD	%

Shanghai Runju Financial Information Services Co., Ltd. (“Runju”)	—	—	94,014,722	71.2%	14,449,798	71.2%
Private equity funds that the Company serves as general partner or fund manager	25,655,495		27,571,703		4,237,693	
Changjiang Jupai (Shanghai) Finance Consulting Co., Ltd(“Changjiang Jupai”)	8,606,286	40.0%	8,660,033	25.0%	1,331,023	25.0%
Shanghai Wuling Investment Center (“Wuling Center”)	9,580,813	1.1%	8,380,897	1.2%	1,288,120	1.2%
Beijing Juyuan Information Technology Co., Ltd(“Juyuan”)	10,186,105	64.0%	8,376,590	64.0%	1,287,458	64.0%
Shanghai Qihu Financial Information Co., Ltd(“Qihu”)	5,647,506	30.0%	5,715,365	30.0%	878,436	30.0%
Shanghai Juzhi Investment Management Co., Ltd (“Juzhi”)	2,794,650	50.0%	5,317,586	50.0%	817,298	50.0%
Hengqinhuixun Asset Management Co., Ltd (“Hengqinhuixun”)	—	—	4,995,829	40.0%	767,845	40.0%
Shanghai JupaiHehui Asset Management Co., Ltd. (‘‘Hehui’’)	3,690,738	49.0%	4,055,531	49.0%	623,324	49.0%
Shanghai Guochen Equity Management Co., Ltd (“Guochen”)	4,343,426	8.3%	3,912,925	8.3%	601,406	8.3%
Shenzhen Guojinwenying Fund Management Co, Ltd(“Guojinwenying”)	4,626,479	45.0%	657,061	45.0%	100,988	45.0%
Others	10,698,946		10,264,314		1,577,597	
Total investments	85,830,444		181,922,556		27,960,986	

The investments above are accounted for using equity method of accounting.

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Runju primarily operates an online platform which facilitates the transfer of debt and equity securities. The total consideration for the acquisition is approximately RMB 90.5 million ($13.0 million). The Group prepaid RMB 77.6 million ($11.2 million) in December 2015. In March 2016, the Group entered into a binding agreement to acquire approximately 71% of equity interests in Runju from two of its existing shareholders, one of whom is a subsidiary E-house and considered as a related party to the Group. In September 2017, the transaction was completed. The Group has significant influence but no control over either board of shareholders or directors, according to the Article of the Associate of Runju. As such, Runju is accounted for using equity method of accounting.

Shanghai Juxiang invested in private equity funds of funds that the Group serves as general partner or fund manager. Shanghai Juxiang and Scepter held no more than 4% equity interest in these private equity funds of funds as a general partner. The Group accounts for these investments using the equity method of accounting due to the fact that the Company can exercise significant influence on these investees in the capacity of general partner or fund manager.

the Group invested RMB 8,000,000 for 40% equity interest in Changjiang Jupai and accounted for the investment with equity method accounting. In January 2017, the Group disposed of a 10% equity interest in Changjiang Jupai to an unrelated party. In December 2017, Changjiang Jupai increased the registered capital to RMB 24,000,000, and attracted one more investor, whose investment diluted the Company’s shareholding into 25%.

The Group obtained an investment in Wuling Center through the Scepter acquisition in July 2015. Shanghai Yidezhen Equity Investment Center (“Yidezhen”) held 1.1% equity interest in Wuling Center as a general partner as of December 31, 2016. Wuling Center is not consolidated by the Group as the Group does not control Wuling Center given that unrelated limited partners have substantive kick-out rights that allow them to remove the general partner without cause. Yidezhen acts as general partner in Wuling Center, which provides the Group with significant influence over the operating and financial policies of the investee, so the Group accounts for this investment by equity method.

The Group invested RMB 10,000,000 for 64% equity interest in Juyuan. The Group has significant influence but no control over board of directors, which has the highest authority, according to the Article of the Associate of Juyuan. As such, Juyuan is accounted for using equity method of accounting.

The Group invested RMB 4,500,000 for 30% equity interest in Qihu and accounted for the investment with equity method accounting. Its main operating business is asset management and investment advisory service.

The Group invested RMB 2,500,000 and RMB 2,500,000 in 2016 and 2017 respectively, for 50% equity interest in Juzhi. According to the Articles of Association, resolution of the board of shareholder should have the approval from all shareholders, and as such, the Group does not have control over Juzhi. However, the Group can exercise significant influence through board representations and accounts for the investment using equity method of accounting.

The Group invested RMB 5,000,000 for 40% equity interest in Hengqinhuixun , which mainly operates in asset management industry. The Group accounted for the investment with equity method accounting.

Hehui used to be a consolidated subsidiary of the Group in which the Group owned 65% equity interest. In September 2014, the Group disposed of 16% equity interest in Hehui to an unrelated third party, determined the Group no longer controlled the entity and as a result deconsolidated Hehui. The remaining 49% equity interest in Hehui was re-measured at fair value and has been subsequently accounted for as equity method investment.

Guochen was acquired as a result of Scepter acquisition in July 2015. In 2014, Shanghai Yidezhao Equity Investment Center (“Yidezhao”) formed Guochen with several unrelated third party investors and contributed RMB2,500,000 ($408,563) for a 8.3% equity interest in Guochen. Yidezhao can exercise significant influence through board representation and, as such, the Group accounted for the investment using equity method of accounting. In November 2016, the Group transferred existing business in Yidezhao to Yidezhen.

Guojinwenying was established by the Group and an unrelated third party in 2015. The Group owns 45% equity interest in Guojinwenying and accounts for the investment with equity method accounting.

In addition to the above, the Group also held investments in several fund management companies, none of which is individually material.

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7. Acquisitions of Subsidiaries

In March 2016, the Company acquired 34% equity in UP Capital Asset Management Ltd (hereinafter referred to as "UP Capital") and Up Capital's subsidiary, from an individual shareholder, with cash consideration of RMB5,081,739. Up capital and its subsidiary is engaged in business of asset management service. Both parties reached an agreement that the Company absorbs 70% of the benefits and costs of UP Capital and takes 2 seats out of 3 in the board of directors, which in combination lead to the Company's control over UP Capital. As a result, the purchase was accounted for as a business acquisition and the results of Up Capital are included in the Group's consolidated results from the acquisition date. The financial results of UP Capital are immaterial to the Group's net assets and results of operations except that business license was recognized as intangible asset with indefinite life. The Group also recorded RMB 288,890 in goodwill related to the acquisition.

The Company acquired additional 36% equity in UP Capital for a total consideration of RMB5,477,473 in 2017. In addition, the Company paid RMB11,694,863 capital and diluted the non-controlling interests. As a result, the Group's total percentage of ownership was 79% as of December 31, 2017.

In May 2016, the Company acquired 85% equity interest in Non-Linear Investment Management Ltd (hereinafter referred to as "Non-Linear"), from an individual shareholder with a cash consideration of RMB896,162. The financial results of Non-Linear are immaterial to the Group's net assets and results of operations. The purchase was accounted for as a business acquisition and the results of Non-linear are included in the Group's consolidated results from the acquisition date. No goodwill was recognized from the acquisition. RMB1,075,154 of business license was recognized as intangible asset with indefinite life

8. Property and Equipment, Net

Property and equipment, net consists of the following:

	As of December 31,		
	2016 RMB	2017 RMB	2017 USD
Leasehold improvements	32,492,026	43,181,328	6,636,849
Furniture, fixtures and equipment	19,954,033	27,924,624	4,291,936
Motor Vehicles	4,376,244	4,376,244	672,616
Total	56,822,303	75,482,196	11,601,401
Accumulated depreciation	(19,622,491)	(30,525,142)	(4,691,628)
Property and equipment, net	37,199,812	44,957,054	6,909,773

Depreciation expense was RMB5,007,143, RMB10,924,678 and RMB10,902,651 for the years ended December 31, 2015, 2016 and 2017, respectively.

9. Intangible Assets, Net

Intangible assets are comprised of the following:

	As of December 31,		
	2016 RMB	2017 RMB	2017 USD
Customer contracts	67,291,278	63,398,729	9,744,206
Software	16,698,113	31,501,874	4,841,749
License	—	922,135	141,730
Less: Accumulated amortization	26,767,764	48,437,284	7,444,674
Intangible assets subject to amortization	57,221,627	47,385,454	7,283,011
License with indefinite life	27,262,901	26,194,611	4,026,038
Foreign currency translation adjustment	(1,411,983)	770,790	118,468
Intangible assets	83,072,545	74,350,855	11,427,517

Insurance Brokerage Licenses included in the intangible assets are assessed as indefinite life and are not subject to amortization. Amortization expense related to other intangible asset was RMB8,012,652, RMB18,755,112 and RMB21,669,520 for the years ended December 31, 2015, 2016 and 2017, respectively.

The Group expects to record amortization expense of RMB21,595,060, RMB3,797,284, RMB3,084,906, RMB3,084,906, RMB3,084,906 for the years ending December 31, 2018, 2019, 2020, 2021 and 2022, respectively.

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10. Goodwill

The movement in carrying amount of goodwill is as follows:

	RMB
Balance as of January 1, 2016	259,714,506
Addition for acquisitions	288,890
Foreign currency translation adjustments	17,749,369
Balance as of January 1, 2017	277,752,765
Addition for acquisitions	—

Foreign currency translation adjustments	(16,131,074)
Balance as of December 31, 2017	261,621,691

The management has conducted step 0 assessment and determined it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, and therefore did not further perform the two-step impairment analysis. No impairment loss on goodwill was recorded for years ended December 31, 2015, 2016 and 2017.

11. Dividends

In June 2014, the Shanghai E-Cheng's subsidiaries (Yidezeng, Yidezhen, and Yidezhao) declared a cash dividend on the accumulated undistributed earnings to the original shareholders of these entities. Scepter recorded a dividend payable of RMB31,500,000 for the net amount to be distributed to the shareholders, RMB24,000,002 of which was paid in 2014 and the residual was paid in January 2016.

In September 2016, Juzhou declared a cash dividend on the accumulated undistributed earnings of RMB67,736,687 to all the shareholders of Juzhou and the Group recorded a dividend payable of RMB10,160,503 to be distributed to the non-controlling interest shareholder of Juzhou. Full amount of the dividend was paid in January 2017.

On February 28, 2017, Jupai Holdings declared a cash dividend on the accumulated undistributed earnings of USD16,172,640 to all the shareholders of Jupai Holdings, and the dividend was paid in March.

In April 2017, Jupeng declared a cash dividend on the accumulated undistributed earnings of RMB5,992,000 to the minority shareholder, and the dividend was paid in May 2017.

12. Share-Based Compensation

In July 2014, the Group adopted the 2014 Share Incentive Plan ("the 2014 Plan"), which allows the Group to offer a variety of share-based incentive awards to employees, officers, and directors. The maximum number of shares that may be issued pursuant to all awards under the 2014 Plan shall initially be 17,570,281 ordinary shares, and will be increased automatically by 5% of the then total outstanding shares on an as-converted fully diluted basis on each of the third, sixth and ninth anniversaries of the effective date of the 2014 Plan. In December 2015, the Group amended the 2014 Plan to increase the number of shares reserved for future awards under the 2014 Plan by 9,367,739 ordinary shares to 26,938,020 ordinary shares.

Share Options:

On July 1, 2014 and April 2, 2015, the Group granted 12,056,000 and 1,061,600 options to purchase ordinary shares to certain employees at an exercise price of $0.48 and $1.00 per share, respectively. The options expire ten years from the date of grant and vest ratably at each grant date anniversary over a period of three years.

Replacement of the Company's option for Scepter's option ("Options Replacement Program").

Effective upon the Company's IPO and in connection with its acquisition of Scepter ("Replacement Date"), the Company exchanged 2,525,000 of its options ("Replacement Options") under the 2014 Plan for the 505,000 of the options ("Replaced Options") that had been previously granted to certain employees of Scepter and E-House under Scepter's 2014 Share Incentive Plan ("Scepter Plan"), with other terms unchanged. The Company capitalized RMB13,702,194 as part of the cost of acquiring Scepter in regard to the Options Replacement Program, which the Company computed as the sum of (1) the Replacement Date fair value of the Replaced Options granted to the employees of E-House, and (2) the fair value of the Replaced Options granted to the employees of Scepter on the Replacement Date multiplied by the ratio of pre-acquisition services to the requisite service period of such Replaced Options, which is the same as the requisite service period of the Replacement Options.

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The Group used the binomial model to estimate the fair value of options using the following assumptions:

	July 1, 2014	April 2, 2015	July 16, 2015
Risk-free rate of return	3.18%	2.52%	2.96%
Contractual life of option	10 years	10 years	10 years
Estimated volatility rate	60.57%	58.86%	58.85%
Expected dividend yield	0%	0%	0%
Fair value of underlying ordinary shares	0.60	1.24	1.67

The Group estimated the risk-free interest rate based on the yield to maturity of U.S. treasury bonds denominated in USD and adjusted for country risk premium of PRC at the option valuation date. The expected volatility at the date of grant date and option valuation date was estimated based on the annualized standard deviation of the daily return embedded in historical share prices of comparable peer companies with a time horizon close to the expected expiry of the term. Prior to the Company's IPO, the estimated fair value of the ordinary shares underlying the options as of the grant date was determined based on a contemporaneous valuation, which used management's best estimate for projected cash flows as of the valuation date. Subsequent to July 16, 2015, the Group uses the current share price as the fair value of underlying ordinary shares.

The Company recorded compensation expense of RMB15,895,439, RMB13,440,801 and RMB9,052,789 for the years ended December 31, 2015, 2016 and 2017.

A summary of option activity under the 2014 Plan during the year ended December 31, 2017.

	Number of Options	Weighted Average Exercise Price	Remaining Contractual Term	Aggregate Intrinsic Value of Options

		RMB		RMB
Outstanding, as of January 1, 2017	13,982,343	3.87		
Exercised	(3,427,569)	3.34		
Forfeited	(235,649)	4.11		
Outstanding, as of December 31, 2017	10,319,125	3.72	6.61	16.33
Exercised and expected to exercise as of December 31, 2017	13,504,262			
Exercisable as of December 31, 2017	9,823,624	3.56	6.57	16.48

The weighted-average grant-date fair value of the options granted in 2015 were RMB6.05 per share. No options were granted for years ended December 31, 2016 and 2017.

The total intrinsic value of options exercised were nil, RMB7,594,210 and RMB47,051,806 for the years ended December 31, 2015, 2016 and 2017.

As of December 31, 2017, there was RMB848,459 of total unrecognized compensation expense related to unvested share options granted under the 2014 Plan. That cost is expected to be recognized over a weighted-average period of 0.02 years.

Non-vested restricted shares:

On August 26, 2015, the Company granted 2,680,400 restricted shares to certain senior management and independent directors. The fair value of the restricted shares on grant date is $1.45. The restricted shares vest ratably at each grant date anniversary over a period of three years.

On July 15, 2016, the Company granted 486,000 restricted shares to certain senior management. The fair value of the restricted shares on grant date is $1.39. The restricted shares vest ratably at each grant date anniversary over a period of three years.

On January 1, 2017, the Company granted 50,616 restricted shares to one employee. The fair value of the restricted shares on grant date is $1.47. The restricted shares vest ratably at each grant date anniversary over a period of three years.

On February 27, 2017, the Company granted 4,211,532 restricted shares to certain senior management. The fair value of the restricted shares on grant date is $1.59. The restricted shares vest ratably at each grant date anniversary over a period of three years.

On April 3, 2017, the Company granted 600,000 restricted shares to certain senior management. The fair value of the restricted shares on grant date is $1.46. The restricted shares vest ratably at each grant date anniversary over a period of three years.

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A summary of restricted share activity under the 2014 Plan during the year ended December 31, 2017.

	Number of Shares	Weighted Average Grant-date Fair Value RMB
Unvested, as of January 1, 2017	2,112,933	9.97
Granted	4,862,148	10.20
Forfeited	(468,204)	9.64
Vested	(995,464)	9.37
Unvested, as of December 31, 2017	5,511,413	10.07

The total fair value of non-vested restricted shares vested in 2017 was RMB55,499,929. The fair value of non-vested restricted shares was computed based on the fair value of the Group's ordinary shares on the grant date. The total fair value of shares vested during the years ended December 31, 2015, 2016 and 2017, was nil, RMB7,877,974 and RMB8,826,273, respectively.

The Company recorded compensation expense of RMB3,932,344, RMB7,982,893 and RMB21,403,150 for the years ended December 31, 2015, 2016 and 2017. As of December 31, 2017, there was RMB39,049,860 of total unrecognized compensation expense related to unvested restricted shares granted under the 2014 Plan. That cost is expected to be recognized over a weighted-average period of 1.57 years.

13. Income Taxes

Cayman Islands and British Virgin Islands ("BVI")

Under the current laws of the Cayman Islands and BVI, the Company is not subject to tax on its income or capital gains. In addition, the Cayman Islands and BVI do not impose withholding tax on dividend payments.

PRC and Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, our subsidiaries established in Hong Kong are subject to 16.5% income tax on their taxable income generated from operations in Hong Kong. In addition, payments of dividends from our Hong Kong subsidiaries to us are not subject to any Hong Kong withholding tax.

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law"), domestically-owned enterprises and foreign-invested enterprises are subject to a uniform tax rate of 25% on taxable income.

The tax expense (benefit) comprises:

	Years Ended December 31,			
	2015 RMB	2016 RMB	2017 RMB	2017 USD
Current Tax	103,835,541	97,857,914	141,126,316	21,690,718
Deferred Tax	(36,589,051)	(15,245,782)	(18,127,807)	(2,786,193)
Total	67,246,490	82,612,132	122,998,509	18,904,525

Reconciliation between the statutory tax rate to income before income taxes and the actual provision for income taxes is as follows:

	Years Ended December 31,		
	2015	2016	2017
PRC income tax rate	25.00%	25.00%	25.00%
Expenses not deductible for income tax purposes	3.71%	2.18%	1.62%
Tax-free income	—	—	-1.75%
Uncertain tax position impact	0.24%	0.18%	-1.09%
Different tax rate of subsidiary operation in other jurisdiction	0.27%	-0.81%	-1.13%
Effective income tax rate	29.22%	26.55%	22.65%

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The principal components of the deferred income tax asset and liabilities are as follows:

	As of December 31,		
	2016 RMB	2017 RMB	2017 USD
Deferred tax assets:			
Deferred revenue	56,246,396	50,156,971	7,708,985
Accrued expenses	682,349	1,492,796	229,439
Discount of investment	35,377	—	—
Tax loss carry forward	7,673,267	19,157,917	2,944,517
Allowance for doubtful debts	—	999,354	153,598
Exchange gain	103,745	4	1
Gross deferred tax assets	64,741,134	71,807,042	11,036,540
Valuation allowance	—	—	—
Net deferred tax assets	64,741,134	71,807,042	11,036,540
Analysis as:			
Current	56,246,396	—	—
Non-current	8,494,738	71,807,042	11,036,540
Deferred tax liabilities:			
Amortization of intangible assets	9,815,595	4,717,167	725,015
Unrealized investment income	455,023	—	—
Total deferred tax liabilities	10,270,618	4,717,167	725,015
Analysis as:			
Current	455,023	—	—
Non-current	9,815,595	4,717,167	725,015

The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will be more likely than not realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses and forecasts of future profitability. These assumptions require significant judgment and the forecasts of future taxable income are consistent with the plans and estimates the Group is using to manage the underlying businesses. Valuation allowances are established for deferred tax assets based on a more likely than not threshold. The Group's ability to realize deferred tax assets depends on its ability to generate sufficient taxable income within the future periods provided for in the tax law. The amount of the deferred tax asset is considered realizable, however, could be reduced in the near term if the estimated of future taxable income during the carry-forward period are reduced. As of December 31, 2017, operating loss carried forward amounted to RMB86,142,402 for the PRC and HK income tax purposes. The loss carrying forward will begin to expire in 2018. No valuation allowance was recorded as of December 31, 2017 as it is determined that it is more likely than not that the relevant deferred tax asset will be realized.

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Undistributed earnings of the Company's PRC subsidiaries of approximately RMB1,146.3 million at December 31, 2017 are considered to be indefinitely reinvested and, accordingly, no provision for PRC dividend withholding tax has been provided thereon. Upon distribution of those earnings, in the form of dividends or otherwise, the Group would be subject to the then applicable PRC tax laws and regulations. The amounts of unrecognized deferred tax liabilities for these earnings are in the range of RMB57.3 million to RMB114.6 million, as the withholding tax rate of the profit distribution will be 5% or 10% depending upon whether the immediate offshore companies can enjoy the preferential withholding tax rate of 5%.

Aggregate undistributed earnings of the Company's VIEs and its VIEs' subsidiaries located in the PRC that are available for distribution to the Company were approximately RMB434.0 million as of December 31, 2017. A deferred tax liability should be recorded for taxable temporary differences attributable to the excess of financial reporting amounts over tax basis amount in domestic subsidiaries. However, recognition is not required in situations where the tax law

provides a means by which the reported amount of that investment can be recovered tax-free and the enterprise expects that it will ultimately use that means. The Company has not recorded any such deferred tax liability attributable to the undistributed earnings of its financial interest in VIEs because it believes such excess earnings can be distributed in a manner that would not be subject to income tax.

The Group has made its assessment of the level of tax authority for each tax position (including the potential application of interest and penalties) based on the technical merits, and has measured the unrecognized tax benefits associated with the tax positions. The Group accrued interest of RMB566,562 and RMB566,563 related to the uncertain tax positions in 2015 and 2016, respectively. In 2017, the uncertain tax positions were reversed because the statute of limitation for unrecognized tax benefits has passed.

The Group does not anticipate any significant increases or decreases to its liability for unrecognized tax benefits within the next 12 months. According to PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or withholding agent. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined (but an underpayment of tax liability exceeding RMB0.1 million is specifically listed as a special circumstance). In the case of a related party transaction, the statute of limitations is 10 years. There is no statute of limitations in the case of tax evasion.

	RMB
Uncertain tax position—January 1, 2015	4,805,691
Gross increases—accrued interest in current period	566,562
Exchange rate translation	—
Uncertain tax position—December 31, 2015	5,372,253
Gross increases—accrued interest in current period	566,563
Exchange rate translation	—
Uncertain tax position—December 31, 2016	5,938,816
Gross increases—accrued interest in current period	—
Reversal	(5,938,816)
Exchange rate translation	—
Uncertain tax position—December 31, 2017	—

14. Employee Benefit Plans

The Group’s PRC subsidiaries, VIEs and the VIEs’ subsidiaries are required by law to contribute a certain percentages of applicable salaries for retirement benefits, medical insurance benefits, housing funds, unemployment and other statutory benefits. The PRC government is directly responsible for the payments of such benefits. The total contribution for such employee benefits were RMB24.9 million, RMB61.2 million and RMB102.6 million for the years ended December 31, 2015, 2016 and 2017 which is recorded in operating costs and expenses in the consolidated statements of operations in the period those contributions are due. The Group has no ongoing obligation to its employees subsequent to its contributions to such employee benefit plans.

15. Restricted Net Assets

Pursuant to the relevant laws and regulations in the PRC applicable to foreign-investment corporations and the Articles of Association of the Group’s PRC subsidiaries, VIEs and VIEs’ subsidiaries, the Group is required to maintain a statutory reserve (“PRC statutory reserve”): a general reserve fund, which is not available for dividend distribution. The Group’s PRC subsidiaries, VIEs and VIEs’ subsidiaries are required to allocate 10% of their profit after taxation, as reported in their PRC statutory financial statements, to the general reserve fund until the balance reaches 50% of their registered capital. At their discretion, the PRC subsidiaries, VIEs and VIEs’ subsidiaries may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. The general reserve fund may be used to make up prior year losses incurred and, with approval from the relevant government authority, to increase capital. PRC regulations currently permit payment of dividends only out of the Group’s PRC subsidiaries, VIEs and VIEs’ subsidiaries’ accumulated profits as determined in accordance with PRC accounting standards and regulations. The general reserve fund amounted to RMB59,269,800 and RMB72,652,734 as of December 31, 2016 and 2017, respectively. The Group has not allocated any of its after-tax profits to the staff welfare and bonus funds for any period presented.

In addition, the share capital of the Company’s PRC subsidiaries, VIEs and VIEs’ subsidiaries of RMB344,127,537 and RMB419,967,537 as of December 31, 2016 and 2017, respectively, was considered restricted due to restrictions on the distribution of share capital.

As a result of these PRC laws and regulations, the Company’s PRC subsidiaries, VIEs and VIEs’ subsidiaries are restricted in their ability to transfer a portion of their net assets, including general reserve and registered capital, either in the form of dividends, loans or advances. Such restricted portion amounted to RMB403,397,337 and RMB492,620,271 as of December 31, 2016 and 2017, respectively.

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16. Fair Value Measurement

As of December 31, 2016 and 2017, information about inputs into the fair value measurements of the Company’s financial assets and financial liabilities that are measured at fair value on a recurring basis in periods subsequent to their initial recognition is as follows:

		Fair Value Measurements at Reporting Date Using		
Description	As of December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investment:				
Trading securities investments	—	—	—	—

		Fair Value Measurements at Reporting Date Using		
Description	As of December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)

Short-term investment:				
Trading securities investments	5,210,000	5,210,000	—	—

Trading securities investments consist of an investment in a trust product that could be immediately redeemed. The investment is recorded at fair value on a recurring basis. The fair value is from an unadjusted quoted price in active market and therefore is classified as Level 1 measurement.

The Group believes the fair value of its financial instruments that are not reported at fair value, principally cash and cash equivalents, accounts receivable, other receivables, amount due from related parties, short-term held-to-maturity securities, short-term entrusted investments, and dividend payable approximate their recorded values due to the short-term nature.

The Group's long-term investments consist of investment in long-term fixed income products and other long-term investments recorded at cost method. The fair value of long-term fixed income products was estimated using a discounted cash flow model based on contractual cash flows and a discount rate at the prevailing market yield on the measurement date for similar products, and is classified as a Level 2 fair value measurement.

The Group's investments at cost method include investment in private equity funds and private companies, equity investment in residual tranche of real estate funds, and investment in convertible preferred shares of a private company. For private equity fund, private companies and real estate funds recorded at cost method, it is not practicable to estimate the fair value of the investment. Therefore, the Group did not disclose the fair value of the investment. In addition, no subsequent events for the convertible preferred shares of the private company after the Group's investment and the fair value of the investment approximates to the cost as of December 31, 2017.

There were no assets or liabilities measured at fair value on a non-recurring basis during the years ended December 31, 2015, 2016 and 2017, except that the Group recorded an impairment due to credit loss of RMB 3,200,000 for a held-to-maturity investment in 2015 upon the Group's analysis on the collectability of this investment, and classified as a Level 2 fair value measure.

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17. Segment Information

The Group uses the management approach to determine operating segments. The management approach considers the internal organization and reporting used by the Group's chief operating decision maker ("CODM") for making decisions, allocating resources and assessing performance. The Group's CODM has been identified as the CEO and Chairman of the Board, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group.

The Group believes it operates in a sole segment, which is value-added wealth management and asset management services.

Service Lines

Details of revenue by type of service are as follows:

	Year Ended December 31,			
	2015	2016	2017	2017
	RMB	RMB	RMB	USD
One-time commissions	340,649,991	635,273,151	1,042,685,658	160,257,852
Related party	167,913,206	424,823,991	739,901,443	113,720,770
Third party	172,736,785	210,449,160	302,784,215	46,537,082
Recurring management fee	144,171,383	261,480,460	365,045,532	56,106,471
Related party	144,171,383	261,480,460	365,045,532	56,106,471
Third party	—	—	—	—
Recurring service fees	117,615,074	123,582,471	105,403,427	16,200,210
Related party	24,169,424	12,810,384	10,081,396	1,549,482
Third party	93,445,650	110,772,087	95,322,031	14,650,728
Other service fees	—	111,090,051	199,568,639	30,673,138
Related party	—	17,015,845	117,757,338	18,098,971
Third party	—	94,074,206	81,811,301	12,574,167
Total revenues	602,436,448	1,131,426,133	1,712,703,256	263,237,671

Substantively all of the Group's revenues are derived from China. The Group's long-lived assets are located substantially in the PRC.

18. Related Party Transactions

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 operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The table below sets forth major related parties and their relationships with the Group:

Company Name	Relationship with the Group
Hehui	Affiliate of Juzhou

During the years ended December 31, 2015, 2016 and 2017, significant related party transactions and balances were as follows:

a. Revenue from Related Parties

	Years Ended December 31			
	2015 RMB	2016 RMB	2017 RMB	2017 USD
One-time commissions				
Hehui	—	1,402,126	—	—
Investees of affiliates of Juzhou, a subsidiary of a VIE of the Company	31,086,187	21,957,199	521,687	80,182
Investees of Juzhou, a subsidiary of a VIE of the Company	92,290,744	210,781,198	286,350,742	44,011,303
Investees of Jupeng, a subsidiary of a VIE of the Company	5,403,559	66,642,882	32,939,536	5,062,714
Investees of Mingdu, a subsidiary of a VIE of the Company	348,530	—	—	—
Investees of Yidezeng, a subsidiary of a VIE of the Company	17,412	4,501,647	22,342,579	3,433,992
Investees of Yidezhen, a subsidiary of a VIE of the Company	8,104,024	117,785,843	249,753,201	38,386,364
Investees of Baoyixuan, a subsidiary of the Company	—	—	10,489,031	1,612,135
Investees of Scepter Pacific Limited, a subsidiary of the Company	—	—	23,740	3,649
Investees of Yiju, a subsidiary of a VIE of the Company	30,662,750	—	125,015,362	19,214,509
Investees of Jupai Asset management Inc., a subsidiary of the Company	—	1,153,752	12,036,082	1,849,912
Investees of SINA, shareholder of the Company	—	599,344	429,483	66,010
Total one-time commissions	167,913,206	424,823,991	739,901,443	113,720,770
Recurring management fee				
Investees of Juzhou, a subsidiary of a VIE of the Company	99,398,722	179,564,586	208,123,694	31,988,026
Investees of Jupeng, a subsidiary of a VIE of the Company	325,418	27,343,957	56,398,534	8,668,296
Investees of Mingdu, a subsidiary of a VIE of the Company	321,905	692,726	211,762	32,547
Investees of Yidezhen, a subsidiary of a VIE of the Company	9,303,710	47,243,982	92,030,820	14,144,878
Investees of Yidezeng, a subsidiary of a VIE of the Company	937,652	1,025,427	2,327,413	357,717
Investees of Yidexin, a subsidiary of a VIE of the Company	410,294	1,256,930	2,116,577	325,312
Investees of Yidezhao, a subsidiary of a VIE of the Company	5,200,452	—	—	—
Investees of Scepter Pacific Limited, a subsidiary of the Company	—	—	50,096	7,700
Investees of Jupai Asset management Inc. , a subsidiary of the Company	—	—	2,609,458	401,066
Investees of Yiju, a subsidiary of a VIE of the Company	28,273,230	4,352,852	1,177,178	180,929
Total recurring management fee	144,171,383	261,480,460	365,045,532	56,106,471
Recurring service fee				
Investees of affiliates of Juzhou, a subsidiary of a VIE of the Company	23,723,991	4,563,907	—	—
Investees of affiliates of Yidezeng, a subsidiary of a VIE of the Company	445,433	1,498,763	1,273,160	195,681
Investees of affiliates of Yidezhen, a subsidiary of a VIE of the Company	—	943,396	5,620,782	863,898
Hehui	—	3,172,140	—	—
Investees of Juzhou, a subsidiary of a VIE of the Company	—	—	2,739,038	420,982
Investees of Mingdu, a subsidiary of a VIE of the Company	—	—	124,171	19,085
Investees of Yiju, a subsidiary of a VIE of the Company	—	—	324,245	49,836
Investees of SINA, shareholder of the Company	—	2,632,178	—	—
Total recurring service fee	24,169,424	12,810,384	10,081,396	1,549,482
Other Service Fee				
Investees of Affiliates of Juzhou, a subsidiary of a VIE of the Company	—	12,295,283	—	—
Investees of Juzhou, a subsidiary of a VIE of the Company	—	—	50,795,471	7,807,121
Investees of Jupeng, a subsidiary of a VIE of the Company	—	4,720,562	9,616,091	1,477,966
Investees of Affiliates of Yidezhen, a subsidiary of a VIE of the Company	—	—	16,335,558	2,510,729
Investees of Affiliates of Yidexin, a subsidiary of a VIE of the Company	—	—	21,111,193	3,244,731
Investees of Yiju, a subsidiary of a VIE of the Company	—	—	19,899,025	3,058,424
Total other service fee	—	17,015,845	117,757,338	18,098,971
Total	336,254,013	716,130,680	1,232,785,709	189,475,694

b. Amounts due from Related Parties

As of December 31, 2016 and 2017, amounts due from related parties were comprised of the following:

	As of December 31,		
	2016 RMB	2017 RMB	2017 USD
Investees of Juzhou, a subsidiary of a VIE of the Company	71,175,380	36,564,195	5,619,813
Investees of Affiliates of Juzhou, a subsidiary of a VIE of the Company	27,218,833	—	—
Investees of Jupeng, a subsidiary of a VIE of the Company	17,963,726	34,507	5,304
Investees of Yidexin, a subsidiary of a VIE of the Company	—	1,535,000	235,925
Investees of Yidezhen, a subsidiary of a VIE of the Company	6,916,677	119,142,316	18,311,839
Investees of Yidezeng, a subsidiary of a VIE of the Company	391,028	580,000	89,144
Investees of Baoyixuan, a subsidiary of the Company	—	2,494,149	383,344
Investees of Yubo, a subsidiary of a VIE of the Company	1,194,149	—	—
Investees of Yiju, a subsidiary of a VIE of the Company	3,000,000	106,495,150	16,368,005
Investee of Juhui Financial Security Limited, a subsidiary of the Company	—	592,254	91,028
Investees of Jupai Asset management Inc., a subsidiary of the Company	2,158,430	1,322,488	203,263

Loan to non-controlling interests shareholder	3,542,260	—	—
Total amounts due from related parties	133,560,483	268,760,059	41,307,665

Other than the loan to non-controlling interests shareholder, the remaining amounts represent the service fee receivable as of December 31, 2016 and 2017.

c. Deferred Revenue from Related Parties

As of December 31, 2017, deferred revenue from related parties was comprised of the following:

	As of December 31,		
	2016	2017	2017
	RMB	RMB	USD
Investee of Affiliates of Juzhou, a subsidiary of a VIE of the Company	8,868,968	615,467	94,596
Investees of Juzhou, a subsidiary of a VIE of the Company	91,461,706	113,129,754	17,387,724
Investees of Jupeng, a subsidiary of a VIE of the Company	82,377,760	62,360,537	9,584,639
Investees of Yidexin, a subsidiary of a VIE of the Company	—	6,037,655	927,971
Investees of Yidezhen, a subsidiary of a VIE of the Company	12,576,042	31,170,082	4,790,754
Investees of Yidezeng, a subsidiary of a VIE of the Company	1,273,008	1,318,623	202,669
Investees of Yiju, a subsidiary of a VIE of the Company	—	16,432,605	2,525,645
Investees of Jupai Asset management Inc., a subsidiary of the Company	—	3,399,382	522,475
Hehui	500,383	—	—
Total amounts due from related parties	197,057,867	234,464,105	36,036,473

The amounts represent recurring management fees and recurring service fees received from the investment funds managed or served by the Group in advance.

d. Amounts due to Related Parties

As of December 31, 2016 and 2017, amounts due to related party was as following:

	As of December 31,		
	2016	2017	2017
	RMB	RMB	USD
Shanghai Kushuo Information Technology Co., Ltd	—	2,000,000	307,394
Investees of Yidezhen, a subsidiary of a VIE of the Company	606,900	—	—
Investees of E-capital, a subsidiary of the Company	—	25,142,250	3,864,293
Non-controlling interests shareholder	5,511,778	152,563	23,449
	6,118,678	27,294,813	4,195,136

The amounts as of December 31, 2016 mainly represent the operating expense paid by the non-controlling interest shareholder on behalf of the subsidiary, which was subsequently settled in 2017. The amounts as of December 31, 2017 mainly represent capital investments collected on behalf of an investee of E-capital.

e. Internal Used Software

The Group hired Shanghai CRIC, a wholly owned subsidiary of E-house, to develop IT system, which was in use in December 2016. The total service consideration of RMB16,698,113 was capitalized into intangible assets. Management estimate the useful life of the IT system to be 10 years.

In addition, the Company hired Shanghai Yunchuang, the successor of Shanghai CRIC, to upgrade Jupai Online Finance Platform. Up to December 31, 2017, Shanghai Yunchuang has completed 100% of the project and the Company recognized the total service consideration of RMB14,150,943 into intangible assets.

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19. Commitments and Contingencies

Operating Leases

The Group leases its facilities under non-cancelable operating leases expiring at various dates.

Future minimum lease payments under non-cancelable operating lease agreements as of December 31, 2017 were as follows:

Year Ended December 31	RMB
2018	76,189,668
2019	51,708,277
2020	33,904,664
2021	23,449,434
2022 and after	8,007,934
Total	193,259,977

Rental expenses were RMB31,927,239, RMB65,303,048 and RMB83,147,890 during the years ended December 31, 2015, 2016 and 2017, respectively.

Contingencies

As of December 31, 2016 and 2017, there were no material contingencies, significant provisions of long-term obligations of the Company. The Group does not believe that any of these matters will have a material effect on its business, assets or operations.

Investment commitments

The Group was obligated to provide capital injection up to RMB87,175,000 as of December 31, 2017.

20. Subsequent Events

In March 2018, Jupai Holdings announced that its board of directors has approved and declared a cash dividend of US$0.1 per ordinary share. The cash dividend will be paid on or about May 31, 2018 to shareholders of record as of the close of business on April 30, 2018 (the "Record Date"). Holders of Jupai's ADSs, each representing six ordinary shares of Jupai, on the Record Date are accordingly entitled to the cash dividend of US$0.6 per ADS.

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Additional Financial Information of Parent Company — Financial Statements Schedule I
Jupai Holdings Limited
Financial Information of Parent Company
Condensed Balance Sheets
(In RMB)

	As of December 31,		
	2016 RMB	2017 RMB	2017 USD
ASSETS			
Cash and cash equivalents	262,609,642	147,457,957	22,663,873
Other receivables	20,811,000	—	—
Other current assets	1,196,633	669,152	102,847
Total current assets	284,617,275	148,127,109	22,766,720
Investment in subsidiaries and VIE	1,021,842,196	1,491,249,244	229,200,812
Property, plant and equipment	—	52,637	8,090
Other non-current assets	—	333,357	51,236
Loan to subsidiaries	207,773,729	193,812,365	29,788,415
Total Assets	**1,514,233,200**	**1,833,574,712**	**281,815,273**
LIABILITIES			
Other current liabilities	643,291	1,992,842	306,294
Amount due to related parties-non current	12,984,036	12,230,114	1,879,734
Total Liabilities	**13,627,327**	**14,222,956**	**2,186,028**
Ordinary Shares ($0.0005 par value; 1,000,000,000 and 1,000,000,000 shares authorized, 193,720,706 and 198,143,739 shares issued and outstanding, as of December 31, 2016 and 2017, respectively)	606,170	620,953	95,439
Additional paid-in capital	1,059,906,023	1,116,742,286	171,640,147
Retained earnings	362,922,123	661,218,074	101,627,357
Accumulated other comprehensive income	77,171,557	40,770,443	6,266,302
Total shareholders' equity	1,500,605,873	1,819,351,756	279,629,245
TOTAL LIABILITIES AND SHAREHOLERS' EQUITY	**1,514,233,200**	**1,833,574,712**	**281,815,273**

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Additional Information —Financial Statement Schedule I
Jupai Holdings Limited
Financial Information of Parent Company
Condensed Statements of Operations and Comprehensive Income
(In RMB)

	Years ended December 31,			
	2015 RMB	2016 RMB	2017 RMB	2017 USD
Cost of revenues	(3,477,672)	(4,246,514)	(2,433,718)	(374,056)
Selling expenses	(12,808)	(129,584)	(1,574,380)	(241,978)
General and administrative expenses	(15,027,623)	(24,160,949)	(35,254,910)	(5,418,580)
Other income	—	561,503	290,197	44,602
Interest income	—	6,465	4,862	747
Income before taxes and equity in affiliates	(18,518,103)	(27,969,079)	(38,967,949)	(5,989,265)
Income from equity in subsidiaries and VIEs	171,994,609	235,552,947	448,460,128	68,927,060
Net income	153,476,506	207,583,868	409,492,179	62,937,795
Other comprehensive income (loss)	34,273,935	42,817,494	(36,401,114)	(5,594,749)
Comprehensive income attributable to Jupai shareholders	187,750,441	250,401,362	373,091,065	57,343,046

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Additional Information —Financial Statement Schedule I
Jupai Holdings Limited
Financial Information of Parent Company
Condensed Statements of Cash Flows
(In RMB)

	Years ended December 31,			
	2015 RMB	2016 RMB	2017 RMB	2017 USD
Cash flows from operating activities:				
Net income	153,476,506	207,583,868	409,492,179	62,937,795
Adjustment to reconcile net income to net cash provided by operating activities:				
Share based compensation	15,895,439	21,423,694	30,455,939	4,680,992
Depreciation	—	—	10,890	1,674
Income from equity in subsidiaries and VIEs	(171,994,609)	(235,552,947)	(448,460,128)	(68,927,060)
Changes in operating assets and liabilities:				
Other receivables	—	(20,811,000)	20,811,000	3,198,592
Other current assets	(781,124)	115,726	527,481	81,072
Other non-current assets	—	—	(333,357)	(51,236)
Other current liabilities	(3,922,057)	41,108	1,349,551	207,422
Net cash used in operating activities	(7,325,845)	(27,199,551)	13,853,555	2,129,251
Cash flows from investing activities:				
(Payment) Collection of loan to subsidiaries	(143,145,444)	—	1,896,887	291,546
Purchases of property, plant and equipment, IA	—	—	(63,527)	(9,764)
Investment in Up Capital	—	(11,693,178)	(17,172,335)	(2,639,340)
Investment in Non-linear	—	(4,168,461)	(4,108,940)	(631,533)
Net cash used in investing activities	(143,145,444)	(15,861,639)	(19,447,915)	(2,989,091)
Cash flows from financing activities:				
Proceeds from private placement	34,286,208	114,399,705	—	—
Exercise of options	—	3,105,533	11,678,547	1,794,960
Dividend paid by Jupai Holdings	—	—	(111,196,228)	(17,090,547)
Proceeds from IPO	305,559,135	—	—	—
Payment of IPO cost	(35,370,666)	—	—	—
Payment of private placement cost	—	(10,078,713)	—	—
Net cash provided by financing activities	304,474,677	107,426,525	(99,517,681)	(15,295,587)
Effect of exchange rate changes	9,002,374	18,695,204	(10,039,644)	(1,543,063)
Net increase in cash and cash equivalents	163,005,762	83,060,539	(115,151,685)	(17,698,490)
Cash and cash equivalents—beginning of year	16,543,341	179,549,103	262,609,642	40,362,363
Cash and cash equivalents—end of year	179,549,103	262,609,642	147,457,957	22,663,873
Non-cash investing and financing activities:				
Acquisition of Scepter through share settlement	(344,867,857)	—	—	—
Conversion of Series A and B convertible redeemable preferred shares to ordinary shares	234,259,758	—	—	—

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Additional Information —Financial Statement Schedule I
Jupai Holdings Limited
Notes to Schedule I

1. Schedule I has been provided pursuant to the requirements of Rule 12-04(a) and 5-04(c) of Regulation S-X, which require condensed financial information as to the financial position, cash flows and results of operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. The condensed financial information has been prepared using the same accounting policies as set out in the consolidated financial statements except that the equity method has been used to account for investments in its subsidiaries, VIEs and VIEs' subsidiaries. For the parent company, the Company records its investments in subsidiaries, VIEs and VIEs' subsidiaries under the equity method of accounting as prescribed in ASC 323, Investments-Equity Method and Joint Ventures. Such investments are presented on the Condensed Balance Sheets as "Investment in subsidiaries and VIEs" and the subsidiaries and VIEs' profit as "Income from equity in subsidiaries and VIEs" on the Condensed Statements of Operations and Comprehensive Income.

2. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The footnote disclosure certain supplemental information relating to the operations of the Company and, as such, these statements should be read in conjunction with the notes to the accompanying Consolidated Financial Statements.

3. As of December 31, 2017, there were no material contingencies, significant provisions of long-term obligations, mandatory dividend or redemption requirements of redeemable stocks or guarantees of the Company.

Exhibit 4.18

English Translation

Termination Agreement

This Termination Agreement (hereinafter referred to as "**this Agreement**") is made on March 13, 2017 by and among the following Parties:

1. **Weijie MA**
ID Card No.: ***

2. **Zuyu DING**
ID card No.: ***

(Weijie MA and Zuyu DING are collectively referred to as the "**Existing Shareholders**")

3. **Baoyi Investment Consulting (Shanghai) Co., Ltd.** (hereinafter referred to as the "**WFOE**")

Registered Address: Room 104, Block 94, 149 Yan Chang Road, Shanghai.

4. **Shanghai E-Cheng Asset Management Co., Ltd.** (the "**Company**")
Registered address: Room 221 Block 1, 195 Yong He Zhi Road, Zhabei district, Shanghai

(In this Agreement, the above parties are referred to individually as a "**Party**" and collectively the "**Parties**".)

WHEREAS

1. The Parties to this Agreement have entered into the following agreements (collectively referred to as "**Transaction Documents**"):

(1) On April 28, 2014, Existing Shareholders and WFOE entered into a "Loan Agreement" ("Existing Loan Agreement"), under which WFOE provided a loan to each of Weijie MA and Zuyu DING with a principal amount of RMB500,000;

(2) On May 14, 2014, Existing Shareholders and WFOE entered into a "Shareholders' Voting Rights Proxy Agreement";

(3) On May 14, 2014, Existing Shareholders and WFOE entered into an "Equity Pledge Agreement";

(4) On May 14, 2014, Existing Shareholders and WFOE entered into an Exclusive Call Option Agreement.

2. The Existing Shareholders entered into an Equity Transfer Agreement ("**Equity Transfer Agreement**") with Tianxiang HU and Qimin WU ("**New Shareholders**") on March 13, 2017, under which Zuyu DING agreed to transfer 50% shares held in the company to Qimin WU, and Weijie MA agreed to transfer 20% shares held in the company to Qimin WU, and 30% shares held in the company to Tianxiang HU ("Equity Transfer"). Such Equity Transfer shall become effective upon the closing of the share purchase under the Share Purchase Agreement; the Parties have reviewed the text of the Equity Transfer Agreement.

3. The New Shareholders entered into a "Loan Agreement" (the "**New Loan Agreement**") with the WFOE on March 13, 2017, under which the WFOE has provided a loan to Tianxiang HU with a principal amount of RMB300,000, and a loan to Qimin WU with a principal amount of RMB700,000;

4. In consideration of the Equity Transfer transaction, the Parties intend to terminate the Transaction Documents.

NOW THEREFORE, after friendly consultations, the Parties hereby agree as follows:

ARTICLE I

Consent to Equity Transfer

1.1 The Parties hereby acknowledge and agree

(1) Zuyu DING to transfer 50% of the shares held in the Company to Qimin WU;

(2) Weijie MA to transfer 20% of the shares held in the Company to Qimin WU;

(3) Weijie MA to transfer 30% of the shares held in the Company to Tianxiang HU,

in each case pursuant to the Equity Transfer Agreement.

ARTICLE II

Termination of Trading Documents

2.1 The Parties hereby acknowledge and agree to terminate each of the Transaction Documents contemporaneously with the satisfaction of the conditions set out in Article 3 of this Agreement. Upon the termination of each of the Transaction Documents pursuant to the terms hereof, all the

Parties will no longer be entitled to any rights thereunder, nor will they assume any obligations (whether existing or likely to occur), and

2.2 Within 15 days as from the receipt of the transfer price paid by Qimin WU and Tianxiang HU under the Equity Transfer Agreement, Zuyu DING and Weijie MA shall repay all the loans as made by the WFOE under the Existing Loan Agreement or, to the extent permitted by PRC Law, repay such loans to the WFOE in accordance with the agreement or in other methods as agreed by the WFOE and the Existing Shareholders.

ARTICLE III

Condition Precedent to Terminating the Transaction Documents

3.1 Termination of the Transaction Documents is subject to the satisfaction of the following conditions:

(1) This Agreement is properly executed by all the Parties; and

(2) The Equity Transfer has been completed and become effective.

ARTICLE IV

Further Assurance and Warranties

4.1 The Parties agree and undertake to take all the actions necessary to validate the termination of the Transaction Documents in accordance with this Agreement.

ARTICLE V

Miscellaneous

5.1 This Termination Agreement is governed by PRC Law. Any dispute arising out of and in connection with this Agreement shall be resolved through consultations among the Parties. In case the Parties fail to reach agreement within thirty (30) days after the dispute arises, such dispute shall be submitted to China International Economic and Trade Arbitration Commission Shanghai Commission for arbitration in Shanghai in accordance with such Commission's arbitration rules in effect at the time of applying for arbitration, and the arbitration award shall be final and binding on the Parties.

5.2 This Termination Agreement shall take effect as from the date when it is duly executed by the Parties.

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[SIGNATURE PAGE]

IN WITNESS WHEREOF, this TERMINATION AGREEMENT is executed by the following Parties on the date first written above.

Weijie MA

Signature: /s/ Weijie MA

Zuyu DING

Signature: /s/ Zuyu DING

Baoyi Investment Consulting (Shanghai) Co., Ltd.

(Seal) /seal/ Baoyi Investment Consulting (Shanghai) Co., Ltd.

Signature: _____

Name:

Title:

Shanghai E-Cheng Asset Management Co., Ltd.

(Seal) /seal/ Shanghai E-Cheng Asset Management Co., Ltd.

Signature:

Name:

Title:

Exhibit 4.19

English Translation

Qimin WU

Tianxiang HU

AND

Baoyi Investment Consulting (Shanghai) Co., Ltd.

Loan Agreement

Dated: March 13, 2017

Loan Agreement

This Loan Agreement (hereinafter referred to as "**this Agreement**") is made on March 13, 2017 by and among the following Parties:

1. **Qimin WU**
ID Card No.: ***

2. **Tianxiang HU**
ID card No.: ***

(Qimin WU and Tianxiang HU are collectively referred to as the "**Borrowers**")

3. **Baoyi Investment Consulting (Shanghai) Co., Ltd.** (hereinafter referred to as the "**Lender**")

Registered Address: Room 104, Block 94, 149 Yan Chang Road, Shanghai.

(In this Agreement, the above parties are referred to individually as a "**Party**" and collectively the "**Parties**".)

WHEREAS

(1) **Shanghai E-Cheng Asset Management Co., Ltd.** (hereinafter referred to as the "**Domestic Company**") is a limited liability company incorporated and validly existing in Shanghai, China under the laws of the PRC, of which the registered capital being RMB 1,000,000 (in words: one million Yuan);

(2) The Lender has provided a loan to Qimin WU and Tianxiang HU respectively to facilitate the investment of the Borrowers in the Domestic Company, which allows the Borrowers to hold 100% equity interest.

In order to clarify the rights and obligations of the Lender and the Borrowers under the above loan arrangement, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Unless otherwise specified in this Agreement, the following terms used in this Agreement shall have the meanings prescribed thereto below.

"**Loan**" means the loan provided by the Lender to the Borrowers in the amount of RMB1,000,000 (in words: one million Yuan) pursuant to Article 2.1, among which a loan in the amount of RMB700,000 (in words: five hundred thousand Yuan) is provided to Qimin WU, and a loan in the amount of RMB300,000 (in words: five hundred thousand Yuan) is provided to Tianxiang HU.

"**Outstanding Amount**" means the respective unpaid amount payable by the Borrowers under the Loan.

"**PRC**" means the People's Republic of China, for the purpose of this Agreement, excluding Hong Kong, Macao, and Taiwan.

"**Term**" has the meaning prescribed in Article 4.1 hereof.

"**Repayment Notice**" has the meaning prescribed in Article 5.2 hereof.

"**Repayment Request**" has the meaning prescribed in Article 5.3 hereof.

"**Confidential Information**" has the meaning prescribed in Article 7.1 hereof.

"**Available Rights**" has the meaning prescribed in Article 10.5 hereof.

1.2 Any reference in this Agreement to the following terms shall be interpreted as the following meanings.

"**Article**" shall be interpreted as an article in this Agreement, unless otherwise specified in the context of this Agreement.

"**Taxes**" shall be interpreted to include any taxes, fees, duties, or other charges of the same nature (including but not limited to any penalties or interests related to any unpaid or overdue amount of such Taxes).

"**Borrowers**" or "**Lender**" shall be interpreted to include the successors and assignees of such Party.

1.3 Unless otherwise specified, any reference to this Agreement or any other agreement or document shall, as the case may be, be interpreted as the reference to the amendments, modifications, replacements or supplements to this Agreement or such other agreement or document that are already made or may be made in the future from time to time.

ARTICLE II

LOAN

2.1 Pursuant to the terms and conditions of this Agreement, the Lender agrees to provide the Loan to the Borrowers. The Parties confirm that as of the signing date of this agreement, the Lender shall provide the Loan in the amount of RMB1,000,000 (in words: one million Yuan), among which,

the Lender has provided a loan in the amount of RMB700,000 (in words: five hundred thousand Yuan) to Qimin WU and a loan in the amount of RMB300,000 (in words: five hundred thousand Yuan) to Tianxiang HU; and

the Borrowers cannot use the Loan under this Agreement unless for the purpose of investing in the Domestic Company. Without the prior written consent of the Lender, the Borrowers cannot use any part of the Loan for any other purpose.

2.2 The Parties confirm that the Borrowers shall repay the Loan to the Lender in accordance with, and perform all of its other obligations under, this Agreement.

2.3 The Borrowers shall enter into an equity interest pledge agreement with the Lender in accordance with the requirements of the Lender, to pledge, in favor of the Lender, all of its equity interest in the Domestic Company, to secure the Borrowers' performance of all of their obligations under this Agreement. The Borrowers shall also cooperate with the Lender to register the equity interest pledge agreement with the competent administration for industry and commerce.

ARTICLE III

INTEREST

The Lender confirms that there shall be no interest accruing on the Loan.

ARTICLE IV

TERM

4.1 The term of any part of the Loan under this Agreement shall commence on the date on which the Lender provides the Loan to the Borrowers and end on the earliest of (1) the twentieth (20th) anniversary of the execution date of this Agreement, (2) the expiration date of the business term of the Lender (including its business term as extended from time to time), and (3) the expiration date of the business term of the Domestic Company (including its business term as extended from time to time) (the "**Term**").

ARTICLE V

REPAYMENT

5.1 Upon the expiration of the Term, unless the Parties unanimously agree to extend the Term and such extension is permitted by the applicable laws and regulations, the Borrowers shall fully repay the Outstanding Amount on a one-off basis. Under such circumstance, to the extent not in violation of applicable laws and regulations, the Lender has the right to purchase or designate any third party to purchase, all of the equity interest in the Domestic Company held by the Borrowers at that time, the purchase price for which shall be equal to the Outstanding Amount.

5.2 During the Term, the Lender may, at any time, determine at its sole discretion to accelerate the repayment of the Loan and require any or both of the Borrowers to repay all or any part of the Outstanding Amount by a written notice to any of the Borrowers thirty (30) days in advance (the "**Repayment Notice**").

If the Lender requires any of the Borrowers to repay any amount pursuant to the previous paragraph, to the extent not in violation of the applicable laws and regulations, the Lender has the right to purchase or designate any third party to purchase certain portion of the equity interest in the Domestic Company held by such Borrower, the purchase price for which shall be equivalent to such portion of the Outstanding Amount required to be repaid, and the percentage of the equity interest required to be sold against the equity interest in the Domestic Company held by such Borrower on the execution date of this Agreement shall be equivalent to the percentage of the Outstanding Amount required to be repaid against the total amount of the Loan borrowed by such Borrower under this Agreement.

5.3 To the extent the applicable laws and regulations allow the Lender to hold the equity interest in the Domestic Company, any of the Borrowers may, at any time, give a repayment request to the Lender thirty (30) days in advance to request to prepay all or any part of the Outstanding Amount (the "**Repayment Request**").

Under such circumstance, to the extent not in violation of the applicable laws and regulations, the Lender has the right to purchase or designate any third party to purchase certain portion of the equity interest in the Domestic Company held by the Borrower proposing the repayment, the purchase price for which shall be equivalent to such portion of the Outstanding Amount proposed to be repaid, provided that the percentage of the equity interest required to be sold against the equity interest in the Domestic Company held by such Borrower on the execution date of this Agreement shall be equivalent to the percentage of the Outstanding Amount proposed to be repaid against the total amount of the Loan borrowed by such Borrower under this Agreement.

5.4 The Borrower required or proposing to repay any amount shall repay the relevant Outstanding Amount in cash or in such other manner as approved by the Lender in writing in advance and permitted by the applicable laws and regulations.

5.5 When the Borrowers repay the Outstanding Amount pursuant to the above provisions of this Article 5, the Parties shall complete the equity interest transfer provided in this Article 5 at the same time to ensure that, at the same time when the Outstanding Amount is repaid, the Lender or any third party designated by the Lender has lawfully and fully accepted the relevant equity interest in the Domestic Company pursuant to the above provisions, and such equity interest is free and clear of any pledge or any other form of encumbrance. When the equity interest in the Domestic Company is to be transferred pursuant to the above provisions, the Borrowers shall provide all reasonable assistance and shall waive all of their rights of first refusal to purchase such equity interest.

5.6 After the Borrowers transfer all of their equity interest in the Domestic Company to the Lender or any third party designated by the Lender and repay all of the Outstanding Amount pursuant to the above provisions of this Article 5, the Borrowers have no obligations of repayment under this Agreement.

ARTICLE VI

TAXES

The Lender shall assume all of the Taxes related to the Loan.

ARTICLE VII

CONFIDENTIALITY

7.1 Irrespective of the termination of this Agreement, the Borrowers are obligated to keep confidential the trade secrets, proprietary information, clients' information and all other information of confidential nature related to the Lender that are known to or received by the Borrowers as a result of the execution or performance of this Agreement (collectively the "**Confidential Information**"). The Borrowers shall not use such Confidential Information for any purpose other than for the performance of its obligations under this Agreement. Unless otherwise approved by the Lender in writing in advance or required by the relevant laws or regulations, the Borrowers shall not disclose any of the Confidential Information to any third party.

7.2 The Confidential Information does not include:

(a) the information that has been lawfully acquired by the Party receiving the information before as evidenced by certain written evidence;

(b) the information entering the public domain without attribution to any fault of the Party receiving the information; and

(c) the information lawfully acquired by the Party receiving the information from other sources after being received by the Party.

7.3 After the termination of this Agreement, the Borrowers shall, as requested by the Lender, return, destroy, or otherwise dispose of all of the documents, datum, or software provided by the Lender that contain any Confidential Information, and stop using the Confidential Information.

7.4 Notwithstanding any other provision of this Agreement, the effect of this Article 7 shall not be affected by the suspension or termination of this Agreement.

ARTICLE VIII

NOTICES

8.1 Any notice, request, demand or other correspondence required under or in accordance with this Agreement shall be delivered to the related Party in writing.

8.2 The above notice or other correspondence, shall be deemed to be delivered (i) upon being sent out if by facsimile or electric transmission, or (ii) upon handover in person if by hand delivery; or (iii) upon the fifth (5th) day of being posted if by mail.

ARTICLE IX

DEFAULT LIABILITIES

9.1 The Borrowers undertake to indemnify the Lender against any actions, charges, claims, costs, damage, demands, expenses, liabilities, losses or procedures suffered or incurred by the Lender due to any breach by the Borrowers of any of their obligations under this Agreement.

9.2 Notwithstanding any other provision of this Agreement, the effect of this Article shall not be affected by the suspension or termination of this Agreement.

ARTICLE X

MISCELLANEOUS

10.1 This Agreement is written in Chinese in three (3) originals. Each of the Parties to this Agreement shall hold one (1) original.

10.2 The execution, effectiveness, performance, modification, interpretation and termination of this Agreement shall be governed by the laws of the PRC.

10.3 Any dispute arising out of or in connection with this Agreement shall be resolved by the Parties through consultation. In the event the Parties fail to agree with each other within thirty (30) days after the dispute arises, the dispute shall be submitted to China International Economic and Trade Arbitration Commission Shanghai Commission for arbitration in Shanghai in accordance with the arbitration rules thereof effective at the submission of the application for arbitration. The arbitration award shall be final and binding upon the Parties.

10.4 Any right, power or remedy granted to each of the Parties by any provision of this Agreement shall not preclude any other rights, powers or remedies that such Party is entitled to under the laws and under any other provisions of this Agreement, and any Party's exercise of any of its rights, powers or remedies shall not preclude its exercise of any other rights, powers or remedies that it is entitled to.

10.5 A Party's failure or delay in exercising any of its rights, powers or remedies that it is entitled to under this Agreement or under the laws (the "**Available Rights**") shall not constitute its waiver of such rights, nor shall any single or partial waiver of any Available Rights by a Party preclude its exercise of those rights in another manner or its exercise of any other Available Rights.

10.6 The headings in this Agreement are written for the ease of reference only, and shall in no event be used for, or affect, the interpretation to this Agreement.

10.7 Each provision of this Agreement is severable and independent from any of the other provisions. If at any time any one or more provisions of this Agreement become invalid, illegal or unenforceable, the validity, legality and enforceability of the other provisions of this Agreement shall not be affected thereby.

10.8 This Agreement, upon signing, shall supersede any other legal documents executed by the Parties in respect of the subject of this Agreement. Any amendment or supplement to this Agreement shall not come into effect unless made in writing and duly executed by the Parties.

10.9 Without the prior written consent of the Lender, the Borrowers shall not transfer any of their rights and/or obligations under this Agreement to any third party. The Lender has the right to transfer any of its rights under this Agreement to any third party upon the prior written notice to the other Parties.

[SIGNATURE PAGE]

IN WITNESS WHEREOF, this LOAN AGREEMENT is executed by the following Parties on the date first written above.

Qimin WU

Signature: /s/ Qimin WU

Tianxiang HU

Signature: /s/ Tianxiang HU

Baoyi Investment Consulting (Shanghai) Co., Ltd. (Seal)

/seal/ Baoyi Investment Consulting (Shanghai) Co., Ltd.

Signature:

Name:

Title:

Exhibit 4.20

English Translation

Exclusive Call Option Agreement

Regarding Shanghai E-Cheng Asset Management Co., Ltd.

By and among

Qimin WU

Tianxiang HU

Baoyi Investment Consulting (Shanghai) Co., Ltd.

And

Shanghai E-Cheng Asset Management Co., Ltd.

March 13, 2017

Exclusive Call Option Agreement

This Exclusive Call Option Agreement (this "**Agreement**") is entered into as of March 13, 2017 by and among:

1. **Qimin WU**
   Identity Card No.: ***

2. **Tianxiang HU**
   Identity Card No.: ***

   (Qimin WU and Tianxiang HU are hereinafter referred to individually as an "**Existing Shareholder**" and collectively as the "**Existing Shareholders**".)

3. **Baoyi Investment Consulting (Shanghai) Co., Ltd.** (the "**WFOE**")
   Registered address: Room 104, Block 94, 149 Yan Chang Road, Shanghai

4. **Shanghai E-Cheng Asset Management Co., Ltd.** (the "**Company**")
   Registered address: Room 221 Block 1, 195 Yong He Zhi Road, Zhabei district, Shanghai

   (In this Agreement, all the above parties are hereafter referred to individually as a "**Party**" and collectively as the "**Parties**".)

WHEREAS

1. The Existing Shareholders are the registered shareholders of the Company, legally holding all the equity interest in the Company. Appendix 1 sets forth the capital contribution amount and the shareholding percentage of each Existing Shareholder in the registered capital of the Company as of the date when this Agreement is signed.

2. To the extent not in violation of the PRC Law, the Existing Shareholders intend to transfer all their respective equity interest in the Company to the WFOE and/or any other entity or individual designated by the WFOE, and the WFOE intends to accept such transfer.

3. To the extent not in violation of the PRC Law, the Company intends to transfer its assets to the WFOE and/or any other entity or individual designated by the WFOE, and the WFOE intends to accept such transfer.

4. For the purpose of the foregoing equity interest and asset transfer, the Existing Shareholders and the Company agree to grant to the WFOE the exclusive and irrevocable Equity Transfer Option (as defined below) and Asset Purchase Option (as defined below) respectively. Pursuant to such Equity Transfer Option and Asset Purchase Option, at the WFOE's request, the Existing Shareholders or the Company shall, to the extent permitted by the PRC Law, transfer the Option Equity (as defined below) or the Company Assets (as defined below) to the WFOE and/or any other entity or individual designated by the WFOE pursuant to the provisions of this Agreement.

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5. The Company agrees that the Existing Shareholders grant the Equity Transfer Option to the WFOE pursuant to the provisions of this Agreement.

6. The Existing Shareholders agree that the Company grants the Asset Purchase Option to the WFOE pursuant to the provisions of this Agreement.

NOW, THEREFORE, the Parties, after consultations, hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 As used in this Agreement, the following terms shall be interpreted to have the following meanings, unless otherwise interpreted pursuant to the context:

"**Equity Transfer Option**" shall mean the option to purchase the equity interest in the Company as granted to the WFOE by the Existing Shareholders pursuant to the terms and conditions of this Agreement.

"**Asset Purchase Option**" shall mean the option to purchase any Company Assets as granted to the WFOE by the Company pursuant to the terms and conditions of this Agreement.

"Option Equity" shall mean, in respect of each of the Existing Shareholders, all the equity interest held by him in the Company Registered Capital respectively; in respect of both Existing Shareholders, the equity interest covering 100% of the Company Registered Capital.

"Company Registered Capital" shall mean the registered capital of the Company as of the signing date of this Agreement, i.e. RMB1,000,000, which shall include any expanded registered capital as a result of any capital increase in any form within the term of this Agreement.

"Transferred Equity" shall mean the equity interest in the Company which the WFOE has the right to request either of the Existing Shareholders to transfer to it or its designated entity or individual in accordance with Article 3 hereof when the WFOE exercises its Equity Transfer Option, the quantity of which may be all or part of the Option Equity and the specific amount of which shall be determined by the WFOE at its sole discretion in accordance with the then-effective PRC Law and based on its own commercial consideration.

"Transferred Assets" shall mean the Company Assets which the WFOE has the right to require the Company to transfer to it or its designated entity or individual in accordance with Article 3 hereof when the WFOE exercises its Asset Purchase Option, the quantity of which may be all or part of the Company Assets and the details of which shall be determined by the WFOE at its sole discretion in accordance with the then-effective PRC Law and based on its commercial consideration.

"Exercise of Option" shall mean the exercising of the Equity Transfer Option or the Asset Purchase Option by the WFOE.

"Transfer Price" shall mean all the consideration that the WFOE or its designated entity or individual is required to pay to the Existing Shareholders or the Company in order to obtain the Transferred Equity or the Transferred Assets upon each Exercise of Option.

"**Business Permits**" shall mean any approvals, permits, filings, registrations, etc. which the Company is required to have for legally and validly operating all its businesses, including without limitation, Business License of Corporate Legal Person, Operation Permit of Value-added Telecommunication Service and such other relevant permits and licenses as required by the then-effective PRC Law.

"Company Assets" shall mean all the tangible and intangible assets which the Company owns or has the right to dispose of during the valid term of this Agreement, including without limitation, any immoveable and moveable assets, intellectual property rights such as trademarks, copyrights, patents, know-how, domain names and software use rights, and any investment interest.

"Material Asset" shall mean any asset which has a book value of RMB100,000 or more or has a material effect on the business operations of any Party.

"Material Agreement" shall mean, in respect of the Company, any agreement to which the Company is a party and which has a material effect on the business or assets of the Company; in respect of a Subsidiary, any agreement to which such Subsidiary is a party and which has a material effect on the business or assets of such Subsidiary.

"**PRC**" shall mean the People's Republic of China, which, for purpose of this Agreement only, excludes Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan.

"**PRC Law**" shall mean the then-effective laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding regulatory documents of the PRC.

"Exercise Notice" shall have the meaning prescribed to such term in Article 3.7 hereof.

"Subsidiary" shall have the meaning prescribed to such term in Article 6.1.10 hereof.

"Confidential Information" shall have the meaning prescribed to such term in Article 8.1 hereof.

"Disclosing Party" shall have the meaning prescribed to such term in Article 8.1 hereof.

"Receiving Party" shall have the meaning prescribed to such term in Article 8.1 hereof.

"Defaulting Party" shall have the meaning prescribed to such term in Article 11.1 hereof.

"Default" shall have the meaning prescribed to such term in Article 11.1 hereof.

"Available Rights" shall have the meaning prescribed to such term in Article 12.5 hereof.

1.2 The references to any PRC Law herein shall be deemed:

(1) to simultaneously include the references to the amendments, changes, supplements and restatement of such PRC Law, irrespective of whether they take effect before or after the execution of this Agreement; and

(2) to simultaneously include the references to other decisions, notices and regulations enacted in accordance therewith or effective as a result thereof.

1.3 Except as otherwise stated in the context herein, all references to an Article, clause, item or paragraph shall refer to the corresponding part of this Agreement.

ARTICLE II

GRANT OF EQUITY TRANSFER OPTION AND ASSET PURCHASE OPTION

2.1 The Existing Shareholders hereby severally and jointly agree to grant the WFOE an irrevocable, unconditional and exclusive Equity Transfer Option. Pursuant to such Equity Transfer Option, the WFOE is entitled to, to the extent permitted by the PRC Law, request the Existing Shareholders to transfer the Option Equity to the WFOE or its designated entity or individual according to the terms and conditions hereunder. The WFOE also agrees to accept such Equity Transfer Option.

2.2 The Company hereby agrees that the Existing Shareholders grant such Equity Transfer Option to the WFOE according to Article 2.1 above and other provisions of this Agreement.

2.3 The Company hereby agrees to grant the WFOE an irrevocable, unconditional and exclusive Asset Purchase Option. Pursuant to such Asset Purchase Option, the WFOE is entitled to, to the extent permitted by the PRC Law, request the Company to transfer all or part of the Company Assets to the WFOE or its designated entity or individual according to the terms and conditions hereunder. The WFOE also agrees to accept such Asset Purchase Option.

2.4 The Existing Shareholders hereby severally and jointly agree that the Company grants such Asset Purchase Option to the WFOE according to Article 2.3 above and other provisions of this Agreement.

ARTICLE III

METHOD OF EXERCISE OF OPTION

3.1 Subject to the terms and conditions of this Agreement, the WFOE shall have the absolute sole discretion to determine the specific time, method and times of its Exercise of Option to the extent permitted by the PRC Law.

3.2 Subject to the terms and conditions of this Agreement and to the extent not in violation of the then-effective PRC Law, the WFOE shall have the right to, at any time, request to acquire the Transferred Equity from the Existing Shareholders by itself or through any other entity or individual designated by it.

3.3 Subject to the terms and conditions of this Agreement and to the extent not in violation of the then-effective PRC Law, the WFOE shall have the right to, at any time, request to acquire the Transferred Assets from the Company by itself or through any other entity or individual designated by it.

3.4 With regard to the Equity Transfer Option, at each Exercise of Option, the WFOE shall have the right to arbitrarily determine the amount of the Transferred Equity to be transferred by the Existing Shareholders to the WFOE and/or any other entity or individual designated by it. The Existing Shareholders shall respectively transfer the Transferred Equity to the WFOE and/or any other entity or individual designated by it in the amount requested by the WFOE. The WFOE and/or any other entity or individual designated by it shall pay the Transfer Price with respect to the Transferred Equity acquired at each Exercise of Option to the Existing Shareholder transferring such Transferred Equity.

3.5 With regard to the Asset Purchase Option, at each Exercise of Option, the WFOE shall have the right to determine the specific Company Assets to be transferred by the Company to the WFOE and/or any other entity or individual designated by it. The Company shall transfer the Transferred Assets to the WFOE and/or any other entity or individual designated by it in accordance with the WFOE's requirement. The WFOE and/or any other entity or individual designated by it shall pay the Transfer Price to the Company with respect to the Transferred Assets acquired at each Exercise of Option.

3.6 At each Exercise of Option, the WFOE may acquire the Transferred Equity or Transferred Assets by itself or designate any third party to acquire all or part of the Transferred Equity or Transferred Assets.

3.7 Having decided each Exercise of Option, the WFOE shall issue to the Existing Shareholders or the Company a notice for exercising the Equity Transfer Option or a notice for exercising the Asset Purchase Option (the "**Exercise Notice**", the form of which are set out in Annex 2 and Annex 3 hereto). The Existing Shareholders or the Company shall, upon receipt of the Exercise Notice, forthwith transfer all the Transferred Equity or Transferred Assets in one go in accordance with the Exercise Notice to the WFOE and/or any other entity or individual designated by the WFOE in such method as described in Article 3.4 or Article 3.5 hereof.

ARTICLE IV

TRANSFER PRICE

4.1 With regard to the Equity Transfer Option, the total Transfer Price to be paid by the WFOE or any other entity or individual designated by the WFOE to each Existing Shareholder at each Exercise of Option by the WFOE shall be the capital contribution mirrored by the corresponding Transferred

Equity in the Company Registered Capital. But if the lowest price permitted by the then-effective PRC Law is higher than the above capital contribution, the Transfer Price shall be the lowest price permitted by the PRC Law.

4.2 With regard to the Asset Purchase Option, the Transfer Price to be paid by the WFOE or any other entity or individual designated by the WFOE to the Company at each Exercise of Option by the WFOE shall be the net book value of the relevant Transferred Assets. But if the lowest price permitted by the then-effective PRC Law is higher than the net book value of the Transferred Assets, the Transfer Price shall be the lowest price permitted by the PRC Law.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

5.1 The Existing Shareholders hereby severally and jointly represent and warrant that:

5.1.1. each of the Existing Shareholders is a Chinese citizen with full capacity. Each of them has the full and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act independently as a party to lawsuit.

5.1.2. the Company is a limited liability company duly registered and legitimately existing under the PRC Law with an independent legal personality. It has the full and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act independently as a party to lawsuit.

5.1.3. each of them has the full power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereby and to be executed by him. Each of them has the full power and authority to consummate the transaction contemplated hereby.

5.1.4. this Agreement is legally and duly executed and delivered by the Existing Shareholders. This Agreement shall constitute their legal and binding obligations and shall be enforceable against them in accordance with the terms of this Agreement.

5.1.5. the Existing Shareholders are the legitimate owners of the Option Equity as of the effective date of this Agreement, and except for the rights created under the Equity Pledge Agreement and Shareholder Voting Rights Proxy Agreement executed by the Company, the WFOE and the Existing Shareholders on the date hereof, the Option Equity is free from and clear of any lien, pledge, claim and other encumbrances and third party rights. Pursuant to this Agreement, the WFOE and/or any other entity or individual designated by it may, after the Exercise of Option, acquire a good title to the Transferred Equity, free from and clear of any lien, pledge, claim and other encumbrances or third party rights.

5.1.6. to the knowledge of the Existing Shareholders, the Company Assets are free from and clear of any lien, mortgage, claim and other encumbrances and third party rights. Pursuant to this Agreement, the WFOE and/or any other entity or individual designated by it may, after the Exercise of Option, acquire a good title to the Company Assets, free from and clear of any lien, mortgage, claim and other encumbrances or third party rights.

5.1.7. the execution, delivery and performance by the Existing Shareholders of this Agreement and the consummation by the Existing Shareholders of the transaction contemplated hereby do not violate any PRC Law or any agreement, contract or other arrangement with any third party by which they are bound.

5.2 The Company hereby represents and warrants that:

5.2.1. the Company is a limited liability company duly registered and legitimately existing under the PRC Law with an independent legal personality. It has the full and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act independently as a party to lawsuit.

5.2.2. the Company has the full internal corporate power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereby and to be executed by it. It has the full power and authority to consummate the transaction contemplated hereby.

5.2.3. this Agreement is legally and duly executed and delivered by the Company, and shall constitute its legal and binding obligation.

5.2.4. the Company Assets are free from and clear of any lien, mortgage, claim and other encumbrances and third party rights. Pursuant to this Agreement, the WFOE and/or any other entity or individual designated by it may, after the Exercise of Option, acquire a good title to the Company Assets, free from and clear of any lien, mortgage, claim and other encumbrances or third party rights.

5.2.5. the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transaction contemplated hereby do not violate any PRC Law or any agreement, contract or other arrangement with any third party by which it is bound.

5.3 The WFOE hereby represents and warrants that:

5.3.1. the WFOE is a wholly foreign-owned enterprise duly registered and legitimately existing under the PRC Law with an independent legal personality. The WFOE has the full and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act independently as a party to lawsuit.

5.3.2. the WFOE has the full internal corporate power and authority to execute, deliver and perform this Agreement and all other documents relating to the transaction contemplated hereby and to be executed by it. It has the full power and authority to consummate the transaction contemplated hereby.

5.3.3. this Agreement is legally and duly executed and delivered by the WFOE and shall constitute its legal and binding obligation.

ARTICLE VI

UNDERTAKINGS BY THE EXISTING SHAREHOLDERS

Each of the Existing Shareholders hereby severally undertakes that:

6.1 Within the valid term of this Agreement, without the WFOE's prior written consent:

6.1.1. None of the Existing Shareholder shall transfer or otherwise dispose of any Option Equity or create any encumbrance or other third party rights on any Option Equity;

6.1.2. he shall not increase or decrease the Company Registered Capital or cause or permit the Company to be divided or merged with any other entity;

6.1.3. he shall not dispose of or cause the management of the Company to dispose of any Material Asset (other than in the ordinary course of business), or create any encumbrance or other third party rights on any Material Asset;

6.1.4. he shall not terminate or cause the management of the Company to terminate any Material Agreement entered into by the Company, or enter into any other agreement in conflict with the existing Material Agreements;

6.1.5. he shall not appoint, dismiss or replace any director or supervisor of the Company or any other management personnel of the Company who shall be appointed or dismissed by the Existing Shareholders;

6.1.6. he shall not cause the Company to declare the distribution of or in practice release any distributable profit, dividend, share profit or share interest;

6.1.7. he shall ensure that the Company validly exists and is not terminated, liquidated or dissolved;

6.1.8. he shall not amend the articles of association of the Company;

6.1.9. he shall ensure that the Company will not lend or borrow any money, or provide any guaranty or other form of security, or bear any substantial obligations other than in the ordinary course of business; and

6.1.10. it shall not cause the Company or the management of the Company to approve any of the following acts of any of the Company's subsidiaries or affiliates (collectively, the "**Subsidiaries**"):

(a) increase or decrease any Subsidiary's registered capital or cause or permit any Subsidiary to be divided or merged with any other entity;

(b) dispose of or cause the management of the Subsidiaries to dispose of any Material Asset of any Subsidiary (other than in the ordinary course of business), or create any encumbrance or other third party rights on such assets;

(c) terminate or cause the management of the Subsidiaries to terminate any Material Agreement entered into by any Subsidiary, or enter into any other agreement in conflict with the existing Material Agreements;

(d) appoint, dismiss, or replace any director or supervisor of any Subsidiary or any other management personnel of such Subsidiary who shall be appointed or dismissed by the Company;

(e) terminate, liquidate or dissolve any Subsidiary or act in any way that damages or is likely to damage the valid existence of any Subsidiary;

(f) amend the articles of association of any Subsidiary; and

(g) lend or borrow any money, or provide any guaranty or other form of security, or bear any substantial obligations other than in the ordinary course of business.

6.2 Within the valid term of this Agreement, he shall use his best endeavor to develop the business of the Company and ensure that the Company's operations are legal and in compliance with the regulations, and he will not engage in any act or omission which may damage the Company's (including the Subsidiaries') assets and goodwill or affect the validity of the Business Permits of the Company.

6.3 Within the valid term of this Agreement, he shall timely notify the WFOE of any circumstances that may have a material adverse effect on the existence, business operations, financial conditions, assets or goodwill of the Company (including the Subsidiaries) and timely take all the measures approved by the WFOE to remove such adverse circumstances or take effective remedial measures with respect thereto.

6.4 Once the WFOE gives the Exercise Notice,

6.4.1. he shall promptly convene a shareholders' meeting, pass shareholders' resolutions and take all other necessary actions to approve any Existing Shareholder or the Company to transfer all the Transferred Equity or the Transferred Assets at the Transfer Price to the WFOE and/or any other entity or individual designated by the WFOE, and waive any preemptive right to purchase enjoyed by him (if any);

6.4.2. he shall promptly enter into an equity transfer agreement with the WFOE and/or any other entity or individual designated by the WFOE to transfer all the Transferred Equity at the Transfer Price to the WFOE and/or any other entity or individual designated by the WFOE and provide necessary support to the WFOE (including provision and execution of all relevant legal documents, performing all government approval and registration procedures and assuming all relevant obligations) in accordance with the WFOE's requirements and the PRC Law so that the WFOE and/or any other entity or individual designated by the WFOE may acquire all the Transferred Equity, free from and clear of any legal defect or any encumbrance, third party restriction or any other restrictions on the Transferred Equity.

6.5. If the total Transfer Price obtained by any Existing Shareholder with respect to the Transferred Equity held by him is higher than the capital contribution corresponded with such Transferred Equity in the Company Registered Capital, or he receives any form of profit distribution, share profit, share interest or dividend from the Company, then such Existing Shareholder agrees to, to the extent not in violation of the PRC Law, waive the premium earnings and any profit distribution, share profit, share interest or dividend (after the deduction of relevant taxes) and the WFOE is entitled thereto. Otherwise, such Existing Shareholder shall compensate the WFOE and/or any other entity or individual designated by the WFOE for any loss incurred as a result thereof.

ARTICLE VII

UNDERTAKINGS BY THE COMPANY

7.1 The Company hereby undertakes that:

7.1.1. if any consent, permit, waiver or authorization by any third party, or any approval, permit or exemption by any government authority, or any registration or filing formalities (if required by law) with any government authority needs to be obtained or handled with respect to the execution and performance of this Agreement and the grant of the Equity Transfer Option or Asset Purchase Option hereunder, the Company shall endeavor to assist in satisfying the above conditions.

7.1.2. without the WFOE's prior written consent, the Company shall not assist or permit the Existing Shareholders to transfer or otherwise dispose of any Option Equity or create any encumbrance or other third party rights on any Option Equity.

7.1.3. without the WFOE's prior written consent, the Company shall not transfer or otherwise dispose of any Material Asset (other than in the ordinary course of business) or create any encumbrance or other third party rights on any Company Assets.

7.1.4. the Company shall not do or permit to be done any behavior or action that may adversely affect the interests of the WFOE under this Agreement, including without limitation, any behavior and action that is subject to the restrictions contained in Article 6.1.

7.2 With the valid term of this Agreement, once the WFOE gives the Exercise Notice,

7.2.1. it shall promptly cause the Existing Shareholders to convene a shareholders' meeting, pass shareholders' resolutions and take all other necessary actions to approve the Company to transfer all the Transferred Assets at the Transfer Price to the WFOE and/or any other entity or individual designated by the WFOE;

7.2.2. it shall promptly enter into an asset transfer agreement with the WFOE and/or any other entity or individual designated by the WFOE to transfer all the Transferred Assets at the Transfer Price to the WFOE and/or any other entity or individual designated by the WFOE, and cause the Existing Shareholders to provide necessary support to the WFOE (including provision and execution of all relevant legal documents, performing all government approval and registration procedures and assuming all relevant obligations) in accordance with the WFOE's requirements and the PRC Law so that the WFOE and/or any other entity or individual designated by the WFOE may acquire all the Transferred Assets, free from and clear of any legal defect or any encumbrance, third party restriction or any other restrictions on the Transferred Assets.

ARTICLE VIII

CONFIDENTIALITY OBLIGATIONS

8.1 Regardless of whether this Agreement is terminated or not, each Party shall keep strictly confidential all the business secrets, proprietary information, customer information and all other information of a confidential nature about the other Parties known by it during the execution and performance of this Agreement (collectively, the "**Confidential Information**"). Unless a prior written consent is obtained from the Party disclosing the Confidential Information (the "**Disclosing Party**") or unless it is required to be disclosed to third parties according to the stipulation of relevant laws and regulations or the requirement of the place where its affiliate is listed on a stock exchange, the Party receiving the Confidential Information (the "**Receiving Party**") shall not disclose to any third party any Confidential Information. The Receiving Party shall not use any Confidential Information other than for the purpose of performing this Agreement.

8.2 The following information shall not be deemed part of the Confidential Information:

(a) any information that has been lawfully acquired by the receiving Party before as evidenced by written documents;

(b) any information entering the public domain not attributable to the fault of the Party receiving the information; or

(c) any information lawfully acquired by the Party receiving the information through other sources after its receipt of such information.

8.3 For purpose of performing this Agreement, the Receiving Party may disclose the Confidential Information to its relevant employees, agents or professionals retained by it. However, the Receiving Party shall ensure that the aforesaid persons shall comply with the relevant terms and conditions of this Article 8. In addition, the Receiving Party shall be responsible for any liability incurred as a result of such persons' breach of the relevant terms and conditions of this Article 8.

8.4 Notwithstanding any other provision herein, the effect of this Article 8 shall not be affected by the termination of this Agreement.

ARTICLE IX

TERM OF AGREEMENT

This Agreement shall become effective immediately upon the signing of this agreement by all parties. This Agreement shall terminate after all the Option Equity and the Company Assets are lawfully transferred to the WFOE and/or any other entity or individual designated by the WFOE pursuant to the provisions of this Agreement.

ARTICLE X

NOTICES

10.1 Any notice, request, demand and other correspondences required by this Agreement or made in accordance with this Agreement shall be delivered in writing to the relevant Party.

10.2 If any of such notice or other correspondences is transmitted by facsimile or telex, it shall be treated as delivered immediately upon transmission; if delivered in person, it shall be treated as delivered at the time of delivery; if posted by mail, it shall be treated as delivered five (5) days after posting.

ARTICLE XI

DEFAULTING LIABILITY

11.1 The Parties agree and confirm that, if any of the Parties (the "**Defaulting Party**") substantially violates any agreement herein or substantially fails to perform or delays performance of any of the obligations hereunder, such violation, failure or delay shall constitute a default under this Agreement (a "**Default**"). The non-defaulting Party shall have the right to request the Defaulting Party to rectify or take remedial actions within a reasonable period. If the Defaulting Party fails to rectify such Default or take remedial actions within such reasonable period or within ten (10) days after the non-defaulting Party notifies the Defaulting Party in writing requiring the Default to be rectified, then the non-defaulting Party is entitled to decide at its own discretion that:

11.1.1. if any Existing Shareholder or the Company is the Defaulting Party, the WFOE shall be entitled to terminate this Agreement and require the Defaulting Party to indemnify the damages;

11.1.2. if the WFOE is the Defaulting Party, the non-defaulting Party shall be entitled to require the Defaulting Party to indemnify the damages, but unless otherwise provided for by the PRC Law, the non-defaulting Party has no right to terminate or cancel this Agreement in any circumstances.

11.2 Notwithstanding any other provision herein, the effect of this Article 11 shall not be affected by the termination of this Agreement.

ARTICLE XII

MISCELLANEOUS

12.1 This Agreement is written in Chinese and executed in four (4) originals, with one (1) original to be retained by each Party hereto.

12.2 The execution, effectiveness, performance, revision, interpretation and termination of this Agreement shall be governed by the PRC Law.

12.3 Any dispute arising out of and in connection with this Agreement shall be resolved through consultations among the Parties. In case the Parties fail to reach agreement within thirty (30) days after the dispute arises, such dispute shall be submitted to China International Economic and Trade Arbitration Commission Shanghai Commission for arbitration in Shanghai in accordance with such Commission's arbitration rules in effect at the time of applying for arbitration, and the arbitration award shall be final and binding on the Parties.

12.4 None of the rights, powers or remedies granted to any Party by any provision herein shall preclude any other rights, powers or remedies available to such Party at law and under the other provisions of this Agreement. In addition, the exercising by one Party of any of its rights, powers and remedies shall not exclude such Party from exercising any of its other rights, powers and remedies.

12.5 No failure or delay by a Party in exercising any rights, powers and remedies available to it hereunder or at law (the "**Available Rights**") shall result in a waiver thereof, nor shall the waiver of any single or partial exercise of the Available Rights shall exclude such Party from exercising such rights in any other way or exercising the other Available Rights.

12.6 The headings of the provisions herein are for reference only, and in no event shall such headings be used for or affect the interpretation of the provisions hereof.

12.7 Each provision contained herein shall be severable and independent from each of the other provisions. If any one or more provisions herein become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of the remaining provisions herein shall not be affected as a result thereof.

12.8 This Agreement, upon signed, shall supersede any other prior legal documents executed by and among the Parties with respect to the subject matter hereof. Any amendment or supplement hereto shall be made in writing and shall become effective only upon due execution by the Parties hereto.

12.9 Without the WFOE's prior written consent, neither Existing Shareholder nor the Company shall transfer any of its rights and/or obligations hereunder to any third party. The Existing Shareholders and the Company hereby agree that the WFOE is entitled to transfer any of its rights and/or obligations hereunder to any third party upon written notice thereof to the Existing Shareholders and the Company.

12.10 This Agreement shall be binding on the legal assigns or successors of the Parties.

[The remainder of this page intentionally left blank]

[SIGNATURE PAGE]

IN WITNESS WHEREOF, the following Parties have executed this Exclusive Call Option Agreement as of the date first above written.

Qimin WU

By: /s/ Qimin WU

Tianxiang HU

By: /s/ Tianxiang HU

Baoyi Investment Consulting (Shanghai) Co., Ltd.
(Seal)

By: /seal/ Baoyi Investment Consulting (Shanghai) Co., Ltd.
Name:
Title:

Shanghai E-Cheng Asset Management Co., Ltd.
(Seal)

By: /seal/ Shanghai E-Cheng Asset Management Co., Ltd.
Name:
Title:

Annex 1:

Company's General Information

Company name: Shanghai E-Cheng Asset Management Co., Ltd.

Registered address: Room 221 Block 1, 195 Yong He Zhi Road, Zhabei district, Shanghai

Registered capital: RMB1,000,000

Legal representative: Qimin WU

Shareholder's name		Contribution in registered capital	Percentage of contribution	Method of contribution
Qimin WU	RMB	700,000	70%	Cash
Tianxiang HU	RMB	300,000	30%	Cash
Total	RMB	1,000,000	100%	/

Annex 2:

Form of Exercise Notice

To: [Name of the Existing Shareholder]

WHEREAS, we, Shanghai E-Cheng Asset Management Co., Ltd. (the "**Company**"), [Name of the other Existing Shareholder] and you entered into an Exclusive Call Option Agreement (the "**Option Agreement**") on [*] and reached an agreement that you shall transfer the equity interest you hold in the Company to us or any third party designated by us at our request to the extent permitted by the PRC laws and regulations.

Therefore, we hereby give this notice to you as follows:

We hereby request to exercise the Equity Transfer Option under the Option Agreement and we/[name of company/individual] designated by us will acquire the [·]% of the equity interest you hold in the Company (the "**Proposed Acquired Equity**"). Upon your receipt of this notice, you shall immediately transfer all the Proposed Acquired Equity to us/[name of designated company/individual] pursuant to the provisions of the Option Agreement.

Regards,

Baoyi Investment Consulting (Shanghai) Co., Ltd. (Seal)

Authorized representative:
Date:

Annex 3:

Form of Exercise Notice

To: [*]

WHEREAS, we, Qimin WU, Tianxiang HU and you entered into an Exclusive Call Option Agreement (the "**Option Agreement**") on [*] and reached an agreement that you shall transfer your assets to us or any third party designated by us at our request to the extent permitted by the PRC laws and regulations.

Therefore, we hereby give this notice to you as follows:

We hereby require to exercise the Asset Purchase Option under the Option Agreement and we/[name of company/individual] designated by us will acquire the assets owned by you as stated in a separate list (the "**Proposed Acquired Assets**"). Upon your receipt of this notice, you shall immediately transfer all the Proposed Acquired Assets to us/[name of designated company/individual] pursuant to the provisions of the Option Agreement.

Regards,

Baoyi Investment Consulting (Shanghai) Co., Ltd. (Seal)

Authorized representative:
Date:

Exhibit 4.21

English Translation

Qimin WU

Tianxiang HU

Baoyi Investment Consulting (Shanghai) Co., Ltd.

AND

Shanghai E-Cheng Asset Management Co., Ltd.

Shareholder Voting Right Proxy Agreement

in respect of Shanghai E-Cheng Asset Management Co., Ltd.

March 13, 2017

Shareholder Voting Right Proxy Agreement

This Shareholder Voting Right Proxy Agreement ("**this Agreement**") is entered into as of March 13, 2017 by and among the following Parties:

1. **Qimin WU**
   Identity Card No.: ***

2. **Tianxiang HU**
   Identity Card No.: ***

(Qimin WU and Tianxiang HU are hereinafter referred to individually as an "**Existing Shareholder**" and collectively as the "**Existing Shareholders**".)

3. **Baoyi Investment Consulting (Shanghai) Co., Ltd.** (hereinafter, the "**WFOE**")
   Registered address: Room 104, Block 94, 149 Yan Chang Road, Shanghai

4. **Shanghai E-Cheng Asset Management Co., Ltd.** (hereinafter, the "**Company**")
   Registered address: Room 221, Block 1, 195 Yong He Zhi Road, Zhabei district, Shanghai

(In this Agreement, the above parties are hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**")

WHEREAS

(1) The Existing Shareholders are the current Existing Shareholders of the Company, holding 100% equity interest of the Company.

(2) The Existing Shareholders intend to severally entrust their voting rights in the Company to the individuals designated by the WFOE, and the WFOE intends to designate the individuals to accept such entrust.

THEREFORE, the Parties, after friendly consultations, hereby mutually agree below:

ARTICLE I

VOTING RIGHT DELEGATION

1.1 The Existing Shareholders hereby irrevocably undertake to respectively sign a power of attorney in substance and form as set forth in Annex 1 hereof after the signing of this Agreement, to respectively entrust the individuals then designated by the WFOE (hereinafter, the "**Entrusted Persons**") to exercise, on behalf of each of the Existing Shareholders, the following rights that the Existing Shareholders are entitled to in the capacity of Existing Shareholders of the Company under the then effective articles of association of the Company (collectively, the "**Entrusted Rights**"):

---

(1) To propose to convene and attend Existing Shareholders' meetings of the Company as the representative of each of the Existing Shareholders according to the articles of association of the Company;

(2) To exercise, on behalf of each of the Existing Shareholders, their voting rights on all matters requiring discussion or resolutions of the Existing Shareholders' meetings of the Company, including without limitation, the appointment and election of the Company's directors and other senior management to be appointed and removed by the Existing Shareholders;

(3) To exercise other voting rights of the Existing Shareholder as specified in the articles of association of the Company (including any other Existing Shareholder voting rights as specified in the amended articles of association).

The above authorization and entrustment are granted on the condition that the Entrusted Persons are PRC citizens and that the WFOE approves such authorization and entrustment. Upon and only upon written notice of dismissing and replacing the Entrusted Person(s) given by the WFOE to each of the Existing Shareholders shall the Existing Shareholder promptly entrust another PRC citizen then designated by the WFOE to exercise the above Entrusted Rights, and the new authorization and entrustment shall, upon the grant supersede the previous authorization and entrustment. The Existing Shareholders shall not revoke the authorization and entrustment to the Entrusted Person(s) unless as provided in this Article.

1.2 The Entrusted Persons shall perform their obligations in respect of the entrustment hereunder to the extent authorized hereunder with due care and diligence and in compliance with laws. The Existing Shareholders acknowledge and shall assume liabilities for any legal consequences arising as a result of the Entrusted Persons' exercise of the foregoing Entrusted Rights.

1.3 The Existing Shareholders hereby confirm that the Entrusted Persons are not required to seek opinions from the relevant Existing Shareholder prior to their exercise of the foregoing Entrusted Rights. However, the Entrusted Persons shall inform the Existing Shareholders in a timely manner of any resolution or proposal on convening an interim Existing Shareholders' meeting after such resolution or proposal is made.

ARTICLE II

RIGHT TO INFORMATION

2.1 For the purpose of exercising the Entrusted Rights hereunder, the Entrusted Persons are entitled to know various relevant information of the Company such as those in respect of its operation, business, customers, finance and employees, and shall have access to the relevant documentations and materials of the Company. The Company shall fully cooperate with the Entrusted Persons in this regard.

ARTICLE III

EXERCISE OF THE ENTRUSTED RIGHTS

3.1 The Existing Shareholders will provide sufficient assistances to the Entrusted Persons with regard to their exercise of the Entrusted Rights, including timely execution where necessary of resolutions of Existing Shareholders' meetings adopted by the Entrusted Persons or other pertinent legal documents (e.g., where the same is required in order to submit documents for purpose of governmental approvals, registrations or filings.).

3.2 If at any time within the term of this Agreement, the grant or exercise of the Entrusted Rights hereunder is unrealizable for whatever cause (except for default of any Existing Shareholder or the Company), the Parties shall immediately seek the most similar alternative solution and, if necessary, enter into a supplementary agreement to amend or adjust the provisions herein, in order to ensure the realization of the purpose of this Agreement.

ARTICLE IV

EXEMPTION AND COMPENSATION

4.1 The Parties acknowledge that in no case shall the WFOE be required to be liable to or compensate (monetary or otherwise) the other Parties or any third party in respect of exercise of the Entrusted Rights hereunder by the individuals designated by it.

4.2 The Existing Shareholders and the Company agree to indemnify and hold the WFOE free from and harmless against all losses incurred or likely to be incurred due to exercise of the Entrusted Rights by the Entrusted Persons designated by the WFOE, including without limitation, any loss resulted from any litigation, demand, arbitration or claim by any third party against it or from administrative investigation or penalty, provided, however, that no indemnification is available for any losses caused by a willful default or gross negligence of the Entrusted Persons.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

5.1 Each Existing Shareholder hereby represents and warrants severally that:

5.1.1. It is a Chinese citizen with full capacity of action. It has the complete and independent legal status and legal capacity to execute, deliver and perform this Agreement. It may sue or be sued independently.

5.1.2. It has the full power and authority to execute and deliver this Agreement and all other documents relating to the transaction contemplated hereby that are to be executed by it; and the full power and authority to consummate the transaction contemplated hereby. This Agreement is duly executed and delivered by it. This Agreement shall constitute its legal and binding obligation and may be enforceable against it in accordance with the terms hereof.

5.1.3. It is the registered legal Existing Shareholder of the Company as of the effective date of this Agreement. Except for those rights created under this Agreement, the Equity Pledge Agreement and the Exclusive Call Option Agreement entered into by and between the Existing Shareholders, the Company and the WFOE on the date hereof, the Entrusted Rights are free of any third-party right. Pursuant to this Agreement, the Entrusted Persons may exercise the Entrusted Rights fully and completely in accordance with the then effective articles of association of the Company.

5.2 Each of the WFOE and the Company hereby represents and warrants severally that:

5.2.1. It is a limited liability company duly registered and validly existing under the laws where it is registered and has the independent legal person status. It has the full and independent legal status and legal capacity to execute, deliver and perform this Agreement and may sue or be sued independently.

5.2.2. It has the full corporate power and authority to execute and deliver this Agreement and all other documents relating to the transaction contemplated hereby that are to be executed by it. It has the full power and authority to consummate the transaction contemplated hereby.

5.3 The Company further represents and warrants that:

5.3.1. Each Existing Shareholder is the registered legal Existing Shareholder of the Company as of the effective date of this Agreement. Except for the rights under this Agreement, the Equity Pledge Agreement and the Exclusive Call Option Agreement entered into by and between the Existing Shareholders, the Company and the WFOE on the date hereof, the Entrusted Rights are free of any third-party right. Pursuant to this Agreement, the Entrusted Persons may exercise the Entrusted Rights fully and completely in accordance with the then effective articles of association of the Company.

ARTICLE VI

TERM OF THIS AGREEMENT

6.1 Subject to the provisions of Articles 6.2 and 6.3 hereof, the term of this Agreement shall be twenty (20) years, unless it is early terminated by the Parties in writing or pursuant to Article 9.1 hereof. The term of this Agreement will not be extended upon expiration; provided, however, that the term of this Agreement will be automatically extended for one (1) year upon the expiration, if the WFOE gives the other Parties thirty(30) days prior notice requiring the extension thereof, and the same mechanism will apply subsequently upon the expiration of each extended term.

6.2 This Agreement shall terminate, if the Company or the WFOE, upon expiry of its business term, fails to deal with the approval and registration for the extension thereof.

6.3 If any Existing Shareholder transfers all of the equity interest it holds in the Company to any person with the WFOE's prior consent, the Existing Shareholder will no longer be a Party hereto and the obligations and undertakings of any other Parties hereunder will not be adversely affected.

ARTICLE VII

NOTICES

7.1 Any notice, request, demand and other correspondences required by this Agreement or made in accordance with this Agreement shall be delivered in writing to the relevant Party(ies).

7.2 The above notices or other correspondence shall be deemed delivered (i) upon being sent out if by facsimile or electric transmission, or (ii) upon handover in person if by hand delivery; or (iii) upon the fifth (5th) day of being posted if by mail.

ARTICLE VIII

CONFIDENTIALITY

8.1 Regardless of the termination of this Agreement, each Party is obligated to keep strictly confidential trade secrets, proprietary information, clients' information and all other information of confidential nature related to the other Parties that are known to the former Party during the course of its execution and performance of this Agreement (the "**Confidential Information**"). Unless as agreed to by the Party who disclosed the Confidential Information (the "**Disclosing Party**") in writing in advance, or as required by the relevant laws, regulations or the requirements applicable where the publicly listed affiliated company of any Party is located, the receiving party of the Confidential Information (the "**Receiving Party**") shall not disclose to any third party any of such Confidential Information. Except for the purpose of performing this Agreement, the Receiving Party shall not use any Confidential Information.

8.2 The Confidential Information does not include:

(a) the information that has been lawfully acquired by the Party receiving the information before as evidenced by certain written evidence;

(b) the information entering the public domain without attribution to any fault of the Party receiving the information; or

(c) the information lawfully acquired by the Party receiving the information from other sources after being received by the Party.

8.3 The Receiving Party may, for the purpose of performing this Agreement, disclose Confidential Information to its relevant employees, agents or professionals engaged by it, provided, however, the Receiving Party shall ensure that such persons shall abide by the relevant terms and conditions of this Article 8, and shall assume any liability incurred as a result of the breach by any of such persons of the relevant terms and conditions of this Article 8.

8.4 Notwithstanding any other provision of this Agreement, the effect of this Article 8 shall not be affected by the termination of this Agreement.

ARTICLE IX

LIABILITIES FOR BREACH

9.1 The Parties agree and confirm that, if any of the Parties (the "**Breaching Party**") is materially in breach of any provision hereof, or materially fails or delays in performing any of the obligations hereunder, a breach hereof is constituted (a "**Breach**"), and any of the other Parties which does not commit any Breach (a "**Non-breaching Party**") has the right to require that the Breaching Party rectify it or take a remedial action within a reasonable period. If the Breaching Party fails to rectify the Breach or take remedial actions within the reasonable period or within ten (10) days of the other Party's written rectification notice, then:

9.1.1. if any Existing Shareholder or the Company is the Breaching Party, the WFOE is entitled to terminate this Agreement and require the Breaching Party to indemnify it against its damage;

9.1.2. if the WFOE is the Breaching Party, each of the Non-defaulting Parties is entitled to require the Breaching Party to indemnify it against its damage; but unless otherwise provided for by law, in no case does it have the right to terminate or cancel this Agreement.

9.2 Notwithstanding any other provision herein, the effect of this Article 9 shall not be affected by the suspension or termination of this Agreement.

ARTICLE X

MISCELLANEOUS

10.1 This Agreement is written in Chinese in four (4) originals. Each of the Parties to this Agreement shall hold one (1) original.

10.2 The execution, effectiveness, performance, revision, interpretation and termination of this Agreement shall be governed by laws of the PRC.

10.3 Any dispute arising out of or in connection with this Agreement shall be resolved by the Parties through consultation. In the event the Parties fail to agree with each other within thirty (30) days after the dispute arises, the dispute shall be submitted to China International Economic and Trade Arbitration Commission Shanghai Commission for arbitration in Shanghai in accordance with the arbitration rules thereof effective at the submission of the application for arbitration. The arbitration award shall be final and binding upon the Parties.

10.4 None of the rights, powers or remedies granted to each of the Parties by any provision of this Agreement shall preclude any other rights, powers or remedies that such Party is entitled to under the laws and under any other provisions of this Agreement, and any Party's exercise of any of its rights, powers or remedies shall not preclude its exercise of any other rights, powers or remedies that it is entitled to.

10.5 A Party's failure or delay in exercising any of its rights, powers or remedies that it is entitled to under this Agreement or under the laws (the "**Available Rights**") shall not constitute its waiver of such rights, nor shall any single or partial waiver of any Available Rights by a Party preclude its exercise of those rights in another manner or its exercise of any other Available Rights.

10.6 The headings in this Agreement are written for the ease of reference only, and in no event, shall be used for, or affect, the interpretation to this Agreement.

10.7 Each provision herein is separable and independent from all other provisions herein. If any one provision or more provisions of this Agreement become invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other provisions herein shall not be affected.

10.8 This Agreement, after signing, shall supersede any other prior legal documents among the Parties with respect to the subject matter hereof. Any amendment or supplement hereto shall be made in writing and shall not become effective until its due execution by the Parties hereto.

10.9 Without the WFOE's prior written consent, none of the other Parties may transfer any of its rights and/or obligations hereunder to any third party. The Existing Shareholders and the Company hereby agree that the WFOE is entitled to transfer any of its rights and/or obligations hereunder to any third party upon written notice thereof to the Existing Shareholders and the Company.

10.10 This Agreement shall be binding on the legal successors of the Parties.

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[SIGNATURE PAGE]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

Qimin WU

By: /s/ Qimin WU

Tianxiang HU

By: /s/ Tianxiang HU

Baoyi Investment Consulting (Shanghai) Co., Ltd.
(Company seal)

By: /seal/ Baoyi Investment Consulting (Shanghai) Co., Ltd.
Name:
Title:

Shanghai E-Cheng Asset Management Co., Ltd.
(Company seal)

By: /seal/ Shanghai E-Cheng Asset Management Co., Ltd.
Name:
Title:

Annex 1:

Power of Attorney

THIS POWER OF ATTORNEY (hereinafter, the "**Power of Attorney**") is executed by Qimin WU (ID card No.: ***) as of March 13, 2017 and issued to Xin ZHOU (ID card No.: ***) (hereinafter, the "**Entrusted Person**").

I, Qimin WU, hereby entrust the Entrusted Person with full representative power to exercise the following rights owned by me in the capacity of an Existing Shareholder of Shanghai E-Cheng Asset Management Co., Ltd. (hereinafter, the "**Company**") on my behalf:

(1) As my representative, to propose to convene and attend Existing Shareholders' meetings of the Company according to the articles of association of the Company;

(2) As my representative, to exercise, on behalf of each of the Existing Shareholders, their voting rights on all matters requiring discussion or resolutions of the Existing Shareholders' meetings of the Company, including without limitation, the appointment and election of the Company's directors and other officers to be appointed and removed by the Existing Shareholders;

(3) As my representative, to exercise other voting rights of a Existing Shareholder as specified in the articles of association of the Company (including any other Existing Shareholder voting rights as specified in the amended articles of association).

I hereby irrevocably confirm that this Power of Attorney shall continue to be valid unless and until the Existing Shareholder Voting Right Proxy Agreement executed by and between Baoyi Investment Consulting (Shanghai) Co., Ltd. (hereinafter, the "**WFOE**"), the Company and the Existing Shareholders of the Company as of March 13, 2017 expires or is early terminated, unless the WFOE gives me a direction to replace the Entrusted Person.

Authorization is hereby made.

Name: Qimin WU
Signature: /s/ Qimin WU
Date: March 13, 2017

Power of Attorney

THIS POWER OF ATTORNEY (hereinafter, the "**Power of Attorney**") is executed by Tianxiang HU (ID card No.: ***) as of March 13, 2017 and issued to Xin ZHOU (ID card No.: ***) (hereinafter, the "**Entrusted Person**").

I, Tianxiang HU, hereby entrust the Entrusted Person with full representative power to exercise the following rights owned by me in the capacity of an Existing Shareholder of Shanghai E-Cheng Asset Management Co., Ltd. (hereinafter, the "**Company**") on my behalf:

(1) As my representative, to propose to convene and attend Existing Shareholders' meetings of the Company according to the articles of association of the Company;

(2) As my representative, to exercise, on behalf of each of the Existing Shareholders, their voting rights on all matters requiring discussion or resolutions of the Existing Shareholders' meetings of the Company, including without limitation, the appointment and election of the Company's directors and other officers to be appointed and removed by the Existing Shareholders;

(3) As my representative, to exercise other voting rights of a Existing Shareholder as specified in the articles of association of the Company (including any other Existing Shareholder voting rights as specified in the amended articles of association).

I hereby irrevocably confirm that this Power of Attorney shall continue to be valid unless and until the Existing Shareholder Voting Right Proxy Agreement executed by and between Baoyi Investment Consulting (Shanghai) Co., Ltd. (hereinafter, the "**WFOE**"), the Company and the Existing Shareholders of the Company as of March 13, 2017 expires or is early terminated, unless the WFOE gives me a direction to replace the Entrusted Person.

Authorization is hereby made.

Name: Tianxiang HU

Signature: /s/ Tianxiang HU

Date: March 13, 2017

Exhibit 4.22

English Translation

Equity Pledge Agreement

Regarding Shanghai E-Cheng Asset Management Co., Ltd.

By and among

Qimin WU

Tianxiang HU

Baoyi Investment Consulting (Shanghai) Co., Ltd.

And

Shanghai E-Cheng Asset Management Co., Ltd.

March 13, 2017

EQUITY PLEDGE AGREEMENT

This **EQUITY PLEDGE AGREEMENT** (this "**Agreement**") is entered into in Shanghai, the PRC, on March 13, 2017 by and among:

1. **Qimin WU**
   Identity Card No.: ***

2. **Tianxiang HU**
   Identity Card No.: ***

   (Qimin WU and Tianxiang HU are hereinafter referred to individually as a "**Pledgor**" and collectively as the "**Pledgors**".)

3. **Baoyi Investment Consulting (Shanghai) Co., Ltd.** (the "**Pledgee**")
   Registered address: Room 104, Block 94, 149 Yan Chang Road, Shanghai

4. **Shanghai E-Cheng Asset Management Co., Ltd.** (the "**Company**")
   Registered address: Room 221 Block 1, 195 Yong He Zhi Road, Zhabei district, Shanghai

(In this Agreement, the above parties are referred to individually as a "**Party**" and collectively as the "**Parties**".)

WHEREAS

(1) The Pledgors are the registered shareholders of the Company, legally holding all the equity interest in the Company (the "**Company Equity Interest**"). Appendix 1 sets forth the capital contribution amount and the shareholding percentage of each Pledgor in the registered capital of the Company on the signing date of this agreement.

(2) The Parties to this Agreement entered into the Exclusive Call Option Agreement (the "**Call Option Agreement**") on March 13, 2017. Under the Call Option Agreement, the Pledgors shall, to the extent permitted by the PRC Law, transfer all or part of the equity interest they hold in the Company to the Pledgee and/or any other entity or individual designated by the Pledgee based on the Pledgee's request.

(3) The Parties to this Agreement entered into the Shareholder Voting Rights Proxy Agreement (the "**Proxy Agreement**") on March 13, 2017. Under the Proxy Agreement, the Pledgors irrevocably delegated the individual then designated by the Pledgee with the full power to exercise on behalf of the Pledgors all their shareholder voting rights in the Company.

---

(4) The Pledgors and Pledgee entered into a Loan Agreement on March 13, 2017 (the "**Loan Agreement**"). The Pledgee has provided the Pledgors with a loan in the amount of RMB1,000,000 (in words: one million Yuan).

(5) The Company and Pledgee entered into an Exclusive Technical Assistance Agreement (the "**Service Agreement**") on May 14, 2014. According to the agreement, the Company exclusively hired Pledgee to provide assistance in connection with relevant technology transfer, technology licensing, technical services and equipment provision, and agreed to pay Pledgee the corresponding fees for such technical assistance.

(6) As the Pledgors' security for the performance of the Contractual Obligations (as defined below) and the discharge of the Secured Liabilities (as defined below), the Pledgors are willing to pledge all the Company Equity Interest they hold in favor of the Pledgee and grant the Pledgee the first pledge, and the Company agrees to such equity interest pledge arrangement.

THEREFORE, the Parties, after consultations, hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Unless otherwise indicated in the context in this Agreement, the following terms shall be interpreted as follows.

"**Contractual Obligations**" means all the contractual obligations of the Pledgors under the Call Option Agreement, the Proxy Agreement and the Loan Agreement, all the contractual obligations of the Company under the Call Option Agreement and the Proxy Agreement, and all the contractual obligations of the Pledgors and the Company under this Agreement.

"**Secured Liabilities**" means all the direct, indirect and derivative losses and loss of foreseeable interest incurred by the Pledgee due to any Event of Default (as defined below) on the part of the Pledgors and/or the Company; the basis for determining the amount of such losses includes but not limited to the reasonable commercial plan and profit forecast of the Pledgee; and all the expenses incurred by the Pledgee to enforce the performance by the Pledgors and/or the Company of their Contractual Obligations.

"**Transaction Documents**" means the Call Option Agreement, the Proxy Agreement and the Loan Agreement.

"**Event of Default**" means any breach by any Pledgor of any of its Contractual Obligations under the Call Option Agreement, the Proxy Agreement, the Loan Agreement and/or this Agreement, and any breach by the Company of any of its contractual obligations under the Call Option Agreement, the Proxy Agreement, the Service Agreement and/or this Agreement.

"**Pledged Equity Interest**" means all the Company Equity Interest lawfully owned by the Pledgors as of the date hereof and to be pledged to the Pledgee in accordance with this Agreement as the security for the performance of the Contractual Obligations by the Pledgors and the Company (see Appendix 1 for the specific Pledged Equity Interest of each Pledgor), together with the increased capital contribution amount and the dividend as provided in Article 2.6 and Article 2.7 of this Agreement.

"**PRC**" means the People's Republic of China, for the purpose of this Agreement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan.

"**PRC Law**" means the then-effective laws, administrative regulations, administrative rules, local regulations, judicial interpretations, and other binding regulatory documents of the PRC.

1.2 Any reference to any PRC Law in this Agreement shall be deemed (1) to include references to the amendments, changes, supplements and restatement of such PRC Law, irrespective of whether they take effect before or after the execution of this Agreement, and (2) to include the references to other decisions, notices and regulations enacted in accordance therewith or effective as a result thereof.

1.3 Unless otherwise specified in the context herein, any reference to an Article, clause, item or paragraph in this Agreement shall refer to the corresponding part of this Agreement.

ARTICLE II

PLEDGE OF EQUITY INTEREST

2.1 The Pledgors hereby agree to pledge the Pledged Equity Interest, which they lawfully own and are entitled to dispose of, to the Pledgee in accordance with the provisions of this Agreement as the security for the performance of the Contractual Obligations and the discharge of the Secured Liabilities. The Company hereby agrees to the Pledgors' pledge of the Pledged Equity Interest to the Pledgee in accordance with the provisions of this Agreement.

2.2 The Pledgors undertake to be responsible for registering the equity interest pledge arrangement (the "**Equity Pledge**") under this Agreement on the Company's register of shareholders on the signing date of this agreement.

The Parties shall use their best efforts to apply to the registration authority in charge of the Company for registration of the Equity Pledge under this Agreement immediately after the signing of this Agreement.

2.3 During the valid term of this Agreement, unless attributable to the Pledgee's willful conduct or the Pledgee's gross negligence with direct causation to the consequence, the Pledgee shall in no way be held liable to any reduction of the value of the Pledged Equity Interest, and the Pledgors have no right to claim any compensation or other request in any way against the Pledgee.

2.4 Without breaching the provisions of Article 2.3 above, if there is any probability that the value of the Pledged Equity Interest will notably reduce which is sufficient to jeopardize the rights of the Pledgee, the Pledgee may at any time auction or sell the Pledged Equity Interest on behalf of the Pledgors, and may reach agreement with the Pledgors to use the proceeds from such auction or sales to prepay the Secured Liabilities or to deposit such proceeds with the notary office in the place where the Pledgee is domiciled (all expenses so incurred shall be assumed by the Pledgee). Further, if requested by the Pledgee, the Pledgors shall offer additional property as security.

2.5 Upon the occurrence of any Event of Default, the Pledgee has the right to dispose of the Pledged Equity Interest in accordance with Article 4 of this Agreement.

2.6 The Pledgors shall not increase the registered capital of the Company without the Pledgee's prior consent. The increased capital contribution amount of the Pledgors in the registered capital of the Company as a result of such capital increase of the Company shall be a part of the Pledged Equity Interest.

2.7 No dividend or capital bonus on the Pledged Equity Interest shall be distributed to the Pledgors without the Pledgee's prior consent. The Pledgors agree that during the term of pledge, the Pledgee has the right to collect any dividend or capital bonus out of the Pledged Equity Interest. The Company shall pay such amount to the bank account designated by the Pledgee.

2.8 The Pledgee has the right to dispose of any of the Pledged Equity Interest of any Pledgor in accordance with this Agreement after the occurrence of any Event of Default.

ARTICLE III

RELEASE OF PLEDGE

3.1 After the Pledgors and the Company fully and completely perform all of the Contractual Obligations and discharge all of the Secured Liabilities, the Pledgee shall, upon the Pledgors' request, release the Equity Pledge under this Agreement and cooperate with the Pledgors to deregister the Equity Pledge on the Company's register of shareholders and with the administration of industry and commerce in charge of the Company. The Pledgee shall assume the reasonable expenses arising out of the release of the Equity Pledge.

ARTICLE IV

DISPOSAL OF PLEDGED EQUITY INTEREST

4.1 The Parties agree that if any Event of Default occurs, the Pledgee has the right to, by notifying the Pledgors in writing, exercise all the remedial rights and powers that it is entitled to under the PRC Law, the Transaction Documents and the provisions of this Agreement, including but not limited to being compensated in first priority with proceeds from auctions or sales of the Pledged Equity Interest. The Pledgee shall not be liable to any loss caused by its reasonable exercise of such rights and powers.

4.2 The Pledgee has the right to delegate in writing its lawyers or other agents to exercise all or any part of its rights and powers above, and neither the Pledgors nor the Company may oppose thereto.

4.3 The Pledgee has the right to deduct the reasonable expenses actually incurred from its exercise of all or any part of its rights and powers above from the proceeds gained from its exercise of such rights and powers.

4.4 The proceeds gained from the Pledgee's exercise of its rights and powers shall be settled in accordance with the following order:

(1) firstly, pay all expenses arising out of the disposal of the Pledged Equity Interest and the Pledgee's exercise of its rights and powers (including the remuneration paid to its lawyers and agents);

(2) secondly, pay the taxes and charges payable for the disposal of the Pledged Equity Interest; and

(3) thirdly, repay the Secured Liabilities to the Pledgee.

If there is any balance after the payment of the above amounts, the Pledgee shall return the balance to the Pledgors or any other person entitled to such amount pursuant to relevant laws and regulations, or deposit such amount with the notary office in the place where the Pledgee is domiciled (all expenses so incurred to be assumed by the Pledgee).

4.5 The Pledgee has the discretion to, simultaneously or in certain sequence, exercise any remedies for defaults it is entitled to. The Pledgee may exercise its rights to auction or sell the Pledged Equity Interest under this Agreement without first exercising any other remedies for defaults.

ARTICLE V

COSTS AND EXPENSES

5.1 All actual expenses related to the creation of the Equity Pledge under this Agreement, including but not limited to the stamp duty, any other taxes and all legal fees and etc., shall be assumed by the Parties respectively.

ARTICLE VI

CONTINUITY AND NO WAIVER

6.1 The Equity Pledge created under this Agreement is a continuing assurance, which shall be valid until the Contractual Obligations are fully performed or the Secured Liabilities are fully discharged. No waiver or grace period of any default of the Pledgors given by the Pledgee, nor the Pledgee's delayed exercise of any of its rights under the Transaction Documents and this Agreement, shall affect the rights of the Pledgee under this Agreement, the Transaction Documents and the relevant PRC Law to require at any time thereafter the Pledgors to strictly implement the Transaction Documents and this Agreement, or the rights the Pledgee is entitled to with respect to the Pledgors' subsequent breach of the Transaction Documents and/or this Agreement.

ARTICLE VII

UNDERTAKINGS BY THE COMPANY

Each of the Pledgors respectively represents and warrants to the Pledgee as follows:

7.1 The Pledgors are PRC citizens with full legal capacity, having full rights and powers to execute this Agreement and assume the legal obligations in accordance with this Agreement.

7.2 All the reports, documents and information related to the Pledgors and all the matters required under this Agreement that the Pledgors provided to the Pledgee prior to the effectiveness of this Agreement are true and accurate in all material respects as of the effectiveness of this Agreement.

7.3 All the reports, documents and information related to the Pledgors and all the matters required under this Agreement to be provided by the Pledgors to the Pledgee after the effectiveness of this Agreement will be true and valid in all material respects at the time of provision.

7.4 As of the effectiveness of this Agreement, the Pledgors are the sole legal owners of the Pledged Equity Interest. There is no then pending disputes on the ownership of the Pledged Equity Interest. The Pledgors are entitled to dispose of the Pledged Equity Interest or any part thereof.

7.5 Except the security interest created over the Pledged Equity Interest under this Agreement and the rights created under the Transaction Documents, there are no other security interest or third party rights or any other encumbrance over the Pledged Equity Interest.

7.6 The Pledged Equity Interest can be legally pledged and transferred, and the Pledgors have full rights and powers to pledge the Pledged Equity Interest to the Pledgee in accordance with the provisions of this Agreement.

7.7 This Agreement, upon due execution by the Pledgors, constitutes the lawful, valid and binding obligations of the Pledgors.

7.8 Any third party approvals, permits, waivers and authorizations, any approvals, permits and waivers of any governmental authorities, or any registration or filing formalities with any government authorities (if legally required), which is required with respect to the execution and performance of this Agreement and the Equity Pledge under this Agreement, have been obtained or completed (subject to clause 2 of Article 2.2), and will be fully effective during the valid term of this Agreement.

7.9 Each Pledgor's execution and performance of this Agreement does not violate or conflict with any laws applicable thereto, any agreement to which it is a party or by which its assets are bound, any court adjudication, any arbitration award or any decision of administrative authorities.

7.10 The pledge under this Agreement constitutes the security interest over the Pledged Equity Interest with the first priority.

7.11 All taxes and expenses payable for obtainment of the Pledged Equity Interest have been paid by the Pledgors in full.

7.12 There is no pending or, to the knowledge of the Pledgors, threatened lawsuit, legal proceeding or claim at any court or arbitration tribunal against the Pledgors or their property or the Pledged Equity Interest, nor is there any pending or, to the knowledge of the Pledgors, threatened lawsuit, legal proceeding or claim at any government agency or administrative authority against the Pledgors or their property or the Pledged Equity Interest, which will have material or adverse effect on the financial conditions of the Pledgors or their abilities to perform their obligations and security liabilities under this Agreement.

7.13 The Pledgors hereby undertake to the Pledgee that the above representations and warranties will all be true and accurate and be fully complied with under any circumstances and at any time before the Contractual Obligations are performed in full or the Secured Liabilities are discharged in full.

ARTICLE VIII

COMPANY'S REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Pledgee as follows:

8.1 The Company is a limited liability company duly registered and lawfully existing under the PRC Law with independent legal person status, having independent and full legal status and capacity to execute, deliver and perform this Agreement, and can be an independent party to a lawsuit.

8.2 All the reports, documents and information related to the Pledged Equity Interest and all the matters required under this Agreement which the Company provided to the Pledgee prior to the effectiveness of this Agreement are true and accurate in all material respects as of the effectiveness of this Agreement.

8.3 All the reports, documents and information related to the Pledged Equity Interest and all the matters required under this Agreement to be provided by the Company to the Pledgee after the effectiveness of this Agreement will be true and valid in all material respects at the time of provision.

8.4 This Agreement, upon due execution by the Company, constitutes the lawful, valid and binding obligations of the Company.

8.5 It has full internal corporate power and authorization to execute and deliver this Agreement and all other documents related to the transaction contemplated in this Agreement and to be executed by it. It has full power and authorization to consummate the transaction contemplated in this Agreement.

8.6 There is no pending or, to the knowledge of the Company, threatened lawsuit, legal proceeding or claim at any court or arbitration tribunal against the Pledged Equity Interest, the Company or its assets, nor is there any pending or, to the knowledge of the Company, threatened lawsuit, legal proceeding or claim at any government agency or administrative authority against the Pledged Equity Interest, the Company or its assets, which will have material or adverse effect on the financial conditions of the Company or the Pledgors' abilities to perform their obligations and security liabilities under this Agreement.

8.7 The Company hereby agrees to assume the joint and several liabilities to the Pledgee with respect to the representations and warranties made by each of the Pledgors under Article 7.4, Article 7.5, Article 7.6, Article 7.8 and Article 7.10 of this Agreement.

8.8 The Company hereby undertakes to the Pledgee that the above representations and warranties 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 and the Secured Liabilities are discharged in full.

ARTICLE IX

PLEDGORS' UNDERTAKINGS

Each Pledgor hereby respectively undertakes to the Pledgee as follows:

9.1 Without the prior written consent of the Pledgee, the Pledgors shall not create, or allow to be created, any new pledge or any other security interest over the Pledged Equity Interest. Any pledge or other security interest created over all or any part of the Pledged Equity Interest without the prior written consent of the Pledgee shall be invalid.

9.2 Without the prior written notice to and the prior written consent of the Pledgee, the Pledgors shall not transfer the Pledged Equity Interest and no proposed transfer of the Pledged Equity Interest by the Pledgors shall be invalid. The proceeds obtained from the Pledgors' transfer of the Pledged Equity Interest shall be used first to prepay the Secured Liabilities to the Pledgee or to be deposited with a third party as agreed with the Pledgee.

9.3 In the event of occurrence of any lawsuit, arbitration or other claim which may have adverse effect on the interests of the Pledgors or the Pledgee under the Transaction Documents and this Agreement or on the Pledged Equity Interest, the Pledgors undertake to notify the Pledgee in writing as soon as possible and in a timely manner, and, as reasonably required by the Pledgee, to take all necessary measures to ensure the pledge interest of the Pledgee over the Pledged Equity Interest.

9.4 The Pledgors undertake to complete the registration formalities to extend the business term of the Company within three months prior to the expiration of the business term of the Company so as to continue the effect of this Agreement.

9.5 The Pledgors shall not take, or allow to be taken, any act or action which may have adverse effect on the Pledgee's interests under the Transaction Documents and this Agreement or on the Pledged Equity Interest. The Pledgors waive the right of first refusal to purchase the Pledged Equity Interest when the Pledgee realizes its pledge rights.

9.6 The Pledgors shall, after the signing of this Agreement, use their best efforts and take all necessary measures to register the Equity Pledge under this Agreement with the relevant administration of industry and commerce as soon as possible, and the Pledgors undertake to, as reasonably required by the Pledgee, take all necessary measures and execute all necessary documents (including but not limited to any agreement supplemental to this Agreement) to ensure the pledge interest of the Pledgee over the Pledged Equity Interest and the exercise and realization thereof.

9.7 If the exercise of the right of pledge under this Agreement results in the transfer of any Pledged Equity Interest, the Pledgors undertake to take all measures to effect such transfer.

9.8 The Pledgors shall ensure that the convening process, voting methods and content of the shareholders meetings and board meetings of the Company convened for the purpose of the execution of this Agreement, creation and exercise of the right of pledge under this Agreement be not in conflict with the laws, administrative regulations or the articles of association of the Company.

ARTICLE X

COMPANY'S UNDERTAKINGS

10.1 If any third party approval, permit, waiver or authorization, or any approval, permit or waiver of any governmental authorities, or any registration or filing formalities with any government authorities (if legally required) is required to be obtained or completed for the execution and performance of this Agreement and for the Equity Pledge under this Agreement, the Company shall endeavor to assist in obtaining it and keeping it fully effective throughout the valid term of this Agreement.

10.2 Without the prior written consent of the Pledgee, the Company shall not assist in or allow the Pledgors' creation of any new pledge or other security interest over the Pledged Equity interest.

10.3 Without the prior written consent of the Pledgee, the Company shall not assist in or allow the Pledgors' transfer of the Pledged Equity Interest.

10.4 In the event of occurrence of any lawsuit, arbitration or other claim which may have adverse effect on the Company, the Pledged Equity Interest or the Pledgee's interests under the Transaction Documents and this Agreement, the Company undertakes to notify the Pledgee in writing as soon as possible and in a timely manner, and, as reasonably required by the Pledgee, to take all necessary measures to ensure the pledge interest of the Pledgee over the Pledged Equity Interest.

10.5 The Company undertakes to complete the registration formalities to extend its business term within three months prior to the expiration of its business term so as to continue the effect of this Agreement.

10.6 The Company shall not take, or allow to be taken, any act or action which may have adverse effect on the Pledgee's interests under the Transaction Documents and this Agreement or on the Pledged Equity Interest, including but not limited to any act or action subject to the restrictions under Article 9.

10.7 The Company shall, in the first month of each calendar quarter, provide the Pledgee with the financial statements of the Company for the immediately preceding calendar quarter, including but not limited to the balance sheet, the profit and loss statements and the cash flow statements.

10.8 The Company undertakes to, as reasonably required by the Pledgee, take all necessary measures and execute all necessary documents (including but not limited to any agreement supplemental to this Agreement) to ensure the pledge interest of the Pledgee over the Pledged Equity Interest and the exercise and realization thereof.

10.9 If the exercise of the right of pledge under this Agreement results in the transfer of any Pledged Equity Interest, the Company undertakes to take all measures to effect such transfer.

ARTICLE XI

CHANGE OF CIRCUMSTANCES

11.1 As a supplement to, and not in conflict with, the Transaction Documents and the other provisions of this Agreement, if at any time, due to the promulgation or change of any PRC Law, regulations or rules, or the change of interpretation or application of such laws, regulations or rules, or the change of relevant registration procedures, the Pledgee believes that it is illegal or in conflict with such laws, regulations and rules to keep this Agreement effective, to keep the right of pledge under this Agreement effective and/or to dispose of the Pledged Equity Interest in accordance with this Agreement, the Pledgors and the Company shall promptly take any action and/or execute any agreement or other document upon written instruction by the Pledgee and as reasonably required by the Pledgee, so as to:

(1) keep this Agreement and the right of pledge under this Agreement effective;

(2) facilitate the disposal of the Pledged Equity Interest in accordance with this Agreement; and/or

(3) keep or realize the security created or intended to be created by this Agreement.

ARTICLE XII

EFFECTIVENESS AND TERM OF THIS AGREEMENT

12.1 This Agreement shall come into effect upon the satisfaction of all of the following conditions:

(1) this Agreement has been duly executed by the Parties;

(2) the Equity Pledge under this Agreement has been duly registered on the register of shareholders of the Company.

The Pledgors shall provide the Pledgee with the evidence of the registration of the Equity Pledge on the register of shareholders in a form to the satisfaction of the Pledgee, and shall, after the registration of the Equity Pledge is completed and as required by the Pledgee, provide the Pledgee with the pledge certificate issued by the administration of industry and commerce in a form to the satisfaction of the Pledgee.

12.2 The term of this Agreement shall end upon the full performance of the Contractual Obligations or the full discharge of the Secured Liabilities.

ARTICLE XIII

NOTICES

13.1 Any notice, request, demand and other correspondences required by this Agreement or made in accordance with this Agreement shall be delivered in writing to the relevant Party.

13.2 If any of such notice or other correspondences is transmitted by facsimile or telex, it shall be treated as delivered immediately upon transmission; if delivered in person, it shall be treated as delivered at the time of delivery; if posted by mail, it shall be treated as delivered five (5) days after posting.

ARTICLE XIV

MISCELLANEOUS

14.1 The Pledgors and the Company agree that the Pledgee may, upon notice to the Pledgors and the Company, assign the Pledgee's rights and/or obligations hereunder to any third party. However, neither Pledgors nor the Company shall, without the Pledgee's prior written consent, assign their rights, obligations or liabilities hereunder to any third party. The respective successors or permitted assigns (if any) of the Pledgors and the Company shall continue to perform the respective obligations of the Pledgors and the Company under this Agreement.

14.2 The amount of the Secured Liabilities determined by the Pledgee at its own discretion when the Pledgee exercises its right of pledge to the Pledged Equity Interest pursuant to the provisions hereof hall be regarded as the conclusive evidence of the Secured Liabilities hereunder.

14.3 This Agreement is written in Chinese and executed in five (5) originals, with one (1) original to be retained by each Party hereto. One (1) original is to be used for the application to the administration of industry and commerce in charge of the Company for registration of the Equity Pledge under this Agreement.

14.4 The execution, effectiveness, performance, revision, interpretation and termination of this Agreement shall be governed by the PRC Law.

14.5 Any dispute arising out of and in connection with this Agreement shall be resolved through consultations among the Parties. In case the Parties fail to reach agreement within thirty (30) days after the dispute arises, such dispute shall be submitted to China International Economic and Trade Arbitration Commission Shanghai Commission for arbitration in Shanghai in accordance with such Commission's arbitration rules in effect at the time of applying for arbitration, and the arbitration award shall be final and binding on the Parties.

14.6 None of the rights, powers or remedies granted to any Party by any provision herein shall preclude any other rights, powers or remedies available to such Party at law and under the other provisions of this Agreement. In addition, the exercising by one Party of any of its rights, powers and remedies shall not exclude such Party from exercising any of its other rights, powers and remedies.

14.7 No failure or delay by a Party in exercising any rights, powers and remedies available to it hereunder or at law (the "**Available Rights**") shall result in a waiver thereof, nor shall the waiver of any single or partial exercise of the Available Rights shall exclude such Party from exercising such rights in any other way and exercising the other Available Rights.

14.8 The headings of the provisions herein are for reference only, and in no event shall such headings be used for or affect the interpretation of the provisions hereof.

14.9 Each provision contained herein shall be severable and independent from each of the other provisions. If any one or more provisions herein become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of the remaining provisions herein shall not be affected as a result thereof.

14.10 Any amendments or supplements to this Agreement shall be made in writing. Except for assignment by the Pledgee of its rights hereunder according to Article 14.1, the amendments or supplements to this Agreement shall take effect only upon the due execution by the Parties to this Agreement. If any amendments or supplements to this Agreement legally require any approval of and/or any registration or filing with any government authority, the Parties shall obtain such approval and/or complete such registration or filing in accordance with law.

14.11 This Agreement shall be binding on the legal successors of the Parties.

14.12 Simultaneously with the execution of this Agreement, each Pledgor shall respectively sign a power of attorney (the "**Power of Attorney**") to authorize any person designated by the Pledgee to sign on the Pledgor's behalf according to this Agreement any and all legal documents necessary for the exercise of the Pledgee's rights hereunder. Such Power of Attorney shall be delivered to the Pledgee to keep in custody and, when necessary, the Pledgee may at any time submit the Power of Attorney to the relevant government authority.

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[EXECUTION PAGE]

IN WITNESS WHEREOF, this EQUITY PLEDGE AGREEMENT is executed by the following Parties on the date first written above.

Qimin WU

By: /s/ Qimin WU

Tianxiang HU

By: /s/ Tianxiang HU

Baoyi Investment Consulting (Shanghai) Co., Ltd.
(Seal)

By: /seal/ Baoyi Investment Consulting (Shanghai) Co., Ltd.
Name:
Title:

Shanghai E-Cheng Asset Management Co., Ltd.
(Seal)

By: /seal/ Shanghai E-Cheng Asset Management Co., Ltd.
Name:
Title:

Annex 1:

Company's General Information

Company name: Shanghai E-Cheng Asset Management Co., Ltd.

Registered address: Room 221 Block 1, 195 Yong He Zhi Road, Zhabei district, Shanghai

Registered capital: RMB1,000,000

Legal representative: Qimin WU

Shareholder's name		Contribution in registered capital	Percentage of contribution	Method of contribution
Qimin WU	RMB	700,000	70%	Cash
Tianxiang HU	RMB	300,000	30%	Cash
Total	RMB	1,000,000	100%	/

Annex 2:

FORM OF POWER OF ATTORNEY

I, [*], hereby irrevocably delegate [*] (identity card number: [*]) to act as my authorized representative to execute all legal documents necessary or useful for Baoyi Investment Consulting (Shanghai) Co., Ltd. to exercise its rights under the "Equity Pledge Agreement regarding Shanghai E-Cheng Asset Management Co., Ltd." entered into by Shanghai E-Cheng Asset Management Co., Ltd., it and me.

Signature:
Date:

Exhibit 8.1

List of Significant Subsidiaries and Consolidated Entities

Subsidiaries	Place of Incorporation
Shanghai Juxiang Investment Management Consulting Co., Ltd.	PRC
Baoyi Investment Consulting (Shanghai) Co., Ltd	PRC
Jupai HongKong Investment Limited	Hong Kong
Shanghai Baoyixuan Investment Center (Limited Partnership)	PRC

Consolidated Entities	Place of Incorporation
Juzhou Asset Management (Shanghai) Co., Ltd.	PRC
Shanghai Jupeng Asset Management Co., Ltd.	PRC
Shanghai Yidezhen Equity Investment Center (Limited Partnership)	PRC

* Other subsidiaries and consolidated entities of Jupai Holdings Limited have been omitted from this list since, considered in the aggregate as a single entity, they would not constitute a significant subsidiary.

Exhibit 12.1

Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jianda Ni, certify that:

1. I have reviewed this annual report on Form 20-F of Jupai Holdings Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 this annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 12, 2018

By: /s/ Jianda Ni
Name: Jianda Ni
Title: Chairman of the Board of Directors and Chief Executive Officer

Exhibit 12.2

Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Min Liu, certify that:

1. I have reviewed this annual report on Form 20-F of Jupai Holdings Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 this annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 12, 2018

By: /s/ Min Liu
Name: Min Liu
Title: Chief Financial Officer

Exhibit 13.1

Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Jupai Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jianda Ni, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 12, 2018

By: /s/ Jianda Ni
Name: Jianda Ni
Title: Chairman of the Board of Directors and Chief Executive Officer

Exhibit 13.2

Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Jupai Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Min Liu, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 12, 2018

By: /s/ Min Liu
Name: Min Liu
Title: Chief Financial Officer

Exhibit 15.1

[Letterhead of AllBright Law Offices]

April 12, 2018

Consent of AllBright Law Offices

Dear Sirs:

We consent to the reference to our firm under the headings “Item 4. Information on the Company—B. Business Overview—Regulation” and “Item 4. Information on the Company—C. Organizational Structure” in the Annual Report of Jupai Holdings Limited (the “Company”) on Form 20-F for the year ended December 31, 2017, which will be filed with the Securities and Exchange Commission (hereinafter the “SEC”) in April 2018, and further consent to the incorporation by reference of the summaries of our opinions under these headings into the Company’s registration statement on Form S-8 (File No. 333-206553), which was filed on August 25, 2015 and registration statement on Form S-8 (File No. 333-209924), which was filed on March 4, 2016. We also consent to the filing with the SEC of this consent as an exhibit to the Annual Report of the Company on Form 20-F for the year ended December 31, 2017.

Sincerely yours

AllBright Law Offices

/s/ Steve Zhu
Steve Zhu
Attorney at Law/Senior Partner

Exhibit 15.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of Jupai Holdings Limited File No. 333-209924 and No. 333-206553, respectively, on Form S-8 of our report dated April 12, 2018, relating to the financial statements and financial statement schedule of Jupai Holdings Limited appearing in this Annual Report on Form 20-F for the year ended December 31, 2017.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, China
April 12, 2018