Table of Contents

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

# FORM 20-F

**(Mark One)**

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

**OR**

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

**For the fiscal year ended December 31, 2024**

**OR**

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

**For the transition period from _____to_____**

**OR**

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

**Date of event requiring this shell company report _____**

**Commission file number: 001-37657**

# Yiren Digital Ltd.

(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)

**28/F, China Merchants Bureau Building**
**118 Jianguo Road**
**Chaoyang District, Beijing 100022**
**The People's Republic of China**

(Address of principal executive offices)

**Yuning Feng**
**Chief Financial Officer**
**Telephone: +86 10 5964-4552**
**Email: ir@yiren.com**
**28/F, China Merchants Bureau Building**
**118 Jianguo Road**
**Chaoyang District, Beijing 100022**
**The People's Republic of China**

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

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

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|---|---|---|
| American depositary shares (one American depositary share representing two ordinary shares, par value US$0.0001 per share) | YRD | New York Stock Exchange |
| Ordinary shares, par value US$0.0001 per share* | | New York Stock Exchange |

** 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.

172,605,774 ordinary shares, par value US$0.0001 per share, as of December 31, 2024.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

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

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

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

☐

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

☐

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

☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

☐

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

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

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

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

☐ Yes ☐ No

**TABLE OF CONTENTS**


| | | Page |
|---|---|---|
| INTRODUCTION | | 1 |
| FORWARD-LOOKING INFORMATION | | 2 |
| PART I | | 3 |
| Item 1. | Identity of Directors, Senior Management and Advisers | 3 |
| Item 2. | Offer Statistics and Expected Timetable | 3 |
| Item 3. | Key Information | 3 |
| Item 4. | Information on the Company | 70 |
| Item 4A. | Unresolved Staff Comments | 114 |
| Item 5. | Operating and Financial Review and Prospects | 115 |
| Item 6. | Directors, Senior Management and Employees | 141 |
| Item 7. | Major Shareholders and Related Party Transactions | 149 |
| Item 8. | Financial Information | 154 |
| Item 9. | The Offer and Listing | 155 |
| Item 10. | Additional Information | 156 |
| Item 11. | Quantitative and Qualitative Disclosures about Market Risk | 167 |
| Item 12. | Description of Securities Other than Equity Securities | 168 |
| PART II | | 170 |
| Item 13. | Defaults, Dividend Arrearages and Delinquencies | 170 |
| Item 14. | Material Modifications to the Rights of Security Holders and Use of Proceeds | 170 |
| Item 15. | Controls and Procedures | 170 |
| Item 16. | Reserved | 171 |
| Item 16A. | Audit Committee Financial Expert | 171 |
| Item 16B. | Code of Ethics | 171 |
| Item 16C. | Principal Accountant Fees and Services | 171 |
| Item 16D. | Exemptions from the Listing Standards for Audit Committees | 171 |
| Item 16E. | Purchases of Equity Securities by the Issuer and Affiliated Purchasers | 172 |
| Item 16F. | Change in Registrant's Certifying Accountant | 172 |
| Item 16G. | Corporate Governance | 172 |
| Item 16H. | Mine Safety Disclosure | 173 |
| Item 16I. | Disclosure Regarding Foreign Jurisdictions That Prevent Inspections | 173 |
| Item 16J. | Insider Trading Policies | 173 |
| Item 16K. | Cybersecurity | 173 |
| PART III | | 175 |
| Item 17. | Financial Statements | 175 |
| Item 18. | Financial Statements | 175 |
| Item 19. | Exhibits | 175 |
| SIGNATURE | | 178 |

## INTRODUCTION

Unless otherwise indicated or the context otherwise requires in this annual report:

- "ADSs" refer to our American depositary shares, each of which represents two ordinary shares;
- "CreditEase" refers to CreditEase Holdings (Cayman) Limited, our parent company and controlling shareholder;
- "M3+ Net Charge-off Rate" with respect to loans facilitated during a specified time period, which we refer to as a vintage, is defined as the difference between (i) the total balance of outstanding principal of loans that become over three months delinquent during a specified period, and (ii) the total principal of recovered past due payments in the same period with respect to all loans in the same vintage that have ever become over three months delinquent, divided by (iii) the total initial principal of the loans facilitated in such vintage;
- "ordinary shares" refer to our ordinary shares, par value US$0.0001 per share;
- "RMB" and "Renminbi" refer to the legal currency of China;
- "US$," "U.S. dollars," "$," and "dollars" refer to the legal currency of the United States;
- "VIEs" or "variable interest entities" refer to the domestic companies incorporated in mainland China in which we do not have any equity ownership but whose financial results have been consolidated into our consolidated financial statements based solely on contractual arrangements in accordance with U.S. GAAP;
- "we," "us," "our company" and "our" refer to Yiren Digital Ltd., a Cayman Islands holding company, its subsidiaries, and, only in the context of describing our consolidated financial information, the consolidated variable interest entities in China. See "Item 4. Information on the Company - C. Organizational Structure" for an illustrative diagram of our corporate structure;
- "Yiren Credit" refers to the financial services business (formerly known as "credit-tech platform") that has the capability to provide individual borrowers and small business owners loan products funded by financial institutions;
- "Yiren Digital" refers to Yiren Digital Ltd., a Cayman Islands holding company;
- "Yiren Select" refers to the comprehensive life service platform that caters to the mass affluent group's diversified and comprehensive needs in different life scenarios by offering a variety of consumption and lifestyle products and services. Yiren Wealth was the predecessor of Yiren Select. In the second half of 2022, Yiren Wealth was upgraded and re-branded as "Yiren Select";
- "Yiren Wealth" (predecessor of "Yiren Select") refers to our historical wealth solution platform that specifically targets the mass affluent population and provides it with comprehensive wealth solutions; and
- "Yixianghua" refers to an online lending platform that provides small revolving loan facilitation services.

Our reporting currency is Renminbi, or RMB. Unless otherwise noted, all translations from RMB to U.S. dollars and from U.S. dollars to RMB in this annual report are made at a rate of RMB7.2993 to US$1.00, the exchange rate in effect as of December 31, 2024, as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. We make no representation that any RMB or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB, as the case may be, at any particular rate, or at all.

## FORWARD-LOOKING INFORMATION

This annual report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to:

- our goals and strategies;
- our future business development, financial condition and results of operations;
- the expected growth of the online consumer finance marketplace market in China;
- our expectations as to the charge-off rates of loans facilitated through our platform;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with borrowers and clients;
- our plans to invest in our proprietary technologies in the areas of data collection and processing algorithms as well as new business initiatives;
- competition in our industry;
- risks related to our corporate structure, in particular, the VIE structure; and
- relevant government policies and regulations relating to our industry.

We would like to caution you not to place undue reliance on these forward-looking statements, and you should read these statements in conjunction with the risk factors disclosed in "Item 3. Key Information—D. Risk Factors." Those risks are not exhaustive. We operate in an evolving environment. New risks emerge from time to time and it is impossible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking statement. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law. You should read this annual report and the documents that we reference in this annual report completely and with the understanding that our actual future results may be materially different from what we expect.

## PART I

### Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

### Item 2. Offer Statistics and Expected Timetable

Not applicable.

### Item 3. Key Information

**Our Holding Company Structure and Contractual Arrangements with the Consolidated Variable Interest Entities**

Yiren Digital Ltd. is not an operating company but a Cayman Islands holding company with operations conducted by (i) its subsidiaries and (ii) the consolidated variable interest entities with which its subsidiaries have maintained contractual arrangements. PRC laws and regulations restrict and impose conditions on foreign investment in the internet culture business and certain value-added telecommunication services such as internet content provision services. Accordingly, these businesses are operated by the variable interest entities in China. Neither Yiren Digital Ltd. nor its subsidiaries own any equity interest or direct foreign investment in the variable interest entities. Instead, Yiren Digital Ltd. relies on contractual arrangements among its PRC subsidiaries, the variable interest entities and their shareholders, which allow Yiren Digital Ltd. to (i) direct the activities of the variable interest entities that most significantly impact their economic performance, (ii) receive substantially all of the economic benefits of the variable interest entities, and (iii) have an exclusive option to purchase all or part of the equity interests in the variable interest entities when and to the extent permitted by PRC law. As a result of these VIE agreements, Yiren Digital Ltd. is considered the primary beneficiary of the variable interest entities for accounting purposes and is able to consolidate the financial results of the variable interest entities in the consolidated financial statements in accordance with U.S. GAAP. Revenues contributed by the consolidated variable interest entities accounted for 53.0%, 33.2% and 33.7% of our total revenues for 2022, 2023 and 2024, respectively. As used in this annual report, "we," "us," "our company" and "our" refers to Yiren Digital Ltd., its subsidiaries, and, only in the context of describing our consolidated financial information, the consolidated variable interest entities in China. Depending on the context, we refer to the consolidated variable interest entities by their legal names or "variable interest entities" or "VIEs," including but not limited to the following entities:

- CreditEase Puhui Information Consultant (Beijing) Co., Ltd. or CreditEase Puhui, which was established in March 2011 and had no material business operations as of the date of this annual report;
- Haijin Yichuang Financial Leasing Co., Ltd. or Yichuang Financial Leasing, which was established in March 2017 and primarily engages in the business of financial leasing;
- Hainan Haijin Yichuang Micro-lending Co., Ltd. or Yichuang Micro-lending, which was established in May 2017 and primarily engages in the micro-lending business;
- Tianjin Linyang Information and Technology Co., Ltd. or Tianjin Linyang, which was established in July 2019 and primarily engages in the borrower acquisition services;
- Hexiang Insurance Broker Co., Ltd. or Hexiang Insurance Brokers, which was established in September 2011 and holds Business Licenses to Professional Insurance Intermediaries, operates a website and primarily engages in the insurance brokerage business;
- Yiren Financial Information Service (Beijing) Co., Ltd. or Yiren Financial Information, which was established in October 2016 and primarily engages in customer membership services business;
- Beijing Yiding Technology Co., Ltd. or Yiding Technology, which was established in August 2019 and primarily engages in the insurance referral business;
- Beijing Kechuang Xinlian Technology Co., Ltd. or Kechuang Xinlian, which was established in November 2019 and holds an Internet Content Provider License and an Electronic Data Interchange License, operates a website, a mobile application and a mini-program and primarily engages in the e-commerce and micro-lending businesses;

- Beijing Yiyouxuan Technology Information Service Co., Ltd. or Yiyouxuan, which was established in July 2022 and holds an Internet Content Provider License and an Electronic Data Interchange License, operates a mobile application and primarily engages in membership services;

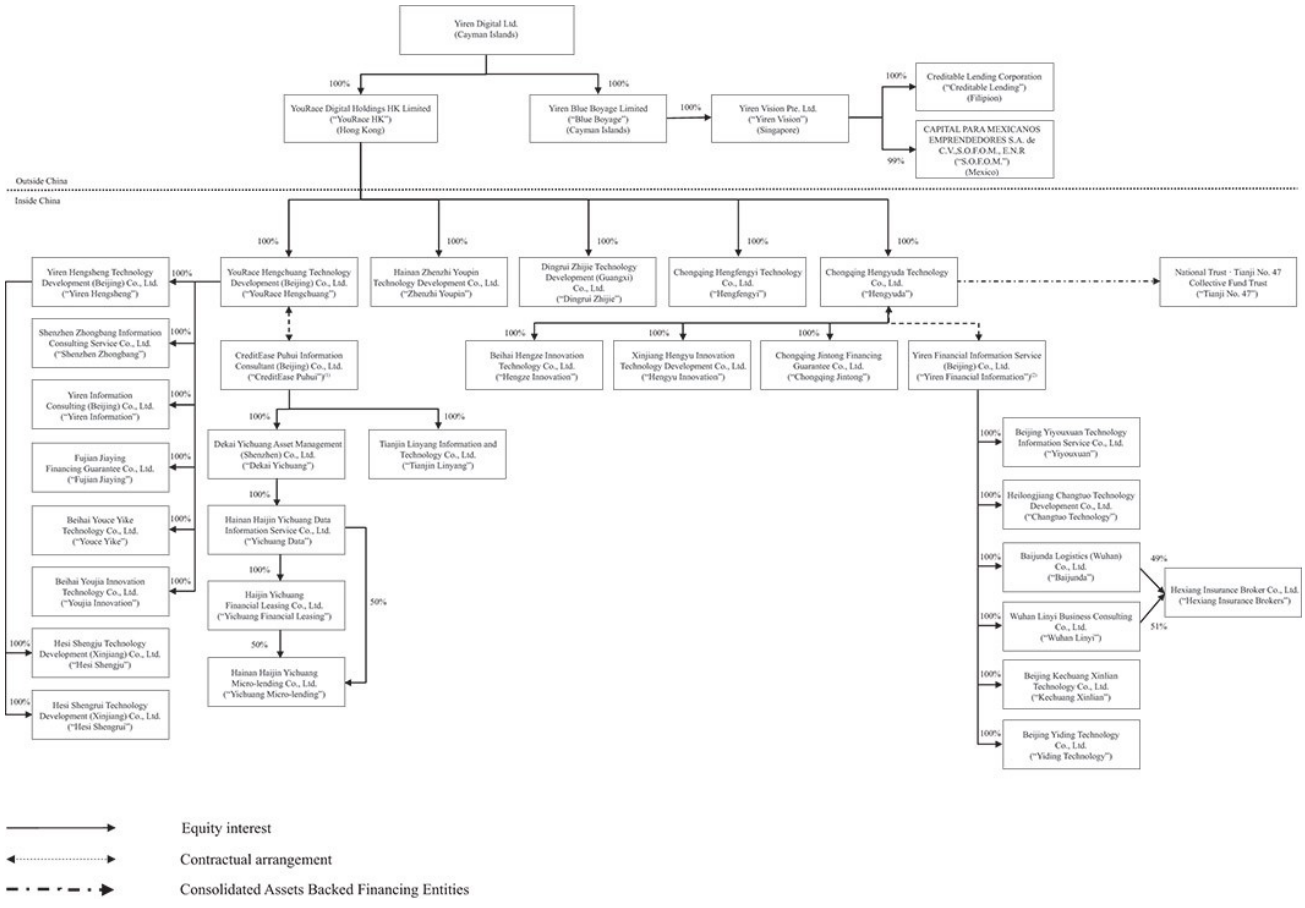
- Dekai Yichuang Asset Management (Shenzhen) Co., Ltd. or Dekai Yichuang, which was established in March 2016 and had no business operation other than holding shares as of the date of this annual report;

- Hainan Haijin Yichuang Data Information Service Co., Ltd. or Yichuang Data, which was established in December 2016 and had no business operation other than holding shares as of the date of this annual report; and

- Heilongjiang Changtuo Technology Development Co., Ltd. or Changtuo Technology, which was established in January 2014 and had no business operation other than holding shares as of the date of this annual report.

Yiren Digital Ltd. has no equity ownership in the consolidated variable interest entities. Therefore, investors investing in our ADSs are not holding equity interest in the consolidated variable interest entities but instead are holding equity interest in a holding company incorporated in the Cayman Islands.

The following diagram illustrates our corporate structure, including our subsidiaries, the consolidated variable interest entities, and our consolidated assets backed financing entities, as of the date of this annual report:




Notes:

(1) The shareholders of CreditEase Puhui are Mr. Ning Tang and Ms. Mei Zhao, each holding 99% and 1% of CreditEase Puhui's equity interest, respectively. Mr. Ning Tang is our executive chairman and Ms. Mei Zhao is one of our employees.

(2) The shareholders of Yiren Financial Information are Pucheng Credit Assessment and Management (Beijing) Co., Ltd., Mr. Ning Tang and Ms. Yan Tian, each owning 95%, 3.8% and 1.2% of Yiren Financial Information's equity interest, respectively. The shareholders of Pucheng Credit Assessment and Management (Beijing) Co., Ltd. are Mr. Ning Tang and Ms. Yan Tian, ultimately owning 95% and 5% of its equity interest, respectively. Mr. Ning Tang is our executive chairman and Ms. Yan Tian is a third-party individual designated by CreditEase.

A series of contractual agreements, including loan agreements, exclusive purchase option agreements, exclusive technology consulting and services agreements or exclusive business cooperation agreements, as applicable, equity pledge agreements, powers of attorney and business operation agreements, have been entered into by and among our subsidiaries, the consolidated variable interest entities and their respective shareholders. Terms contained in each set of contractual arrangements with the consolidated variable interest entities and their respective shareholders are substantially similar. As a result of the contractual agreements, we are considered the primary beneficiary of the variable interest entities and have consolidated the financial results of these companies in our consolidated financial statements in accordance with U.S. GAAP. For more details of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the Consolidated Variable Interest Entities."

However, the contractual arrangements may not be as effective as direct ownership and we may incur substantial costs to enforce the terms of the arrangements. In addition, these agreements have not been tested in China courts. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the consolidated variable interest entities, and their respective shareholders for certain business operations in China, which may not be as effective as direct ownership" and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—The shareholders of the consolidated variable interest entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition."

In addition, our corporate structure is subject to risks associated with our contractual arrangements with the consolidated variable interest entities. There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules regarding the status of the rights of Yiren Digital, the Cayman Islands holding company, with respect to its contractual arrangements with the consolidated variable interest entities and their shareholders. If the PRC government deems that our contractual arrangements with the consolidated variable interest entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretations of existing regulations change or are interpreted differently in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company, our PRC subsidiaries and the consolidated variable interest entities, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the consolidated variable interest entities and, consequently, significantly affect the financial performance of the consolidated variable interest entities and our company as a whole. For a detailed description of the risks associated with our corporate structure, please refer to risks disclosed under "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure."

**Doing Business in China**

We and the VIEs face various risks and uncertainties related to doing business in China. Our business operations are primarily conducted in China through our PRC subsidiaries and the VIEs, and we are subject to complex and evolving PRC laws and regulations. For example, we face risks associated with regulatory requirements on offshore offerings, anti-monopoly regulatory actions, and oversight on cybersecurity and data privacy, which may impact our ability to conduct certain businesses, accept foreign investments, or list on a United States or other foreign exchange. These risks could result in a material adverse change in our operations and the value of our ADSs, significantly limit or completely hinder our ability to continue to offer securities to investors, or cause the value of such securities to significantly decline. For a detailed description of risks related to doing business in China, please refer to risks disclosed under "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China."

PRC government has significant authority in regulating our operations and may influence our operations. It may exert more oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers, which could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations, including data security or anti-monopoly related regulations, in this nature may cause the value of such securities to significantly decline. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government's significant oversight and discretion over our business operation could result in a material adverse change in our operations and the value of our ADSs."

Risks and uncertainties arising from the legal system in China, including risks and uncertainties regarding the enforcement of laws and quickly evolving rules and regulations in China, could result in a material adverse change in our operations and the value of our ADSs. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the legal system in Chinese mainland could adversely affect us. Certain laws and regulations in Chinese mainland can evolve quickly, which bring risks and uncertainties to their interpretation and enforcement. Administrative and court proceedings in Chinese mainland may be protracted. Some government policies and internal rules may not be published on a timely manner. These risks and uncertainties may make it difficult for us to meet or comply with requirements under the applicable laws and regulations" and "—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."

**Permissions Required from the PRC Authorities for Our Operations**

We conduct our business primarily through our subsidiaries and the consolidated variable interest entities in China. The operations in China are governed by PRC laws and regulations. As of the date of this annual report, our PRC subsidiaries and the consolidated variable interest entities have obtained the requisite licenses and permits from the PRC government authorities that are material for the business operations of our company and the consolidated variable interest entities in China, including, among others, Internet Content Provider ("ICP") License, Electronic Data Interchange License, Food Business Permit, Filing Recordation for Medical Devices Operating Enterprise, Financing Guarantee Business License, Approval to Conduct Financial Leasing Business, Approval to Conduct Micro-lending Business and Business Licenses to Professional Insurance Intermediaries. Given the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practice by relevant government authorities, our PRC subsidiaries and the consolidated variable interest entities may be required to obtain additional licenses, permits, filings or approvals for the functions and services of our platform in the future. For more detailed information, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—If our practice is deemed to violate any PRC laws, rules or regulations, our business, financial condition and results of operations would be materially and adversely affected."

Also, in connection with issuance of securities to foreign investors, the PRC government has recently indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. For example, on February 17, 2023, the China Securities Regulatory Commission, or the CSRC, issued Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Regulations, and five supporting guidelines, which became effective on March 31, 2023. Pursuant to the Overseas Listing Regulations, companies in China that directly or indirectly offer or list their securities in an overseas market must file with the CSRC within three business days after submitting their listing application documents to the regulator in the place of intended listing. The Overseas Listing Regulations also provides that a company in China must file with the CSRC within three business days after completion of its follow-on offering of securities after it is listed in an overseas market. If the company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, it may be subject to administrative penalties.

Companies in China that have been listed overseas before March 31, 2023 are not required to file with the CSRC in connection with the historical offerings, although these companies are required to fulfill filing obligations with the CSRC in connection with their additional capital raising activities in accordance with the Overseas Listing Regulations. Based on the foregoing, we are not required to complete filing with the CSRC for our historical offerings, but may be subject to the filing requirements for our future capital raising activities, if any, under the Overseas Listing Regulations. As of the date of this annual report, in connection with our previous issuance of securities to foreign investors, none of us, our PRC subsidiaries and the consolidated variable interest entities, (i) have received a request to obtain permissions or complete filings from the CSRC, (ii) have received a request to go through cybersecurity review by the Cyberspace Administration of China, or the CAC, or (iii) have received or were denied such requisite permissions by any PRC authority.

However, in connection with any future overseas capital markets activities, we may need to file with the CSRC, undergo a cybersecurity review conducted by the CAC, or meet other regulatory requirements that may be adopted in the future by PRC authorities. To the extent such requirements are or become applicable, we cannot assure you that we would be able to comply with them. Any failure to obtain or delay in obtaining such approval or completing such procedures could subject us to restrictions and penalties imposed by the CSRC, the CAC or other PRC regulatory authorities, which could include fines and penalties on our operations in China, delays of or restrictions on the repatriation of the proceeds from our offshore offerings into China, or other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our ADSs. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—The approval of and filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing" and "—Our business is subject to complex and evolving Chinese and international laws and regulations regarding data privacy and cybersecurity. Failure to protect confidential information of our customers and network against security breaches could damage our reputation and brand and substantially harm our business and results of operations."

**Summary of Risk Factors**

Investing in our ADSs involves significant risks. You should carefully consider all of the information in this annual report before making an investment in our ADSs. Below please find a summary of the principal risks we face, organized under relevant headings. These risks are discussed more fully in the section titled "Item 3. Key Information—D. Risk Factors."

***Risks Related to Our Business***

Risks and uncertainties related to our business include, but are not limited to, the following:

- We operate in emerging and evolving industries, and our operations, services and products have been and may need to be modified in answering to the latest market trends, which makes it difficult to evaluate our future prospects.
- If the funding from institutional funding partners is insufficient to meet user demand for loans on our platform, our business and results of operations will be adversely affected.
- If we are unable to maintain or increase the volume of loans facilitated through our marketplace or if we are unable to retain existing borrowers or clients or attract new borrowers or clients, our business and results of operations will be adversely affected.
- If our practice is deemed to violate any PRC laws, rules or regulations, our business, financial condition and results of operations would be materially and adversely affected.
- We may not be able to achieve profitability in the future.
- If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud.
- Our business is subject to complex and evolving Chinese and international laws and regulations regarding data privacy and cybersecurity. Failure to protect confidential information of our customers and network against security breaches could damage our reputation and brand and substantially harm our business and results of operations.

***Risks Related to Our Carve-out from CreditEase and Our Relationship with CreditEase***

Risks and uncertainties related to our carve-out from CreditEase and our relationship with CreditEase include, but are not limited to, the following:

- We rely on our parent company, CreditEase, for the successful operation of our business.
- Our financial information included in this annual report may not be representative of our financial condition and results of operations if we had been operating as a stand-alone company.

- We may have conflicts of interest with CreditEase and, because of CreditEase's controlling ownership interest in our company, we may not be able to resolve such conflicts on favorable terms for us.

***Risks Related to Our Corporate Structure***

Risks and uncertainties related to our corporate structure include, but are not limited to, the following:

- Yiren Digital Ltd. is not an operating company but a Cayman Islands holding company with operations conducted by (i) its subsidiaries in China, and (ii) the consolidated variable interest entities with which its subsidiaries have maintained contractual arrangements. Yiren Digital Ltd. has no equity ownership in the consolidated variable interest entities. Therefore, investors investing in our ADSs are not holding equity interest in the consolidated variable interest entities but instead are holding equity interest in a holding company incorporated in the Cayman Islands. There are uncertainties under PRC laws and regulations regarding the enforceability of the whole or any part of these contractual arrangements. If the whole or any part of our contractual arrangements with the variable interest entities and their shareholders is found to be unenforceable, we may not be able to consolidate, or derive economic interests from the consolidated variable interest entities and their subsidiaries, which could result in a material adverse change in the financial performance of our company and the value of our ADSs.

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

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

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

We are also subject to risks and uncertainties relating to doing business through our subsidiaries and the VIEs in China in general, including, but not limited to, the following:

- PRC government has significant authority in regulating our operations and may influence our operations. It may exert more oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers, which could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations, including data security or anti-monopoly related regulations, in this nature may cause the value of such securities to significantly decline. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government's significant oversight and discretion over our business operation could result in a material adverse change in our operations and the value of our ADSs."

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

- Uncertainties with respect to the legal system in Chinese mainland could adversely affect us. Certain laws and regulations in Chinese mainland can evolve quickly, which bring risks and uncertainties to their interpretation and enforcement. Administrative and court proceedings in Chinese mainland may be protracted. Some government policies and internal rules may not be published on a timely manner. These risks and uncertainties may make it difficult for us to meet or comply with requirements under the applicable laws and regulations.

- 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.

- The funds in our PRC subsidiaries or the consolidated variable interest entities in Chinese mainland may not be available to fund operations or for other use outside of Chinese mainland due to interventions in or the imposition of restrictions and limitations on the ability of our holding company, our subsidiaries, or the consolidated variable interest entities by the PRC government on currency conversion. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Governmental control of currency conversion may limit our ability to utilize our net revenue effectively and affect the value of your investment."

- The approval of and filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.

***Risks Related to Our American Depositary Shares***

In addition to the risks described above, we are subject to general risks relating to our ADSs, including, but not limited to, the following:

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

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

**Cash and Asset Flows through Our Organization**

We have established stringent controls and procedures for cash flows within our organization, including for our subsidiaries and the VIEs. Each transfer of cash between our Cayman Islands holding company and a subsidiary, the variable interest entities or their subsidiaries is subject to internal approval. The cash inflows of the Cayman Islands holding company were primarily generated from the proceeds we received from our public offerings of ordinary shares, other financing activities and cash generated from operating activities. Our Cayman Islands holding company received RMB9.8 million, RMB49.7 million and RMB64.2 million (US$8.8 million) from our subsidiaries in 2022, 2023 and 2024, respectively. In 2022, 2023 and 2024, no assets other than cash were transferred between our Cayman Islands holding company and a subsidiary, a variable interest entity or its subsidiary, and no subsidiaries paid dividends or made other distributions to our holding company. We have a semi-annual dividend policy in place, which was approved by our board of directors on August 14, 2024. In 2024, we paid cash dividends in the total amount of US$17.3 million to our shareholders. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy.”

Pursuant to the exclusive technical and consulting services agreements between our wholly-owned PRC subsidiaries and the consolidated variable interest entities, the amount of service fees shall be calculated in such a manner as determined by both the consolidated variable interest entities and our wholly-owned PRC subsidiaries from time to time based on the nature of service paid. The consolidated variable interest entities have paid RMB378.1 million, RMB93.3 million and RMB104.9 million (US$14.4 million) of service fees to our wholly-owned PRC subsidiaries under the variable interest entity arrangements in 2022, 2023 and 2024, respectively. The consolidated variable interest entities expect to continue to settle any service fees incurred under the exclusive technical and consulting services agreements. Furthermore, cash transfers from our PRC subsidiaries and the consolidated variable interest entities to entities outside of Chinese mainland are subject to PRC governmental control on currency conversion. As a result, the funds in our PRC subsidiaries or the consolidated variable interest entities in mainland China may not be available to fund operations or for other use outside of Chinese mainland due to interventions in, or the imposition of restrictions and limitations on, the ability of our holding company, our subsidiaries, or the consolidated variable interest entities by the PRC government on such currency conversion. For risks relating to the fund flows of our operations in China, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Governmental control of currency conversion may limit our ability to utilize our net revenue effectively and affect the value of your investment.”

As a Cayman Islands holding company, we may receive dividends from our PRC subsidiaries. Under the Enterprise Income Tax Law of the PRC, or the EIT Law, and related regulations, dividends, interests, rent or royalties payable by a foreign-invested enterprise, such as our PRC subsidiaries, to any of its foreign non-resident enterprise investors, and proceeds from any such foreign enterprise investor's disposition of assets (after deducting the net value of such assets) are subject to a 10% withholding tax, unless the foreign enterprise investor's jurisdiction of incorporation has a tax treaty with China that provides for a reduced rate of withholding tax. The Cayman Islands, where Yiren Digital Ltd., the direct parent company of our PRC subsidiaries, is incorporated, does not have such a tax treaty with China. Hong Kong has a tax arrangement with China that provides for a 5% withholding tax on dividends subject to certain conditions and requirements, such as the requirement that the Hong Kong resident enterprise own at least 25% of the PRC enterprise distributing the dividend at all times within the 12-month period immediately preceding the distribution of dividends and be a "beneficial owner" of the dividends. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure—Contractual arrangements in relation to the consolidated variable interest entities may be subject to scrutiny by the PRC tax authorities and they may determine that we owe additional taxes, which could negatively affect our financial condition and the value of your investment." If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%.

For purposes of illustration, the following discussion reflects the hypothetical taxes that might be required to be paid within China, assuming that: (i) our company and the VIEs have taxable earnings, and (ii) our company and the VIEs determine to pay dividends in the future:

| | **Tax calculation** [1] |
|---|---|
| Hypothetical pre-tax earnings [2] | 100 % |
| Tax on earnings at statutory rate of 25% [3] | (25)% |
| Net earnings available for distribution | 75 % |
| Withholding tax at standard rate of 10% [4] | (7.5)% |
| Net distribution to Parent/Shareholders | 67.5 % |

Notes:

(1) For purposes of this example, the tax calculation has been simplified. The hypothetical book pre-tax earnings amount, not considering timing differences, is assumed to equal taxable income in China.

(2) Under the terms of variable interest entity agreements, our PRC subsidiaries may charge the consolidated variable interest entities for services provided to the consolidated variable interest entities. These service fees shall be recognized as expenses of the consolidated variable interest entities, with a corresponding amount as service income by our PRC subsidiaries and eliminate in consolidation. For income tax purposes, our PRC subsidiaries and the consolidated variable interest entities file income tax returns on a separate company basis. The service fees paid are recognized as a tax deduction by the consolidated variable interest entities and as income by our PRC subsidiaries and are tax neutral.

(3) Certain of our subsidiaries qualify for a 15% preferential income tax rate in China. However, such rate is subject to qualification, is temporary in nature, and may not be available in a future period when distributions are paid. For purposes of this hypothetical example, the table above reflects a maximum tax scenario under which the full statutory rate would be effective.

(4) The PRC Enterprise Income Tax Law imposes a withholding income tax of 10% on dividends distributed by a foreign invested enterprise, or the FIE, to its immediate holding company outside of China. A lower withholding income tax rate of 5% is applied if the FIE's immediate holding company is registered in Hong Kong or other jurisdictions that have a tax treaty arrangement with China, subject to a qualification review at the time of the distribution. For purposes of this hypothetical example, the table above assumes a maximum tax scenario under which the full withholding tax would be applied.

The table above has been prepared under the assumption that all profits of the consolidated variable interest entities will be distributed as fees to our PRC subsidiaries under tax neutral contractual arrangements. If, in the future, the accumulated earnings of the consolidated variable interest entities exceed the service fees paid to our PRC subsidiaries (or if the current and contemplated fee structure between the intercompany entities is determined to be non-substantive and disallowed by Chinese tax authorities), the consolidated variable interest entities could make a non-deductible transfer to our PRC subsidiaries for the amount of the stranded cash in the consolidated variable interest entities. This would result in such transfer being non-deductible expenses for the consolidated variable interest entities but still taxable income for the PRC subsidiaries.

Under PRC laws and regulations, our company and the VIEs are subject to restrictions on foreign exchange and cross-border cash transfers, including to U.S. investors. Our ability to distribute earnings to the holding company and U.S. investors is also limited. We are a Cayman Islands holding company and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries, which in turn rely on consulting and other fees paid to us by the consolidated variable interest entities, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. When any of our PRC subsidiaries incurs debt on its own behalf, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Our subsidiaries' ability to distribute dividends is based upon their distributable earnings. Current PRC regulations permit our PRC subsidiaries to pay dividends to their respective shareholders only out of their accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries and the consolidated variable interest entities, when distributing its after-tax profits to shareholders, 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. Such reserve is not distributable as cash dividends.

In addition, our PRC subsidiaries, the consolidated variable interest entities and their subsidiaries generate revenue primarily in Renminbi, which is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to pay dividends to us. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—We rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business," and "—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our initial public offering and the concurrent private placement to make loans to or make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

**Financial Information Related to the Consolidated Variable Interest Entities**

The following table presents the condensed consolidating schedule of financial position for the consolidated variable interest entities and other entities as of the dates presented:

***Selected Condensed Consolidated Statements of Income Information***

| | For the Year Ended December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | The Company | Company Subsidiaries | Consolidated Variable Interest Entities | Consolidated Assets Backed Financing Entities | Eliminations | Consolidated Total |
| | RMB (in millions) | | | | | |
| Net revenue | — | 5,065 | 1,956 | — | (1,215) | 5,806 |
| **Net (loss)/income** | 1,582 | 1,606 | (1) | 21 | (1,626) | 1,582 |

| | For the Year Ended December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | The Company | Company Subsidiaries | Consolidated Variable Interest Entities | Consolidated Assets Backed Financing Entities | Eliminations | Consolidated Total |
| | RMB (in millions) | | | | | |
| Net revenue | — | 3,610 | 2,878 | — | (1,592) | 4,896 |
| **Net (loss)/income** | 2,080 | 904 | 1,335 | (86) | (2,153) | 2,080 |

| | For the Year Ended December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | The Company | Company Subsidiaries | Consolidated Variable Interest Entities | Consolidated Assets Backed Financing Entities | Eliminations | Consolidated Total |
| | RMB (in millions) | | | | | |
| Net revenue | — | 2,063 | 2,541 | — | (1,169) | 3,435 |
| **Net (loss)/income** | 1,195 | 370 | 848 | 17 | (1,235) | 1,195 |

***Selected Condensed Consolidated Balance Sheets of Information***

| | As of December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | The Company | Company Subsidiaries | Consolidated Variable Interest Entities | Consolidated Assets Backed Financing Entities | Eliminations | Consolidated Total |
| | RMB (in millions) | | | | | |
| Cash and cash equivalents | 159 | 2,524 | 1,158 | — | — | 3,841 |
| Restricted cash | — | 127 | 25 | 108 | — | 260 |
| Trading securities | — | — | 77 | — | — | 77 |
| Accounts receivable | — | 513 | 54 | — | — | 567 |
| Guarantee receivable | — | 474 | — | — | — | 474 |
| Contract assets, net | — | 881 | 128 | — | — | 1,009 |
| Prepaid expenses and other assets | — | 2,323 | 29 | 10 | — | 2,362 |
| Loans at fair value | — | 40 | — | 382 | — | 422 |
| Financing receivables | — | 15 | 3 | — | — | 18 |
| Amounts due from related parties | 1,096 | 5,062 | 3,737 | — | (6,507) | 3,388 |
| Held-to-maturity investments | — | — | — | 7 | — | 7 |
| Other financial investments | — | 648 | — | — | (295) | 353 |
| Property, equipment and software, net | — | 54 | 59 | — | (34) | 79 |
| Deferred tax assets | — | — | 77 | — | — | 77 |
| Right-of-use assets | — | 36 | 4 | — | — | 40 |
| Investments in its subsidiaries, the consolidated VIEs and equity investees | 8,363 | 88 | — | — | (8,442) | 9 |
| **Total assets** | **9,618** | **12,785** | **5,351** | **507** | **(15,278)** | **12,983** |
| Accounts payable | — | 30 | 12 | 1 | — | 43 |
| Amounts due to related parties | 64 | 3,546 | 3,018 | 8 | (6,506) | 130 |
| Guarantee liabilities-stand ready | — | 607 | — | — | — | 607 |
| Guarantee liabilities-contingent | — | 579 | — | — | — | 579 |
| Deferred revenue | — | 9 | — | — | — | 9 |
| Payable to investors at fair value | — | — | — | 654 | (286) | 368 |
| Accrued expenses and other liabilities | 12 | 529 | 1,081 | — | — | 1,622 |
| Deferred tax liabilities | — | 32 | 9 | — | — | 41 |
| Lease liabilities | — | 37 | 4 | — | — | 41 |
| **Total liabilities** | **76** | **5,369** | **4,124** | **663** | **(6,792)** | **3,440** |

| | As of December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | The Company | Company Subsidiaries | Consolidated Variable Interest Entities | Consolidated Assets Backed Financing Entities | Eliminations | Consolidated Total |
| | RMB (in millions) | | | | | |
| Cash and cash equivalents | 23 | 2,405 | 3,363 | — | — | 5,791 |
| Restricted cash | — | — | — | 267 | — | 267 |
| Trading securities | — | — | 76 | — | — | 76 |
| Accounts receivable | — | 442 | 57 | — | — | 499 |
| Guarantee receivable | — | 3 | — | — | — | 3 |
| Contract assets, net | — | 824 | 154 | — | — | 978 |
| Prepaid expenses and other assets | — | 372 | 46 | 6 | — | 424 |
| Loans at fair value | — | 389 | — | 289 | — | 678 |
| Financing receivables | — | 2 | 114 | — | — | 116 |
| Amounts due from related parties | 1,350 | 1,767 | 1,237 | — | (3,534) | 820 |
| Held-to-maturity investments | — | — | — | 10 | — | 10 |
| Other financial investments | 30 | 695 | — | — | (285) | 440 |
| Property, equipment and software, net | — | 51 | 62 | — | (34) | 79 |
| Deferred tax assets | — | — | 73 | — | — | 73 |
| Right-of-use assets | — | 12 | 11 | — | — | 23 |
| Investments in its subsidiaries and the consolidated VIEs | 6,690 | 126 | — | — | (6,816) | — |
| **Total assets** | **8,093** | **7,088** | **5,193** | **572** | **(10,669)** | **10,277** |
| Accounts payable | — | 12 | 18 | 1 | — | 31 |
| Amounts due to related parties | — | 908 | 2,625 | 15 | (3,534) | 14 |
| Guarantee liabilities-stand ready | — | 9 | — | — | — | 9 |
| Guarantee liabilities-contingent | — | 28 | — | — | — | 28 |
| Deferred revenue | — | 54 | — | — | — | 54 |
| Payable to investors at fair value | — | — | — | 731 | (285) | 446 |
| Accrued expenses and other liabilities | 7 | 211 | 1,243 | 2 | — | 1,463 |
| Deferred tax liabilities | — | 102 | 20 | — | — | 122 |
| Lease liabilities | — | 14 | 10 | — | — | 24 |
| **Total liabilities** | **7** | **1,338** | **3,916** | **749** | **(3,819)** | **2,191** |

***Selected Condensed Consolidated Cash Flows Information***

| | For the Year Ended December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | The Company | Company Subsidiaries | Consolidated Variable Interest Entities | Consolidated Assets Backed Financing Entities | Eliminations | Consolidated Total |
| | RMB (in millions) | | | | | |
| Net cash provided by operating activities | 240 | 665 | 503 | 16 | — | 1,424 |
| Net cash provided by/(used in) investing activities | 95 | (2,843) | (2,423) | (160) | 2,218 | (3,113) |
| Net cash (used in)/provided by financing activities | (198) | 2,414 | (260) | (15) | (2,218) | (277) |
| Effect of foreign exchange rate changes | (1) | 10 | — | — | — | 9 |

| | For the Year Ended December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | The Company | Company Subsidiaries | Consolidated Variable Interest Entities | Consolidated Assets Backed Financing Entities | Eliminations | Consolidated Total |
| | RMB (in millions) | | | | | |
| Net cash (used in)/provided by operating activities | (25) | 791 | 1,379 | 26 | — | 2,171 |
| Net cash provided by/ (used in) investing activities | 72 | 102 | 793 | (900) | 33 | 100 |
| Net cash (used in)/provided by financing activities | (48) | 64 | (1,604) | 1,052 | (33) | (569) |
| Effect of foreign exchange rate changes | — | (4) | — | — | — | (4) |

| | For the Year Ended December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | The Company | Company Subsidiaries | Consolidated Variable Interest Entities | Consolidated Assets Backed Financing Entities | Eliminations | Consolidated Total |
| | RMB (in millions) | | | | | |
| Net cash (used in)/provided by operating activities | (23) | 493 | 1,375 | 4 | — | 1,849 |
| Net cash provided by/(used in) investing activities | 43 | (522) | 428 | 35 | 69 | 53 |
| Net cash (used in)/provided by financing activities | (4) | (10) | (400) | (6) | (69) | (489) |
| Effect of foreign exchange rate changes | 1 | 1 | — | — | — | 2 |

**A. [Reserved]**

**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

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

We operate in emerging and evolving industries. To respond to constantly changing market trends, we have been continuously expanding and upgrading our product and service offerings. For instance, we began operating our business on a more diverse and scalable mix of service platforms—Yiren Credit and Yiren Wealth (predecessor of "Yiren Select") through our subsidiaries and the VIEs as a result of our strategic business realignment with CreditEase in 2019. In May 2020, we initiated insurance brokerage business through Hexiang Insurance Brokers, a subsidiary of a VIE. In the second half of 2022, we upgraded and re-branded Yiren Wealth as Yiren Select, which caters to the mass affluent group's diversified and comprehensive needs in different life scenarios by offering a variety of non-financial products and services as well as wealth solutions. In the first quarter of 2023, we re-categorized non-financial products and services offered through e-commerce platforms, such as Yiren Select, into a new business segment, namely the consumption and lifestyle business. The consumption and lifestyle business offers a range of selective non-financial products and services to fulfill various consumption demands by clients. These offerings span multiple sectors, such as membership upgraded services, mini digital games, daily necessities, beauty products, and healthcare products and services. Furthermore, to expand our business internationally, we initiated the offering of financial services business in the Philippines at the end of 2022. Since the beginning of 2023, our financial services business in the Philippines have experienced rapid growth. Currently, the business is in its early stages and poised for further expansion.

We may continue to introduce new products and service offerings, or make adjustments to our existing products, service offerings or business model through the operation of our subsidiaries and the VIEs. However, the introduction of new products or service offerings, or any significant change to our business model may not achieve expected results and may have a material and adverse impact on our financial condition and results of operations. The risks and challenges our company and the VIEs encounter or may encounter in this developing and rapidly-evolving market may adversely impact our business and prospects. These risks and challenges include our ability to, among other things:

- navigate an evolving regulatory environment;
- expand the base of borrowers and clients served on our platforms;
- acquire borrowers and clients in a cost-effective manner;
- enhance our risk management capabilities and maintain low delinquency rates of transactions facilitated by us;
- continue to scale our technology infrastructure to support the growth of our platform and higher transaction volume;
- broaden our product and service offerings;
- enhance our risk management capabilities;
- attract sufficient funding from institutional funding partners;
- improve our operational efficiency;
- cultivate a vibrant consumer finance ecosystem;
- maintain the security of our platform and the confidentiality of the information provided and utilized across our platform;
- attract, retain and motivate talented employees; and
- defend ourselves against litigation, regulatory, intellectual property, privacy or other claims.

Our company and the VIEs are subject to all risks and challenges inherent in developing a business enterprise in emerging and evolving industries. If the market for our marketplace does not develop as we or the VIEs expect, or if we or the VIEs fail to address the needs of our target market, or other risks and challenges, our business and results of operations will be harmed.

***If the funding from institutional funding partners is insufficient to meet user demand for loans on our platform, our business and results of operations will be adversely affected.***

We generated a majority of our revenue from financial service business in 2024. The growth and success of the financial service business depends on the availability of adequate funding to meet users' demand for loans on our platform. These loans are funded mainly by third parties or our subsidiaries. The funding sources for third-party loans are investments from institutional funding partners only, which primarily include commercial banks, internet banks, trusts, microloan companies, and consumer finance companies. In 2024, our company and the VIEs facilitated RMB53,338.7 million (US$7,307.4 million) loans that were funded by third parties, representing 99.5% of the total loans facilitated on our platform. The loans funded by our subsidiaries amounted to RMB252.9 million (US$34.6 million) in 2024, representing 0.5% of the total loans facilitated on our platform.

To maintain a high growth momentum of our marketplace, we must continuously attract more institutional funding partners to our marketplace. If there is insufficient funding from these institutional funding partners, borrowers may not be able to obtain capital through our marketplace and may need to turn to other sources for their borrowing needs. If we are unable to retain our existing institutional funding partners or attract new institutional funding partners, or if regulatory authorities promulgate new laws and regulations to regulate, limit, or even prohibit our collaboration with the institutional funding partners, our business, results of operations and financial condition will be adversely affected. The cooperation with institutional funding partners by us and the VIEs for the financial service business is not on an exclusive basis. If the governmental authorities further tighten the regulations on the online consumer finance industry, our institutional funding partners would become more selective in choosing partners for referring borrowers and facilitating loans for them. The competition our company and the VIEs face would become even more intense. If we fail to continuously meet their requirements or needs, our financial institution partners may stop cooperating with us and turn to our competitors, which may also materially and adversely affect our business, financial condition and results of operations.

***If we are unable to maintain or increase the volume of loans facilitated through our marketplace or if we are unable to retain existing borrowers or clients or attract new borrowers or clients, our business and results of operations will be adversely affected.***

The growth of our marketplace is largely dependent on our ability to increase the volume of loans facilitated under the financial service business, as well as our ability to attract and retain borrowers and clients for our various service offerings, which may be affected by several factors, including the regulatory environment, our brand recognition and reputation, the effectiveness of our risk control, the repayment rate of borrowers on our marketplace, the spectrum and attractiveness of our current service and product offering portfolio, the efficiency of our platform, the macroeconomic environment and other factors.

To maintain the high growth momentum of our marketplace, our company and the VIEs must continuously increase the volume of loans and the sales volume of other products and services by retaining current participants and attracting more users whose needs for financing, or wealth appreciation or protection can be met on our marketplace. If there is insufficient funding from our institutional funding partners, borrowers may not be able to obtain capital through our marketplace and may turn to other sources for their borrowing needs. If our company or the VIEs are unable to attract qualified borrowers and sufficient funding from our institutional funding partners, or if borrowers do not continue to participate in our marketplace at the current rates due to business or regulatory reasons, our company or the VIEs might not be able to increase our loan transaction volume and revenues as we expect, and our business and results of operations may be adversely affected.

To the extent permitted by laws and regulations, our company and the VIEs intend to continue to dedicate significant resources to our user acquisition efforts, including establishing new acquisition channels. For our financial services business, our company and the VIEs attract borrowers through online channels, such as social media platforms, search engine marketing, search engine optimization, mobile application downloads through major application stores, as well as various marketing campaigns and membership services. For our insurance brokerage business, we acquire clients through a variety of sources, such as online direct marketing, CreditEase ecosystem, member referral, channel partnership and social media platforms. For our consumption and lifestyle service business, we primarily serve our existing customers from other business lines.

There is no assurance that our company or the VIEs will be successful with our user acquisition efforts. If any of our current user acquisition channels becomes less effective, if we are unable to continue to use any of these channels, or if we are not successful in using new channels, our company or the VIEs may not be able to acquire new borrowers and clients in a cost-effective manner or convert potential borrowers and clients into active borrowers and clients, and may even lose our existing borrowers and clients to our competitors. If our company or the VIEs are unable to attract qualified borrowers and sufficient funding from our institutional funding partners or if clients do not continue to participate in our marketplace, we might be unable to increase our loan transaction volume or sales volume of other products and services and thus unable to increase revenues as we expect, and our business and results of operations may be adversely affected.

***If our practice is deemed to violate any PRC laws, rules or regulations, our business, financial condition and results of operations would be materially and adversely affected.***

The PRC government has adopted several regulations governing the personal credit reporting business. According to these regulations and measures, no entity may engage in the personal credit reporting business without approval by the credit reporting industry regulatory department under the State Council. If any entity directly engages in the personal credit reporting business without such approval, the entity is subject to penalties including suspension of business, confiscation of revenues related to the personal credit reporting business, fines and criminal liabilities.

On September 27, 2021, the People's Bank of China, or the PBOC, issued the Administrative Measures for Credit Reporting Business, or the Credit Reporting Measures, which took effect on January 1, 2022. The Credit Reporting Measures define "credit information" to include "basic information, borrowing and lending information and other relevant information legally collected in the offering of services of finance or other activities for purposes of identifying and judging the credit standing of businesses and individuals, as well as result of analysis and evaluation based on the aforesaid information" and define "credit reporting business" as the collection, collation, keeping and processing of credit information and provision of such information to information users. The Credit Reporting Measures applies to entities that carry out credit reporting business and "activities relating to credit reporting business" in China. Separately, entities providing "services of credit reporting function" in the name of "credit information service, credit service, credit evaluation, credit rating, credit repair, among others" are also subject to the Credit Reporting Measures. The Credit Reporting Measures are new and significant uncertainties exist with respect to its interpretation and implementation. For example, the Credit Reporting Measures do not directly deny the legitimacy of existing data analytics or precision marketing service providers in the financial service industry, nor does it provide a clear guidance or implementation rules on how and when these providers, if deemed to be conducting credit reporting business, could apply for required licenses or otherwise comply with the Credit Reporting Measures.

In addition, it is reported that in April 2021, the PBOC, the China Banking and Insurance Regulatory Commission, or the CBIRC, the China Securities Regulatory Commission, or the CSRC, and the State Administration of Foreign Exchange, or the SAFE, invited a number of internet platform operators for a meeting to discuss the operations and compliance of their internet finance business, including but not limited to conducting credit reporting business through authorized credit reporting agency.

Our company and the VIEs organize, store and analyze information provided by users after obtaining their consent. This information contains certain personal information of users, a portion of which, upon their consent, will be provided to our institutional funding partners for their further review and assessment. Due to the lack of further interpretations of the current regulations governing the personal credit reporting business, it is uncertain whether our company or the VIEs would be deemed to engage in the personal credit reporting business. As of the date of this annual report, our company and the VIEs have not obtained credit reporting business license. We cannot assure you that our company or the VIEs will not be required in the future to obtain approval or a license for the personal credit reporting business and comply with the relevant regulations, which may be costly, or become subject to penalties associated with regulations governing the personal credit reporting business.

According to the Regulations on the Supervision and Administration of Financing Guarantee Companies, which was promulgated by State Council and came into effect on October 1, 2017, without the approval by the competent government department, no entity may operate the financing guarantee business in which such entity acts as a guarantor providing guarantee to the guaranteed parties as to their loans, bonds or other types of debt financing. If any entity engages in the financing guarantee business without such approval, the entity may be subject to penalties, including ban or suspension of business, confiscation of revenues related to financing guarantee business, fines and criminal liabilities. Circular on Measures for the Regulation of Risks in the Information Technology Outsourcing by Banking and Insurance Institutions, or Circular 141, further sets out that a banking financial institution shall not accept any credit enhancement service, ultimate commitment or any other disguised credit enhancement service provided by any third-party institution without guarantee qualifications. We cooperated with a bank to furnish borrower referral and facilitation services to the bank from August 2017 to December 2017. We provided guarantee deposits to the bank to protect it from potential losses due to loan delinquency and undertook to timely replenish such deposits from time to time. We also undertook to repay the bank on behalf of defaulting borrowers if any repayment was 80 days overdue and upon such full repayment to the bank, we would obtain the creditor's rights in respect of the relevant default amount. Since the promulgation of Circular 141, we suspended the cooperation with the bank. Due to the lack of further interpretations and the evolving regulatory environments, it is uncertain whether our subsidiaries or the VIEs would be deemed by the PRC regulatory authorities as operating financing guarantee business, which is prohibited by the Interim Measures. We cannot assure you that our company or the VIEs will not be subject to sanctions imposed by relative PRC regulatory agencies, or be required in the future to obtain approval or a license for financing guarantee business to continue our cooperation with banks.

In July 2020, the CBIRC (which was replaced by the National Financial Regulatory Administration, or the NFRA on May 18, 2023) published the Interim Measures for the Administration of Internet Loans of Commercial Banks and amended in June 2021, or the Commercial Banks Measures, which stipulate several rules on internet loans provided by commercial banks. In February 2021, the CBIRC issued the Notice on Further Regulating the Internet Loan Business of Commercial Banks, or the Internet Loan Notice, which makes further provisions on the internet loan business by commercial banks. In July 2022, the CBIRC issued the Notice on Strengthening the Management of the Internet Lending Business of Commercial Banks to Improve the Quality and Efficiency of Financial Services, or the Commercial Banks Notice, aiming to further specify rules on internet loans provided by commercial banks. The Commercial Banks Notice granted a transition period until June 30, 2023, for the internet loan stock business. For newly generated internet loans provided by commercial banks during such transition period, the Commercial Banks Notice, the Internet Loan Notice and the Commercial Banks Measures shall apply. We cannot assure you that our company and the VIEs' cooperation with commercial banks will remain in compliance with the Commercial Banks Measures, the Internet Loan Notice and the Commercial Banks Notice.

The laws, rules and regulations continue to evolve in this emerging industry, and the interpretation of these laws, rules and regulations by the local authorities may be different from our understanding. We cannot be certain that day-to-day practices of our company or the VIEs would not be deemed to violate any existing or future laws, rules and regulations. For instance, since the online insurance industry in China is evolving rapidly, the NFRA has been enhancing its supervision over this industry in recent years, and new laws, regulations and regulatory requirements have been promulgated and implemented from time to time. Our company and the VIEs face challenges brought by these new laws, regulations and regulatory requirements, as well as significant uncertainties in the interpretation and application thereof. Moreover, there exist uncertainties as to how the regulatory environment might change.

The regulatory framework in China's insurance industry is evolving and undergoing significant changes. Further development of regulations applicable to us may result in additional restrictions on our business operations. Our company and the VIEs may have to adjust our business practice and operations to comply with the continuously changing regulatory requirements. For example, the Implementing Measures for Administrative Licensing and Record-filing for Insurance Intermediaries, promulgated by the CBIRC on October 28, 2021, and effective on February 1, 2022, which apply to both online and offline insurance intermediaries, require the CBIRC and its local offices to implement administrative license and recordation of insurance intermediary business and senior executives. On December 7, 2020, the CBIRC published the Regulatory Measures for Online Insurance Business, or the Regulatory Measures, which became effective on February 1, 2021, significantly changed the regulatory regime for online insurance business in various aspects. For instance, the Regulatory Measures require insurance institutions (including insurance carriers and insurance intermediary service providers, such as insurance brokerage companies and insurance agency companies) to (i) establish internal policies with regard to personnel management, customer information protection and internal control, (ii) enhance compliance management of promotional materials and marketing activities, (iii) meet certain detailed requirements for sales activities, and (iv) protect the information right of consumers by making appropriate disclosure. In particular, the Regulatory Measures require online insurance transactions being conducted through online interfaces operated by insurance institutions only, and prohibit insurance institutions to set default option for customer and impose any restriction on the cancellation of automatic payment to affect a customer's choice during the sales process of insurance products. The Regulatory Measures prohibit entities which are not insurance institutions from conducting insurance businesses, such as consultation of insurance products, comparison of insurance products, trial calculation of insurance premiums, quotation and comparison of quotations, drafting insurance plans for policyholders, processing insurance application formalities and premium collection. The Regulatory Measures also do not explicitly allow the entities which are not insurance institutions to conduct marketing activities for online insurance products. In addition, the Regulatory Measures set a higher standard for insurance institutions and online industry participants to improve IT infrastructure and cybersecurity protection. In particular, insurance institutions engaged in online insurance products sales business shall have IT systems that are certified as Safety Level III Computer Information Systems or above level.

Insurance premium rates and commissions are highly regulated in PRC. Pursuant to the PRC Insurance Law, insurance companies must formulate insurance clauses and insurance premium rates fairly and reasonably. Based on the Administrative Measures for the Insurance Clauses and Premium Rates of Property Insurance Companies, effective from October 1, 2021, the Circular on Issues Concerning the Implementation of the Administrative Measures for the Insurance terms and Premium Rates of Property Insurance Companies, effective from May 1, 2010, and the Circular on Issues concerning Further Strengthening and Improving the Regulation of Products of Property Insurances Companies, effective from March 1, 2020, insurance clauses and insurance premium rates for certain property insurance products must be reported to the CBIRC for approval. If insurance companies modify approved insurance clauses or insurance premium rates, they must submit the modifications for approval. In addition, insurance companies should report insurance clauses and insurance premium rates for insurance products outside the scope set out above to the CBIRC or, as the case may be, the local CBIRC bureau for filing within ten business days after the implementation. In case of revisions or amendments to insurance liabilities in insurance clauses or insurance premium rates that have been filed, such revisions or amendments shall be filed again.

Pursuant to the Circular of the General Office of the China Banking and Insurance Regulatory Commission on Matters relating to Further Tightened Regulation of Vehicle Insurance, promulgated and implemented by the CBIRC on January 14, 2019, property and casualty insurance companies must establish terms and premium rates for automobile insurance policies in strict compliance with PRC laws and regulations. Insurance companies are strictly prohibited from conducting the following activities: (i) amending any term or premium rate directly or in disguise without approval of the CBIRC; (ii) providing premium rates beyond the approved range by offering or promising to offer payment of inappropriate interest not stipulated in the insurance policies to insurance policyholders or owners of insured vehicles in disguise; (iii) paying commission fee rates beyond the approved range by fabricating other expenses in disguise; and (iv) failing to apply the approved premium rate as required for insurance policies for new cars. Throughout 2023 and as of the date of this annual report, the similar requirements are imposed on personal insurance selling through bank channels. For example, on January 17, 2024, the General Office of NFRA issued Notice on Matters Related to Regulating the Bank Agency Channeling Business for Personal Insurance Companies, upon making filing for personal insurance products sold through bank agency, the actuarial report shall clearly list the surcharge rate (including commissions paid to the bank agency) and surcharge rate structure for each payment period. The commissions paid to bank agency channels shall not exceed the listed commission rate ceiling.

In September 2020, the CBIRC issued the Guiding Opinions on Implementing Comprehensive Reform of Auto Insurance. These opinions provided guidance for insurance carriers to (i) optimize actuarial and pricing practices, (ii) expand protection coverages, and (iii) enhance customer service quality for auto insurance. For commercial auto insurance products, insurance carriers must lower the cap on expense ratios from 35% to 25% of insurance premiums. Insurance carriers are also encouraged to optimize their cost structures to maintain higher loss ratios, from 65% to 75% of commercial auto insurance premiums. On December 30, 2022, the CBIRC issued the Circular of the China Banking and Insurance Regulatory Commission on Relevant Matters Including Further Expanding the Floating Range of Independent Pricing Coefficients for Commercial Auto Insurance, increasing the pricing autonomy of property insurance companies and the floating range of independent pricing coefficients for commercial auto insurance shall be expanded to 0.5-1.5. As a result, insurance carriers may receive lower premiums from selling commercial auto insurance, which adversely affected the service fees that we received from facilitating the sale of commercial auto insurance through our platform.

In October 2021, the CBIRC published the Circular on Further Regulating Certain Issues on Internet Life Insurance Business, or the Internet Life Insurance Circular. The Internet Life Insurance Circular requires that each installment of premium of certain insurance products less than a one-year term shall be equal. The Internet Life Insurance Circular also provides the upper limit for the predetermined fee rate and average supplemental fee rate for certain insurance products. On August 8, 2024, the NFRA issued the Notice on Improving the Pricing Mechanism for Personal Insurance Products, setting upper limits on interest rate of certain personal insurance product. These regulations may affect the amount of insurance brokerage commission we charge on the relevant insurance products and adversely affect our financial condition. The attention of our management team could be diverted to these efforts to cope with an evolving regulatory or competitive environment. Meanwhile, staying compliant with the restriction may result in limitation to our business scope, limitation to our product and service offerings, and reduction in our attraction to consumers.

On July 17, 2024, the NFRA issued the Notice on Matters Concerning Strengthening and Improving the Supervision of Internet Property Insurance Business, providing that insurance intermediaries shall meet the certain conditions when carrying out intermediary business related to Internet property insurance business, including (i) the insurance intermediaries should be national institutions and have more than three years of experience in property insurance business; and (ii) the insurance intermediaries should maintain proper information systems and business process management scheme, and the institution meets the relevant requirements for retrospective management of internet property insurance business.

Our financing guarantee and insurance brokerage business are subject to the supervision of financial authorities. On December 13, 2024, Hexiang Insurance Brokers received a warning and a fine of RMB150,000 by Hubei Branch of NFRA for conducting business activities beyond its authorized operating area and for seeking improper benefits for other institutions or individuals. We may be subject to other regulatory warnings, correction orders, condemnation and fines and may be required to further modify our business if any of our financing guarantee or insurance brokerage companies is deemed to have violated national, provincial or local laws and regulations or regulatory orders and guidance.

Furthermore, if the PRC government issues any laws and regulations that restrict or prohibit our collaboration with our financial institution partners, our collaboration with them may have to be terminated or suspended, which may materially and adversely affect our business, financial condition and results of operations. For example, on December 31, 2021, seven ministries and commissions including the PBOC issued the Measures for Administration of Online Marketing of Financial Products (Draft for Comments), which if becoming effective will regulate online marketing of financial products by financial institutions or internet platform operators engaged by such financial institutions. Pursuant to this draft, financial institutions shall not engage other entities or individuals to carry out internet marketing of financial products unless otherwise provided or authorized by laws and regulations. This draft also prohibits third-party online platform operators from being involved in the sale of financial products or participating in the income sharing of financial business in a disguised way without the approval of financial regulatory authorities. If these measures were to be adopted in their current form, our company and the VIEs may no longer be able to display financial products in the current format on our mobile app to conduct online marketing, which may have a material adverse impact on our business, results of operations and prospects.

The Administrative Measures for Information Technologies of Securities Fund Operators, published by the CSRC in December 2018 and amended in January 2021, provide that agencies providing information technology services for securities and funds business activities shall file record with the CSRC. The Provisions on the Implementation of the Measures for the Supervision and Administration of Publicly-offered Securities Investment Fund Distributors, or the Implementation Measures, issued by the CSRC on August 28, 2020, and effective on October 1, 2020, provide that where a fund manager or a fund distributor rents cyberspace premises (such as websites or applications) of a third-party network platform to deploy relevant webpages and feature modules and provide fund distribution services for investors, such third party shall, as a fund service agency engaging in information technology system services, file record with the CSRC.

Yiren Select is our comprehensive life service platform that targets the mass affluent population with a variety of consumption and lifestyle products and services. Yiren Select does not provide information technology services for securities or fund business activities, so we believe that Yiren Select will not be required to file record with the CSRC. As of the date of this annual report, we have not received any notification or punishment for failing to file record with the CSRC as a fund service agency engaging in information technology system services. However, we cannot assure you that the PRC governmental authorities would take the same view as us. Furthermore, Yiren Select's operation is subject to various PRC regulations relating to internet advertising. We cannot assure you that Yiren Select will remain in compliance with such regulations.

On December 31, 2021, the CAC, the Ministry of Industry and Information Technology, or the MIIT, Ministry of Public Security, or the MPS, and the State Administration for Market Regulation, or the SAMR promulgated the Administrative Provisions on Algorithms Recommendation in Internet-based Information Services, or the Algorithms Recommendation Administrative Provisions, which took effect on March 1, 2022. Pursuant to the Algorithms Recommendation Administrative Provisions, internet-based information service providers with public opinion attributes or social mobilization capabilities shall fill in certain information through the internet-based information service algorithm record-filing system, perform the record-filing procedures and conduct security assessment in accordance with relevant provisions. Authorities may have different interpretation on "internet-based information service providers with public opinion attributes or social mobilization capabilities." As of the date of this annual report, we have completed filing for utilizing algorithms recommendation technology in our services. If we are deemed "internet-based information service providers with public opinion attributes or social mobilization capabilities" and failing to make required filing, we may be subject to penalties including but not limited to warning, notice of criticism, mandatory rectification, suspension of information updating and fines.

On April 1, 2025, the NFRA issued the Notice on Strengthening the Management of Commercial Banks' Internet Loan Facilitating Business and Enhancing the Quality and Efficiency of Financial Services, which will take effect on October 1, 2025. The notice imposes stricter regulatory requirements on loan facilitation companies' cooperation with commercial banks in internet loan facilitation business. Specifically, loan facilitation companies must meet the commercial banks' enhanced access standards and undergo thorough due diligence. They are also required to adhere to transparent fee structures and are prohibited from charging borrowers additional fees or inappropriately intervening in the banks' loan approval processes. On the other hand, the notice urges commercial banks to publicly disclose all platform operators and credit enhancement service providers the banks cooperate with. Commercial banks are required to add enhance-credit service fees into the comprehensive financing cost on borrowers, which shall be compliant with legal upper limit. The notice further requires that if commercial banks pay cooperation fees based on the actual interest percentage, the payment schedule made to platform operators and credit enhancement service providers should match with the schedule of loan principal recovery. The notice, upon coming into force, could have certain impacts on our cooperation with commercial banks in internet loan facilitating business.

***If our business arrangements with certain institutional investors were deemed to violate PRC laws and regulations, our business and results of operations could be materially and adversely affected.***

As part of our strategy to expand our institutional investor base, we may from time to time explore alternative funding initiatives, including through standardized capital instruments, such as the issuance of asset-backed securities.

We have established business relationships with trusts, asset backed special plans and funds (collectively referred to as the "assets backed financing entities," or "ABFEs"), which were administered by trust companies and asset management companies. The ABFEs were set up to invest solely in the loans facilitated on our platform and provide returns to the beneficiaries of the ABFEs through interest payments made by the borrowers. Under the arrangements, we normally invest in all of subordinate tranches and portion of senior tranches. We were designated as the service provider for the ABFEs. Through the transaction fees charged, security funds deposited, and direct investment, we have the right to receive benefits or bear losses from the ABFEs. We are considered as the primary beneficiary of the ABFEs and thus consolidated such ABFEs' assets, liabilities, results of operations and cash flows.

Although operating of our online marketplace is not part of the fund-raising process by the ABFEs, we cannot assure you that our provision of services to the ABFEs and investments through the ABFEs will not be viewed by PRC regulators as violating any laws or regulations regarding capital pools. Also, we transferred cash to certain trusts in amounts equal to certain percentages of the entire assets put into the trusts, as security funds to protect the ABFEs from potential losses from defaults of loans in which the ABFEs have invested. Under limited circumstances, the remainder of such funds may be returned to us, and we cannot assure you that we will not be viewed by PRC regulators as bearing some credit risk or providing credit enhancement services under such arrangement. In addition, we cannot assure you that the purchase of beneficial rights of the ABFEs through the Shenzhen Stock Exchange, or the purchase of beneficial rights of ABFEs in private placement would not be deemed as investments in loans facilitated through the online marketplace we operate by using our own capital. If any of such business arrangements were deemed to violate PRC laws and regulations, our business and results of operations could be materially and adversely affected. In addition, as the laws, rules and regulations applicable to asset-backed securities are still developing, it remains uncertain as to the application and interpretation of such laws, rules and regulations, particularly as they relate to the online lending information intermediary service industry.

***If we are unable to maintain low default rates for loans facilitated by our platform, our business and results of operations may be materially and adversely affected.***

The ability of our company and the VIEs to attract borrowers and institutional funding partners to, and build trust in, our marketplace is significantly dependent on our ability to effectively evaluate a borrower's credit profile and maintain low default rates. To conduct this evaluation, we have employed a series of procedures and developed a proprietary credit assessment and decisioning model. Our credit scoring model aggregates and analyzes the data submitted by a borrower, as well as the data we collect from a number of internal and external sources, and then generates a score for the prospective borrower. The score will be further used to approve and classify the borrower into different segments in our current risk grid. If our credit scoring model contains programming or other errors, is ineffective, or the data provided by borrowers or third parties are incorrect or stale, our loan pricing and approval process could be negatively affected, resulting in misclassified or mispriced loans or incorrect approvals or denials of loans. As a result, our company and the VIEs may not be able to effectively and accurately assess the credit profiles of borrowers, segment borrowers into the appropriate grade in the risk grid, or maintain low default rates of loans facilitated by our platform. In addition, the foregoing will also have an impact on collectability of service fees, resulting in higher allowances for contract assets.

Once a loan application is approved, we do not further monitor certain aspects of the borrower's credit profile, such as changes in the borrower's credit report and the borrower's purchasing pattern with online merchants. If the borrower's financial condition deteriorates, we may not be able to take measures to prevent default on the part of the borrower and thereby maintain low default rates for loans facilitated by our platform. Prior to the completion of our business realignment with CreditEase, the borrowers that our company and the VIEs served were primarily prime borrowers, who held credit cards with stable credit performance and sufficient repayment capabilities. After the completion of the business realignment with CreditEase, we have been shifting our customer mix towards a higher credit quality segment and lowering prices of most our products under the window guidance that requires an IRR-based lending rate capped at 24%. Although we collaborate with guarantee companies to provide credit enhancement for loans facilitated through our marketplace, if widespread defaults were to occur, institutional funding partners may incur losses and cease collaboration with us, the guarantee companies that cooperate with us may raise their guarantee service fees, which may cause us to lower fee rates to stay competitive in acquiring borrowers, and our business and results of operations may be materially and adversely affected.

***If our loan products do not achieve sufficient market acceptance, our financial results and competitive position could be harmed.***

Our company and the VIEs incur expenses and consume resources upfront to develop, acquire and market new loan products. The expected M3+ Net Charge-off Rate and actual observed results for each of these customer groups divide potential borrowers into distinctively different credit segments. For a more detailed description of the risk grades we currently offer, please see "Item 4. Information on the Company—B. Business Overview—Risk Management—Proprietary Credit Scoring Model and Loan Qualification System." New loan products must achieve high levels of market acceptance in order for us to recoup our investment in developing, acquiring and bringing them to market.

Our existing or new loan products and changes to our platform could fail to attain sufficient market acceptance for many reasons, including, but not limited to:

- our failure to predict market demand accurately and supply loan products that meet this demand in a timely fashion;
- borrowers and institutional funding partners using our platform may not like, find useful or agree with any changes;
- our failure to properly price new loan products;

- defects, errors or failures on our platform;
- negative publicity about our loan products or our platform's performance or effectiveness;
- views taken by regulatory authorities that the new products or platform changes do not comply with PRC laws, rules or regulations applicable to us; and
- the introduction or anticipated introduction of competing products by our competitors.

If our new loan products do not achieve adequate acceptance in the market, our competitive position, results of operations and financial condition could be harmed.

***Our business depends on our ability to collect payment on the transactions we facilitate.***

Our company and the VIEs assist our institutional funding partners in the loan collection services upon their request. If requested, we utilize an automated process for collecting scheduled loan payments from our borrowers. Upon loan origination, we establish a payment schedule with payment occurring on a set business day each month. Borrowers then make scheduled loan repayments via a third-party payment platform or a payment platform delegated by the institutional funding partners. As a day-to-day service to borrowers, we provide payment reminder services such as sending reminder text messages or phone calls on the day a repayment is due. Once a repayment is past due, we send additional reminder text messages and initiate the collection process once a loan is fifteen days delinquent. To facilitate repayment, the collection process is divided into distinct stages based on the severity of delinquency, which dictates the level of collection steps taken. For example, reminder text messages and emails are sent to a delinquent borrower as soon as the collection process commences, and if the payment is still outstanding, a phone call will be made to further the collection process. Although most stages of the collection process are outsourced to our affiliate, we handle all decisions to restructure or defer delinquent loans that are above a certain threshold, while the collection teams of our affiliate have the discretion to make decisions for the loans that are below such threshold.

Despite such collection efforts, we cannot assure you that we will be able to collect the relevant payments as expected. Failure to collect payments and maintain low default rates for loans facilitated by our platform will have an adverse effect on our business operations, financial position and results of operations. Furthermore, any misconduct in our collection practice (including that of CreditEase carried out on our behalf) that is considered not to be in compliance with the relevant laws, rules and regulations may harm our reputation and business, which could further reduce our ability to collect payments from borrowers, lead to a decrease in the willingness of prospective borrowers to apply for loans on our platform, or fines and penalties imposed by the relevant regulatory authorities, any of which may have a material adverse effect on our results of operations. In addition, if any laws, rules or regulations are adopted by the regulatory authorities in the future imposing additional restrictions on debt collection practice, we may need to modify our collection efforts accordingly.

***We face risks associated with the use of AI technologies.***

We utilize AI technologies to automate and streamline various business operations, including marketing, customer services, risk management, and loan collections. We have also developed the AI-Generated Content (AIGC) platform to quickly create images and videos for marketing purposes. However, given the relatively short time since AI has become commercially viable and the rapid evolution of this technology, we may experience difficulties in its application. Furthermore, the AI industry faces new and extensive regulations, and the use of AI technologies is subject to future regulatory scrutiny and legal challenges. The application of AI technologies in our business operations, especially the use of AI-generated design content, may be subject to additional intellectual property, cybersecurity, operational, and technological risks. For example, it may raise issues related to copyright infringement if the AI algorithms are partially trained on copyrighted content, and there is no guarantee that our use of AI-generated content would not infringe on the intellectual property rights of third parties. If we are unable to secure the permissions or licenses for using AI tools as required, whether because we cannot identify the rights holder or for any other reason, we might infringe on others' rights which could lead to monetary claims, fines, or penalties.

In addition, the regulatory and legal framework on AI in mainland China is evolving rapidly. In recent years, the PRC government authorities have released a series of laws and regulations related to artificial intelligence. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Artificial Intelligence." These laws and regulations are relatively new, and the government authorities may introduce additional or more detailed laws and regulations to oversee the use of AI. Therefore, we may need to comply with more compliance requirements in the field of generative AI, which could increase our compliance costs.

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

We believe that our customer base is the cornerstone of our business. Our ability to maintain and expand our customer base depends on a number of factors, including our ability to provide access to suitable loan products for our customers, and our ability to provide relevant and timely products and services to meet changing customer needs. If our company and the VIEs are unable to respond to changes in user preference and deliver satisfactory and distinguishable user experience, our users may switch to competing platforms or obtain the relevant products and services directly from their providers. As a result, customer access to and customer activity on our platform will decline, our products and services will be less attractive to our customers, and our business, financial performance and prospects will be materially and adversely affected.

Our company and the VIEs have devoted significant resources to, and will continue to emphasize on, upgrading and marketing our existing loan products available through our platforms and enhancing their market awareness. We also incur expenses and expend resources upfront to develop, acquire and market new loan products that incorporate additional features, improve functionality or otherwise make our products more desirable to borrowers. New loan products must achieve high levels of market acceptance in order for us to recoup our investment in developing, acquiring and bringing them to market.

Our existing and new loan products available through our platform could fail to attain sufficient market acceptance for many reasons, including:

- borrowers may not find terms of our loan products, such as borrowing costs and credit limit, competitive or appealing;
- institutional funding partners are not willing to deploy their funds in a timely or efficient manner;
- we may fail to predict market demand accurately and provide loan products that meet this demand in a timely fashion;
- users may not like, find useful or agree with, any changes;
- there may be defects, errors or failures on our platform;
- there may be negative publicity about our loan products available through our platform or our platform's performance or effectiveness;
- regulatory authorities may take the view that the existing and new loan products or changes to our platform do not comply with PRC laws, regulations or rules applicable to us; and
- there may be competing products and services introduced or anticipated to be introduced by our competitors.

If our existing and new loan products available through our platform do not achieve adequate acceptance in the market, our competitive position, results of operations and financial condition could be harmed.

***We cooperate with business partners to provide services to borrowers and clients on our platforms. If we are unable to maintain relationships with existing business partners and develop new relationships with potential business partners on terms acceptable to us, our reputation, business and results of operations may be materially and adversely affected.***

Our company and the VIEs have established strategic partnerships with multiple financial institutions in the ordinary course of our business, including commercial banks, internet banks, trusts, microloan companies, and consumer finance companies. For example, we cooperate with guarantee companies to provide credit enhancement for loans facilitated through our marketplace. If these guarantee companies fail to perform any of their contractual obligations, our institutional funding partners may cease collaboration with us, which could materially harm our reputation and growth of our marketplace. If any of these guarantee companies is unable or unwilling to continue operating in the line of business that is the subject of their cooperation with us for regulatory, business or other reasons, we may not be able to obtain similar relationships on terms acceptable to us in a timely manner, or at all. If any of the foregoing were to occur, our reputation, business and results of operations would be materially and adversely affected.

***If we are unable to compete effectively, our business and results of operations could be harmed.***

The industries our company and the VIEs are operating in are competitive and evolving. We compete with financial products and companies that attract borrowers and clients, partners, or all of these. For our financial services business, our company and the VIEs compete with other consumer finance marketplaces and loan facilitation platforms that were intensely competitive before the year 2018. However, as the domestic regulations on the industry evolve and entry barriers continue to increase in recent years, fewer national-level players like us remain in the market while smaller platforms cease their operations, leaving more market share opportunities for us. Meanwhile, as we expand our financial service businesses overseas, such as in the Philippines, we are facing competition from regional peers. For our insurance brokerage business, our company and the VIEs compete with other insurance brokerage companies in China. Given the overall low penetration rate of insurance services in China compared with the US and the Europe, we believe that our strategic deployment in insurance business has navigated us towards a large market with high growth potential. In light of a tightening regulatory landscape domestically, our ability to customize and innovate products, coupled with robust channel partnerships, will play a vital role in maintaining our competitiveness. For our consumption and lifestyle business, we fully embrace AI to offer selected high-quality products and services that align with our customers' preferences. Our primary goal in this segment is to enhance user experience and engagement, thereby increasing the long-term value of our existing customers through enriched products and upgraded services. We are currently scaling back product offerings in our consumption and lifestyle business and conducting a strategic review on how to better serve customers following the upgrade of our borrower segment and optimization of borrower profiles.

Our competitors operate with different business models, have different cost structures or participate selectively in different market segments. They may ultimately prove more successful or more adaptable to new regulatory, technological and other developments. Some of our current and potential competitors have significantly more financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their platforms. Our competitors may also have longer operating histories, more extensive borrower or client bases, greater brand recognition and brand loyalty and broader partner relationships than us. Additionally, a current or potential competitor may acquire one or more of our existing competitors or form a strategic alliance with one or more of our competitors. Our competitors may be better at developing new products, offering more attractive investment returns or lower fees, responding faster to new technologies and undertaking more extensive and effective marketing campaigns. If we are unable to compete with such companies and meet the need for innovation in our industry, the demand for our marketplace could stagnate or substantially decline, we could experience reduced revenues or our marketplace could fail to achieve or maintain more widespread market acceptance, any of which could harm our business and results of operations.

***If we fail to promote and maintain our brand in an effective and cost-efficient way, our business and results of operations may be harmed.***

We believe that developing and maintaining awareness of our brand effectively is critical to attracting new borrowers and clients and retaining existing borrowers and clients on our marketplace. Successful promotion of our brand and our ability to attract qualified borrowers and sufficient clients depend largely on the effectiveness of our marketing efforts and the success of the channels we use to promote our marketplace. Our efforts to build our brand have caused us to incur significant expenses, and it is likely that our future marketing efforts will require us to incur significant additional expenses. These efforts may not result in increased revenues in the immediate future, or at all and, even if they do, any increases in revenues may not offset the expenses incurred. If we fail to successfully promote and maintain our brand while incurring substantial expenses, our results of operations and financial condition would be adversely affected, which may impair our ability to grow our business.

***Credit and other information that we receive from third parties about a borrower may be inaccurate, discontinued, or may not accurately reflect the borrower's creditworthiness, which may compromise the accuracy of our credit assessment.***

For the purpose of credit assessment, after obtaining borrower's consent, our company and the VIEs obtain the borrowers' credit information from third parties, such as financial institutions and e-commerce providers, and assess applicants' credit and assign credit scores to borrowers based on such credit information. A credit score assigned to a borrower may not reflect that particular borrower's actual creditworthiness because the credit score may be based on outdated, incomplete or inaccurate consumer reporting data. We currently do not have a comprehensive way to determine whether borrowers have obtained loans through other consumer finance marketplaces, creating the risk whereby a borrower may borrow money through our marketplace in order to pay off loans on other consumer finance marketplaces. Additionally, there is a risk that, following our obtaining a borrower's credit information, the borrower may have:

- become delinquent in the payment of an outstanding obligation;
- defaulted on a pre-existing debt obligation;

- taken on additional debt; or
- sustained other adverse financial events.

Such inaccurate or incomplete borrower credit information, and the potential discontinuation of borrower credit information from third parties could compromise the accuracy of our credit assessment, require adjustments to our credit assessment model and adversely affect the effectiveness of our control over our default rates, which could in turn harm our reputation and materially and adversely affect our business, financial condition and results of operations.

***Any harm to our brand or reputation or any damage to the reputation of the online consumer finance marketplace industry may materially and adversely affect our business and results of operations.***

Enhancing the recognition and reputation of our brand is critical to our business and competitiveness. Factors that are vital to this objective include, but are not limited to, our ability to:

- maintain the quality and reliability of our platform;
- provide borrowers and clients with a superior experience in our marketplace;
- enhance and improve our credit assessment and decisioning model;
- effectively manage and resolve borrower and client complaints; and
- effectively protect personal information and privacy of borrowers and clients.

In addition, certain factors that may adversely affect our reputation are beyond our control. Negative publicity about our partners, outsourced service providers or other counterparties, such as negative publicity about their debt collection practices and any failure by them to adequately protect the information of borrowers and clients, to comply with applicable laws and regulations or to otherwise meet required quality and service standards could harm our reputation. Furthermore, any negative development in the online consumer finance marketplace industry, such as bankruptcies or failures of consumer finance marketplaces as part of the industry, and especially a large number of such bankruptcies or failures, or negative perception of the industry as a whole, such as that arises from any failure of other consumer finance marketplaces to detect or prevent money laundering or other illegal activities, even if factually incorrect or based on isolated incidents, could compromise our image, undermine the trust and credibility we have established and impose a negative impact on our ability to attract new borrowers and clients. Negative developments in the online consumer finance marketplace industry, such as widespread borrower defaults, fraudulent behavior and/or the closure of other online consumer finance marketplaces, may also lead to tightened regulatory scrutiny of the sector and limit the scope of permissible business activities that may be conducted by online consumer finance marketplaces like us. If any of the foregoing takes place, our business and results of operations could be materially and adversely affected.

***We may not be able to achieve profitability in the future.***

We had a net income of RMB1,194.9 million, RMB2,080.2 million and RMB1,582.3 million (US$216.8 million) in 2022, 2023 and 2024, respectively. We also had accumulated surplus of RMB908.9 million, RMB2,985.4 million and RMB4,435.0 million (US$607.6 million) as of December 31, 2022, 2023 and 2024. We cannot assure you that we will be able to continue to generate net income or will have positive retained earnings in the future. Our operating expenses may increase in the foreseeable future as we seek to continue to grow our business, attract borrowers, funding partners and further enhance and develop our loan products and platform. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. There are other factors that could negatively affect our financial condition. For example, the default rates of the loans facilitated through our platform may be higher than expected, which may lead to lower than expected net revenue. Furthermore, we adopted share incentive plans in September 2015, July 2017 and June 2020, and we may grant equity-based awards to eligible participants from time to time under the plan, which will result in share-based compensation expenses to us. As a result of the foregoing and other factors, our net revenue growth may slow, our net income margins may decline or we may incur additional net losses in the future and may not be able to maintain profitability on a quarterly or annual basis.

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

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

- our ability to attract new borrowers and clients and maintain relationships with existing borrowers and clients;
- channels through which borrowers and clients are sourced, including the relative mix of online and offline channels;
- changes in our product mix and introduction of new loan products;
- the amount and timing of operating expenses related to acquiring borrowers and clients, and the maintenance and expansion of our business, operations and infrastructure;
- promulgation of new rules and regulations applicable to, or heightened regulatory scrutiny of, the online consumer finance industry;
- our decision to manage loan volume growth during the period;
- network outages or security breaches;
- general economic, industry and market conditions;
- our emphasis on borrower and client experience instead of near-term growth; and
- the timing of expenses related to the development or acquisition of technologies or businesses.

In addition, our company and the VIEs experience seasonality in our business, reflecting seasonal fluctuations in internet usage and traditional personal consumption patterns, as our individual borrowers typically use their borrowing proceeds to finance their personal consumption needs. For example, we generally experience a lower transaction volume on our online consumer finance marketplace during national holidays in China, particularly during the Chinese New Year holiday season in the first quarter of each year. Our results of operations could be affected by such seasonality in the future.

***Failure to manage our liquidity and cash flows may materially and adversely affect our financial condition and results of operations.***

Although we had a positive operating cash flow of RMB1,849.4 million, RMB2,171.0 million and RMB1,424.1 million (US$195.1 million) in 2022, 2023 and 2024, respectively, we cannot assure you that we will be able to have a positive cash flow in the future. Going forward, our ability to collect fees from customers, product providers and insurer partners, will continue to affect our liquidity and cash flow condition. Inability to collect payments from customers in a timely and sufficient manner may adversely affect our liquidity, financial condition and results of operations.

***We may acquire digital assets that may be subject to volatile market prices, impairment and unique risks of loss.***

To further diversify and maximize returns on our cash that is not required to maintain adequate operating liquidity, we have invested and may in the future continue to invest a portion of such cash in certain digital assets. As with any investment and consistent with how we manage fiat-based cash and cash equivalent accounts, we may increase or decrease our holdings of digital assets at any time based on business needs and our view of market and environmental conditions.

The prices of digital assets have historically been highly volatile and may continue to be so due to various associated risks and uncertainties. For example, the prevalence of such assets represents a relatively recent trend, and their long-term adoption by investors, consumers and businesses remains unpredictable. Moreover, the absence of a physical form, reliance on technology for creation and transactional validation, and decentralization may expose their integrity to threats from malicious attacks and technological obsolescence. Additionally, it is uncertain how or to what extent securities laws or other regulations may apply to these assets in the future, which could change over time. If we hold digital assets and their values decrease relative to our purchase prices, our financial condition may be harmed.

Moreover, digital assets are currently considered indefinite-lived intangible assets under applicable accounting rules, meaning that any decrease in their fair values below our carrying values for such assets at any time subsequent to their acquisition will require us to recognize impairment charges, whereas we may make no upward revisions for any market price increases until a sale, which may adversely affect our operating results in any period in which such impairment occurs.

As intangible assets without centralized issuers or governing bodies, digital assets have been, and may in the future be, subject to security breaches, cyberattacks or other malicious activities, as well as human errors or computer malfunctions that may result in the loss or destruction of private keys needed to access such assets. While we intend to take all reasonable measures to secure any digital assets, if such threats are realized or the measures or controls we create or implement to secure our digital assets fail, it could result in a partial or total misappropriation or loss of our digital assets, and our financial condition and operating results may be harmed.

***Fraudulent activities on our marketplace could negatively impact our operating results, brand and reputation and cause the use of our loan products and services to decrease.***

Our company and the VIEs are subject to the risk of fraudulent activities both on our marketplace and associated with borrowers, clients and third parties handling our clients' information. For example, we detected an organized fraud incident concerning our FastTrack loan products in July 2016. After uncovering the fraud incident, we suspended the offering of the FastTrack loan products until late July 2016 when we implemented more stringent requirements aiming to prevent similar types of fraud incidents. Our resources, technologies and fraud detection tools may be insufficient to accurately detect and prevent fraud. Significant increases in fraudulent activities could negatively impact our brand and reputation, reduce the volume of loan transactions facilitated through our platform and lead us to take additional steps to reduce fraud risk, which would increase our costs. High profile fraudulent activities could even lead to regulatory intervention and may divert our management's attention and cause us to incur additional expenses and costs. If any of the foregoing were to occur, our results of operations and financial condition would be materially and adversely affected.

***Failure to maintain successful strategic relationships with partners may have an adverse impact on our future success.***

We anticipate that our company and the VIEs will continue to leverage our strategic relationships with existing partners in China's online consumer finance marketplace industry to grow our business while we will also pursue new relationships with additional partners, such as traditional financial institutions and merchants in more sectors. Identifying, negotiating and documenting relationships with partners require significant time and resources as do integrating third-party data and services into our system. Our current agreements with partners often do not prohibit them from working with our competitors or from offering competing services. Our competitors may be effective in providing incentives to our partners to favor their products or services, which may in turn reduce the volume of loans facilitated through our marketplace. Certain types of partners may devote more resources to support their own competing businesses. In addition, these partners may not perform as expected under our agreements with them, and we may have disagreements or disputes with such partners, which could adversely affect our brand and reputation. If our company and the VIEs cannot successfully enter into and maintain effective strategic relationships with business partners, our business will be harmed.

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

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

***Wealth solutions we provide access to are subject to risks related to lawsuits and other claims brought by our clients.***

Our company and the VIEs may be subject to lawsuits and other claims in the ordinary course of providing access to wealth solutions for our clients, even though we do not directly offer these solutions. We may also be subject to claims for failing to provide sufficient information on investment risks or for failing to provide access to such relevant information in a manner that is clear and readily accessible to clients. Actions brought against us may result in settlements, awards, injunctions, fines, penalties or other results adverse to us including harm to our reputation and our results of operations. Even if we are successful in defending against these actions, the defense of such matters may result in our incurring significant expenses, divert management attention and damage our reputation.

***Aggressive practices or misconduct by any of our third-party service providers, including CreditEase, in the course of collecting loans could damage our reputation.***

As our company and the VIEs rely on certain third-party service providers, such as third-party payment platforms and custody and settlement service providers, to conduct our business, if these third-party service providers failed to function properly, we cannot assure you that our company or the VIEs would be able to find an alternative in a timely and cost-efficient manner, or at all. Any of these occurrences could result in our diminished ability to operate our business, potential liability to borrowers and clients, inability to attract borrowers and clients, reputational damage, regulatory intervention and financial harm, which could negatively impact our business, financial condition and results of operations.

***Fluctuations in interest rates could negatively affect transaction volume and business.***

The profitability of our business depends on the interest and fee rates at which our borrowers are willing to borrow, and the interest at which our institutional funding partners are willing to lend, subject to limitations of PRC laws and regulations. Our company and the VIEs have taken measures to aim to react to the fluctuations in the interest rate environments. However, if we fail to respond to the fluctuations in interest rates in a timely manner and reprice our loan products, our loan products may become less attractive to our institutional funding partners. For example, in a falling interest rate environment, potential borrowers may seek lower priced loans from other channels if we do not lower the interest and fee rates on our loan products.

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

Our revenues and financial results may be adversely affected by any economic slowdown in China as well as globally. In particular, general economic factors and conditions in China or worldwide, including the general interest rate environment and unemployment rates, may affect borrower willingness to seek loans and client ability and desire to invest. As a result, our revenues and financial results are impacted to a significant extent by economic conditions in China and globally, as well as economic conditions specific to consumer credit and wealth businesses. The global macroeconomic environment is facing numerous challenges. The growth rate of the Chinese economy has gradually slowed since 2010 and the trend may continue. Any slowdown could significantly reduce domestic commerce in China, including through the internet generally and through us. In addition, there is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. The conflict in Ukraine and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. In recent years, the U.S. government imposed additional tariffs on goods from China, including new tariffs implemented in 2025. In response, China has imposed retaliatory tariffs on goods imported from the United States. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition. Adverse economic conditions could also reduce the number of qualified borrowers seeking loans through our marketplace, as well as their ability to make payments. Should any of these situations occur, the amount of loans facilitated through our marketplace and our net revenue will decline, and our business and financial condition will be negatively impacted. Additionally, continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

***We may need additional capital, and financing may not be available on terms acceptable to us, or at all.***

As of December 31, 2022, 2023 and 2024, we had cash and cash equivalents of RMB4,271.9 million, RMB5,791.3 million and RMB3,841.3 million (US$526.3 million), respectively. Although we believe that our cash on hand and anticipated cash flows from operating activities will be sufficient to meet our anticipated working capital requirements and capital expenditures in the ordinary course of business for the next 12 months, we cannot assure you this will be the case. We may need additional cash resources in the future if we experience changes in business conditions or other developments. We may also need additional cash resources in the future if we find and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

***Our ability to protect the confidential information of our borrowers and clients may be adversely affected by cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions.***

Our platform collects, stores and processes certain personal and other sensitive data from our borrowers and clients, which makes it an attractive target and potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions. Under the PRC Cyber Security Law, which took effect on June 1, 2017, our PRC subsidiaries and the VIEs are required to formulate security management system and operational procedures, take measures to prevent acts that jeopardize cyber security such as computer virus, network attacks and network intrusion, and safeguard personal information, user information and business secrets. If our PRC subsidiaries and the VIEs are deemed a critical information infrastructure under the PRC Cyber Security Law, we will be subject to an additional requirement regarding the construction, security protection, purchase of products and services, secrecy, localization of data, and annual evaluation of the infrastructure. While our PRC subsidiaries and the VIEs have taken steps to protect the confidential information that we have access to, our security measures could be breached. Because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, our PRC subsidiaries and the VIEs may be unable to anticipate these techniques or to implement adequate preventative measures. Any accidental or willful security breaches or other unauthorized access to our platform could cause confidential information of our borrowers and clients to be stolen and used for criminal purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, adverse regulatory consequences, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with borrowers and clients could be severely damaged, we could incur significant liability and our business and results of operations could be adversely affected.

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

We are subject to reporting obligations under the U.S. securities laws. Section 404 of the U.S. Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and related rules require that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F for the fiscal year ended December 31, 2024. Our management has concluded that our internal control over financial reporting was effective as of December 31, 2024. See “Item 15. Controls and Procedures.”

In the future, our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue an adverse opinion audit report if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, or Section 404, we may identify weaknesses and deficiencies in our internal control over financial reporting. Even if no material weakness in our internal control over financial reporting has been identified by the management, we cannot guarantee that there does not exist any deficiency. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

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

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

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

***Any significant disruption in service on our platform or in our computer systems, including events beyond our control, could prevent us from processing or posting loans on our marketplace, reduce the attractiveness of our marketplace and result in a loss of borrowers or clients.***

In the event of a platform outage and physical data loss, the ability of our company and the VIEs to perform our servicing obligations, process applications or make loans available on our marketplace would be materially and adversely affected. The satisfactory performance, reliability and availability of our platform and our underlying network infrastructure are critical to our operations, customer service, reputation and our ability to retain existing and attract new borrowers and clients. Our operations depend on our ability to protect our systems against damage or interruption from natural disasters, power or telecommunications failures, air quality issues, environmental conditions, computer viruses or attempts to harm our systems, criminal acts and similar events. If there is a lapse in service or damage to our leased Beijing facilities, our company and the VIEs could experience interruptions in our service as well as delays and additional expense in arranging new facilities.

Any interruptions or delays in our service, whether as a result of third-party errors, our errors, natural disasters or security breaches, whether accidental or willful, could harm our relationships with our borrowers and clients and our reputation. Additionally, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. Our disaster recovery plan has not been tested under actual disaster conditions, and we may not have sufficient capacity to recover all data and services in the event of an outage. These factors could prevent us from processing or posting payments on loans, damage our brand and reputation, divert our employees' attention, subject us to liability and cause borrowers and clients to abandon our marketplace, any of which could adversely affect our business, financial condition and results of operations.

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

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

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

We regard our trademarks, domain names, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment and non-competition agreements with our employees to protect our proprietary rights. As of the date of this annual report, our subsidiaries and the VIEs had 460 registered trademarks with the Trademark Office of the National Intellectual Property Administration. See "Item 4. Information on the Company—B. Business Overview—Intellectual Property" and "Item 4. Information on the Company—B. Business Overview—Regulation—Regulation on Intellectual Property Rights." We cannot assure you that any of the intellectual property rights owned by our subsidiaries or the VIEs would not be challenged, invalidated, circumvented or misappropriated, or such intellectual property will be sufficient to provide us with competitive advantages. In addition, because of the rapid pace of technological change in our industry, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms, or at all.

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

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

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

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

***Our business is subject to complex and evolving Chinese and international laws and regulations regarding data privacy and cybersecurity. Failure to protect confidential information of our customers and network against security breaches could damage our reputation and brand and substantially harm our business and results of operations.***

As the regulations regarding data privacy and cybersecurity are quickly evolving in China and globally, our company and the VIEs may become subject to new laws and regulations applying to the solicitation, collection, processing or use of personal or consumer information that could affect how we store, process and share data with our customers, suppliers and third-party merchants. Significant capital, managerial and human resources may be required to comply with those legal requirements, enhance information security and to address any issues caused by security failures.

For example, the PRC Data Security Law and Civil Code are relatively new and subject to interpretation by the regulators. The exact scopes of certain critical concepts such as important data and state core data remain unclear and may be subject to further interpretation. If any data that we are in possession of constitute important data or state core data, we may be required to adopt stricter measures for protection and management of such data. See "Item 4. Information on the Company—B. Business Overview—Regulations."

In addition, pursuant to the Administrative Regulation on Network Data Security issued on September 24, 2024, cyber data processors engaging in data processing activities that affect or may affect national security shall, in accordance with relevant state provisions, apply for cybersecurity review with the Office of Cybersecurity Review. For more details of such cybersecurity review requirements, see "Item 4. Information on the Company—B. Business Overview—Regulations," and "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The approval of and filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing." As of the date of this annual report, our company and the VIEs, were not required to go through a cybersecurity review by CAC for our previous issuance of securities to foreign investors according to the Measures for Cybersecurity Review. Pursuant to the Overseas Listing Regulations issued on February 17, 2023, companies in China that directly or indirectly offer or list their securities in an overseas market must file with the CSRC within three business days after submitting their listing application documents to the regulator in the place of intended listing. The Overseas Listing Regulations also provide that a company in China must file with the CSRC within three business days after completion of its follow-on offering of securities after it is listed in an overseas market. Thus, our company will be required to file with the CSRC within three business days after completion of any of its follow-on offering of securities in the New York Stock Exchange, i.e., the overseas market where it is listed, or after submitting its listing application documents to the overseas regulator related to a secondary or dual primary listing of securities in any other overseas market. For secondary listing, dual primary listing or other new foreign listings, our company also needs to apply for a CAC cybersecurity review if it falls in the categories that require such a review under the Measures for Cybersecurity Review.

Furthermore, Measures for Cybersecurity Review, or the Measures, further restate and expand the applicable scope of the cybersecurity review. Pursuant to the Measures, critical information infrastructure operators that procure internet products and services, and online platform operators engaging in data processing activities, must be subject to the cybersecurity review if their activities affect or may affect national security. As of the date of this annual report, our company or the VIEs have not been informed as a critical information infrastructure operator by any government authorities. However, the exact scope of "critical information infrastructure operators" under the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws. If our company or the VIEs are deemed as a critical information infrastructure operator under the PRC cybersecurity laws and regulations, we must fulfill certain obligations as required under the PRC cybersecurity laws and regulations and we may be subject to cyber security review when purchasing internet products and services or engaging in data processing activities. See "Item 4. Information on the Company—B. Business Overview—Regulations." We cannot predict the impact of the Measures and the Draft Regulations, if any, at this stage, and we will closely monitor and assess any development in the rule-making process. See "Item 4. Information on the Company—B. Business Overview—Regulations."

In addition, the Measures on Security Assessment of Cross-border Transfer of Data, or the Security Assessment Measures, were promulgated in July 2022, which provide circumstances in which a data processor is required to declare security assessment for its outbound data transfer to the CAC through the provincial cyberspace administration, and specified requirement for self-assessment and the administrative procedure for declaration of security assessment with cyberspace department at the provincial level. Furthermore, the CAC issued Regulations on Promoting and Regulating Cross-Border Data Flows, or the Cross-border Data Flows Regulations, on March 22, 2024, which specify the thresholds for conducting security assessments and filing standard contracts for outbound data transfer. Given the recency of the issuance and effectiveness of the Security Assessment Measures and the Cross-border Data Flows Regulations, substantial uncertainties exist with respect to their implementation. It is unclear whether and to what extent our company or the VIEs will be subject to these new requirements. As of the date of this annual report, our company or the VIEs have not conducted any of cross-border transfer of critical data or personal data generated from or collected in the PRC that should be subject to a security assessment.

We may also need to comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in the U.S., Europe and elsewhere. For example, the European Union adopted the General Data Protection Regulation, or the GDPR, which became effective on May 25, 2018. Compliance with existing, proposed and recently enacted laws (including implementation of the privacy and process enhancements called for under GDPR) and regulations can be costly; any failure to comply with these regulatory standards could subject us to legal and reputational risks.

Our company and the VIEs generally comply with industry standards and are subject to the terms of our own privacy policies. For a detailed description of our cybersecurity governance, see "Item 16K. Cybersecurity." We update our privacy policies from time to time to meet the latest regulatory requirements of the CAC and other authorities and adopt technical measures to protect data and ensure cybersecurity in a systematic way. As of the date of this annual report, our company and the VIEs have not been involved in any formal investigations on cybersecurity review made by the CAC on such basis, nor have we received any inquiry, notice, warning, penalty, or sanctions from any competent PRC regulatory authorities indicating material violation of cybersecurity, data security and personal data protection laws and regulations. We believe, as of the date of this annual report, to the best of our knowledge, our business operations are compliant with the currently effective PRC laws relating to cybersecurity, data security, and personal data and privacy laws in all material respects. Based on the foregoing, our PRC legal counsel does not expect that, as of the date of this annual report, the current applicable PRC laws on cybersecurity would have a material adverse impact on our business.

Compliance with any additional laws could be expensive, and may place restrictions on the conduct of our business and the manner in which our company and the VIEs interact with our customers. We are constantly in the process of evaluating the potential impact of the laws, regulations and policies relating to cybersecurity, privacy, data protection and information security on our current business practices, and have taken and will continue to take reasonable measures to comply with such laws and regulations. We may be required to make further adjustments to our business practices to comply with the personal information protection laws and regulations. All these laws and regulations may result in additional expenses and obligations to us and subject us to negative publicity, which could harm our reputation and negatively affect the trading price of the ADSs. If we are not able to comply with the cybersecurity, network data security, and personal data and privacy requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the relevant application stores, among other sanctions, which could materially and adversely affect our business, results of operations and reputation.

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

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

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

- difficulties in assimilating and integrating the operations, personnel, systems, data, technologies, products and services of the acquired business;
- inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits;
- difficulties in retaining, training, motivating and integrating key personnel;
- diversion of management's time and resources from our normal daily operations;
- difficulties in successfully incorporating licensed or acquired technology and rights into our platform and loan products;
- difficulties in maintaining uniform standards, controls, procedures and policies within the combined organizations;
- difficulties in retaining relationships with customers, employees and suppliers of the acquired business;
- risks of entering markets in which we have limited or no prior experience;
- regulatory risks, including remaining in good standing with existing regulatory bodies or receiving any necessary pre-closing or post-closing approvals, as well as being subject to new regulators with oversight over an acquired business;
- assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property rights or increase our risk for liability;

- failure to successfully further develop the acquired technology;
- liability for activities of the acquired business before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;
- potential disruptions to our ongoing businesses; and
- unexpected costs and unknown risks and liabilities associated with strategic investments or acquisitions.

We may not make any investments or acquisitions, or any future investments or acquisitions may not be successful, may not benefit our business strategy, may not generate sufficient revenues to offset the associated acquisition costs or may not otherwise result in the intended benefits. In addition, we cannot assure you that any future investment in or acquisition of new businesses or technology will lead to the successful development of new or enhanced products and services or that any new or enhanced products and services, if developed, will achieve market acceptance or prove to be profitable.

***Acquisitions could expose us to significant business risks.***

We have made and may continue to make strategic acquisitions that could, among other goals, complement our existing services, expand our customer base, improve user acquisition efficiency, lower operating costs and/or enhance technological capabilities. For example, in July 2019, we consummated a business realignment transaction with CreditEase, the controlling shareholder of our company, pursuant to which we have assumed from CreditEase and its affiliates certain business operations. After the business realignment, we will continue to receive certain business consulting and other support services from CreditEase. See "Item 4. Information on the Company—A. History and Development of the Company." In July 2023, we acquired 100% equity interest in Chongqing Jintong Financing Guarantee Co., Ltd., a licensed financing guarantee company in China, to enhance our offering of financing guarantee services in China.

While we believe the business realignment would enhance our market position as a leading comprehensive fintech platform, enable us to better leverage synergies between our existing businesses and the businesses we assumed from CreditEase and improve our overall operating efficiency, this transaction, as well as other acquisitions, could expose us to business risks, including but not limited to financial and operational risks.

Financial risks from the business realignment and other acquisitions include, among other things, (i) the use of our cash resources; (ii) paying a price that exceeds the future value realized from the acquisition; (iii) potential known and unknown liabilities of the acquired businesses; (iv) the incurrence of additional debt; (v) the dilutive effect of the issuance of any additional equity securities by our company as consideration for, or to finance, the acquisition; (vi) the financial impact of incorrectly valuing goodwill and other intangible assets involved in any acquisitions; (vii) potential future impairment write-downs of goodwill and indefinite-life intangibles and the amortization of other intangible assets; and (viii) possible adverse tax and accounting effects.

In addition, there are possible operational risks, including, among other things, difficulty in assimilating and integrating the operations, services, products, technology, information systems and personnel of acquired companies; losing key personnel of acquired entities; and compliance with additional laws relating to the acquired business and regulatory risks associated with the past violation of law by the acquired businesses. We may incur significant acquisition, administrative and other costs in connection with these transactions, including costs related to the integration of acquired businesses. Acquisitions could expose us to significant integration risks and increased organizational complexity, including more complex and costly accounting processes and internal controls, which may challenge management and may adversely impact the realization of an increased contribution from such acquisitions. In addition, while we execute acquisitions and related integration activities, our attention may possibly be diverted from our ongoing operations, which may have a negative impact on our business. Failure to adequately anticipate and address these risks could adversely affect our business and financial performance.

Although we performed due diligence investigations of the businesses and assets that we will assume, and will also do so for future acquisitions, there may be liabilities related to the acquired business or assets that we fail to, or are unable to, uncover during the due diligence investigation and for which we, as a successor owner, may be responsible. When feasible, we seek to minimize the impact of these types of potential liabilities by obtaining indemnities and warranties from the seller, which may in some instances be supported by a price adjustment mechanism and/or deferring payment of a portion of the purchase price. However, these indemnities and warranties, if obtained, may not fully cover the liabilities because of their limited scope, amount or duration, the financial resources of the indemnitor or warrantor, or for other reasons. These strategic acquisitions involve risks commonly encountered in business relationships, such as potential unknown liabilities for activities of the acquired business before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other unknown liabilities, which may adversely affect our reputation, business and results of operations.

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

Our business operations depend on the continued services of our senior management, particularly the executive officers named in this annual report. While we have provided different incentives to our management, we cannot assure you that we can continue to retain their services. If one or more of our key executives were unable or unwilling to continue in their present positions, we may not be able to replace them easily, or at all, our future growth may be constrained, our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain qualified personnel. In addition, although we have entered into confidentiality and non-competition agreements with our management, there is no assurance that any member of our management team will not join our competitors or form a competing business. If any dispute arises between our current or former officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements in China or we may be unable to enforce them at all.

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

We believe the success of our company and the VIEs depends on the efforts and talent of our employees, including risk management, software engineering, financial and marketing personnel. Our future success depends on our continued ability to attract, develop, motivate and retain qualified and skilled employees. Competition for highly skilled technical, risk management and financial personnel is extremely intense. We may not be able to hire and retain these personnel at compensation levels consistent with our existing compensation and salary structure. Some of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment. In addition, we invest significant time and expenses in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training their replacements, and the quality of our services and our ability to serve borrowers and clients could diminish, resulting in a material adverse effect on our business.

***Increases in labor costs in the PRC may adversely affect our business and results of operations.***

The economy in China has experienced increases in labor costs in recent years. As a result, average wages in the PRC are expected to continue to increase. In addition, our company and the VIEs are required by PRC laws and regulations to pay various statutory employee benefits, including pension, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. The relevant government agencies may examine whether an employer has made adequate payments to the statutory employee benefits, and those employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to control our labor costs or pass on these increased labor costs to our users by increasing the fees of our services, our financial condition and results of operations may be adversely affected.

***If we cannot maintain our corporate culture as we grow, we could lose the innovation, collaboration and focus that contribute to our business.***

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

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

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

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

***We do not have any business insurance coverage.***

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

***Changes in U.S. and international trade policies, particularly with regard to China, may adversely impact our business and operating results.***

There have been changes in international trade policies and rising political tensions, particularly between the U.S. and China, but also as a result of the conflict in Ukraine and sanctions on Russia. While cross-border business may not be an area of focus for us, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products and services, impact the competitive position of our products or prevent us from selling products in certain countries. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to recent U.S.-China trade tensions or the conflict in Ukraine and sanctions on Russia, such changes could have an adverse effect on our business, financial condition and results of operations.

In addition, we have been closely monitoring domestic policies in the United States designed to restrict certain Chinese companies from supplying or operating in the U.S. market. These policies include the Clean Network project initiated by the U.S. Department of State in August 2020 and new authorities granted to the Department of Commerce to prohibit or restrict the use of information and communications technology and services, or ICTS, and the Executive Order on Protecting America's Sensitive Data from Foreign Adversaries published in June 2021. While a substantial majority of our business is conducted in China, policies like these may deter U.S. users from accessing and/or using our apps, products and services, which could adversely impact our user experience and reputation. Similarly, India has permanently banned a large number of apps since 2020 out of national security concerns, many of which are China-based apps, escalating regional political and trade tensions.

Likewise, we are monitoring policies in the United States that are aimed at restricting U.S. persons from investing in or supplying certain Chinese companies. The United States and various foreign governments have imposed controls, license requirements and restrictions on the import or export of technologies and products. In addition, the U.S. government has implemented regulations to prohibit or subject to notification requirements certain transactions between U.S. persons and certain non-U.S. counterparties that have a qualifying nexus to China, Hong Kong, or Macau and deal in specified technologies, including semiconductors and microelectronics, quantum information technology, and artificial intelligence. Measures such as these could deter suppliers in the United States and/or other countries that impose export controls and other restrictions from providing technologies and products to, making investments in, or otherwise engaging in transactions with Chinese companies. As a result, Chinese companies would have to identify and secure alternative supplies or sources of financing, while they may not be able to do so in a timely manner and at commercially acceptable terms, or at all. In addition, Chinese companies may have to limit and reduce their research and development and other business activities, or cease conducting transactions with parties, in the United States and other countries that impose export controls or other restrictions. Like other Chinese companies, our business, financial condition and results of operations could be adversely affected as a result.

***We may be unsuccessful in expanding and operating our business internationally, which could adversely affect our results of operations.***

We initiated the offering of financial services business in the Philippines at the end of 2022 to expand our business internationally. Since the beginning of 2023, our financial services business in the Philippines have experienced rapid growth. Currently, the business is in its early stages and poised for further expansion. We will continue expanding our operations in other jurisdictions in the future. However, the entry and operation of our business in these markets could cause us to be subject to unexpected, uncontrollable, and rapidly changing events and circumstances outside China. Our ability to manage our business and conduct our operations internationally requires considerable management's attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems, alternative dispute systems and commercial markets. Future international expansion will also require investment of significant funds and other resources. If we are less successful than we expect in a new market, we may not be able to achieve an adequate return on our initial investment and our operating results could suffer.

Operating internationally subjects us to new risks and may increase risks that we currently face, including risks associated with:

- varied, unfamiliar, unclear, and changing legal and regulatory restrictions, including different legal and regulatory standards applicable to real estate development and sales;
- compliance with laws and regulations of the jurisdictions in which we operate;
- difficulties in staffing and managing foreign operations;
- longer collection cycles;
- differing intellectual property laws that may not provide sufficient protections for our intellectual property;
- proper compliance with local tax laws, which can be complex and may result in unintended adverse tax consequences;
- difficulties in enforcing agreements through foreign legal systems;
- fluctuations in currency exchange rates that may affect service demand and may adversely affect the profitability in RMB of services provided by us in foreign markets where payment for our services is made in the local currency;
- changes in general economic, health, and political conditions in countries where our properties are sold;
- potential labor strike, lockouts, work slowdowns, and work stoppages; and
- different consumer preferences and requirements in specific international markets.

Our current and any future international expansion plans will require management attention and resources and may be unsuccessful. We may find it impossible or prohibitively expensive to continue expanding internationally or we may be unsuccessful in our attempt to do so, and our results of operations could be adversely impacted.

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

We are vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware, as well as adversely affect our ability to provide products and services on our platform.

Our business could be adversely affected by the effects of epidemics, including COVID-19, avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola or another epidemic. Any such occurrences could cause severe disruption to our daily operations, including our fulfillment infrastructure and our customer service centers, and may even require a temporary closure of our facilities. In recent years, there have been outbreaks of epidemics in China and globally. For example, in early 2020, in response to intensifying efforts to contain the spread of COVID-19, the Chinese government took a number of actions, which included extending the Chinese New Year holiday in 2020, quarantining individuals infected with or suspected of having COVID-19, prohibiting residents from free travel, encouraging employees of enterprises to work remotely from home and cancelling public activities, among others. COVID-19 also resulted in the temporary closure of many corporate offices, retail stores, manufacturing facilities and factories across China.

We saw delinquency volatilities and a significant decrease in loan volumes and revenues in the first half of 2020. We took a series of measures in response to the outbreak, including, among others, a remote working arrangement for some of our employees, suspension of our offline customer acquisition activities, and cancellation of non-essential business travels to ensure the safety and health of our employees. These measures reduced the capacity and efficiency of our operations. The outbreak of COVID-19 also resulted in the suspension of our offline customer acquisition activities in the month of February 2020. This impacted our operations and resulted in an increase in delinquency volatilities and a significant decrease in revenues and loan volumes in the first quarter of 2020.

After the initial outbreak of COVID-19, some instances of COVID-19 infections emerged in various regions of China from time to time, including the infections caused by the Omicron variants since early 2022. Varying levels of temporary restrictions and other measures were reinstated to contain the infections, such as those in Shanghai in March 2022. As a result, our revenues and results of operations were adversely affected in the first half of 2022. In late 2022, China modified its COVID policy and lifted travel restrictions and quarantine requirements. While the restrictions on movement within China have been relaxed since then, there is uncertainty as to the future progress of the virus. The extent to which this pandemic impacts our results of operations will depend on future developments that are uncertain and unpredictable, including outbreaks of a new variant of COVID-19, the severity of the virus infection, the success or failure of efforts to contain or treat the cases, and future actions we or the authorities may take in response to these developments.

As COVID-19 has negatively affected the broader Chinese economy and the global economy, China may continue to experience great economic uncertainty, which may impact our business in a materially negative way as our users may be less inclined to borrow loans on our platform. Borrowers may also have less propensity or ability to repay their loans as a result of the economic problems caused by COVID-19, which may then impact credit quality. The operations of some of our business partners and service providers may be constrained and impacted, which may have a negative impact on our business. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this annual report.

**Risks Related to Our Carve-out from CreditEase and Our Relationship with CreditEase**

***We rely on our parent company, CreditEase, for the successful operation of our business.***

We have limited experience operating as a stand-alone company. We commenced our online consumer finance marketplace business in March 2012, and Yirendai Ltd. was incorporated in 2014 in the Cayman Islands (and was renamed as Yiren Digital Ltd. in 2019) as a wholly owned subsidiary of CreditEase. Founded in 2006 by our executive chairman, Mr. Ning Tang, CreditEase is a large financial services company focusing on providing inclusive finance and wealth solutions in China. Inclusive finance focuses on providing access to affordable and responsible financing solutions to those in China who are often unable to gain such access. We completed our carve-out from CreditEase in the first quarter of 2015. Historically, CreditEase provided us with origination and servicing, financial, administrative, sales and marketing, risk management, human resources and legal services, and also with the services of a number of its executives and employees. In July 2019, we consummated a business realignment transaction with CreditEase, the controlling shareholder of our company, pursuant to which we assumed from CreditEase and its affiliates certain business operations. On December 31, 2020, as a result of a business restructuring, we disposed of the online consumer lending platform targeting individual investors as the funding source, and CreditEase paid the designated subsidiaries of our company an aggregate amount of RMB67.0 million in cash.

Although we have become a stand-alone company, we expect CreditEase to continue to provide us with certain support services going forward. After the business realignment with CreditEase closed in July 2019, we continue to receive certain business consulting and other support services from CreditEase. Although we have entered into a series of agreements with CreditEase relating to our ongoing business cooperation and service arrangements with CreditEase, we cannot assure you that we will continue to receive the same level of support from CreditEase as we used to. The cost of services which CreditEase provides to us may from time to time increase based on commercial negotiations between CreditEase and us. Furthermore, borrowers, clients and business partners may react negatively to our carve-out from or business restructuring with CreditEase. As such, our carve-out from or business restructuring with CreditEase may materially and adversely affect our business. In addition, as a result of our carve-out from or business restructuring with CreditEase, our historical financial performance may not be indicative of our future performances as a stand-alone public company.

***Our financial information included in this annual report may not be representative of our financial condition and results of operations if we had been operating as a stand-alone company.***

Prior to our establishment, our online consumer finance marketplace business was carried out by various subsidiaries and the consolidated variable interest entities of CreditEase. We completed our carve-out from CreditEase in the first quarter of 2015, and all of our online consumer finance marketplace business is now carried out by our own subsidiaries and the consolidated variable interest entities. Since we and the subsidiaries and the consolidated variable interest entities that operated our online marketplace business are under common control of CreditEase, our consolidated financial statements include the assets, liabilities, revenues, expenses and cash flows that were directly attributable to our business for all periods presented. In particular, our consolidated balance sheets include those assets and liabilities that are specifically identifiable to our business; and our consolidated statements of operations include all costs and expenses related to us, including costs and expenses allocated from CreditEase to us. Allocations from CreditEase, including amounts allocated to origination, servicing and other operating costs, sales and marketing expenses and general and administrative expenses, were made using a proportional cost allocation method and based on headcount or transaction volume for the provision of services attributable to us. We made numerous estimates, assumptions and allocations in our historical financial statements because we did not operate as a stand-alone company prior to our carve-out from CreditEase in the first quarter of 2015. Although our management believes that the assumptions underlying our historical financial statements and the above allocations are reasonable, our historical financial statements may not necessarily reflect our results of operations, financial position and cash flows as if we had operated as a stand-alone company during those periods. See “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions” for our arrangements with CreditEase and “Item 5. Operating and Financial Review and Prospects” and the notes to our consolidated financial statements included elsewhere in this annual report for our historical cost allocation. In addition, upon becoming a stand-alone company, we have established our own financial, administrative and other support systems to replace CreditEase’s systems, the cost of which may have been significantly different from the cost allocation with CreditEase for the same services. Therefore, you should not view our historical results as indicators of our future performance.

***Any negative development in CreditEase’s market position, brand recognition or financial condition may materially and adversely affect our marketing efforts and the strength of our brand.***

Prior to our initial public offering, we were a wholly owned subsidiary of CreditEase, and after our initial public offering, CreditEase remains our controlling shareholder. We have benefited significantly and expect to continue to benefit significantly from our association with CreditEase in marketing our brand and our marketplace. We used to rely on CreditEase’s nationwide service network for offline borrower acquisition. As part of a business realignment with CreditEase in 2019, we acquired CreditEase Puhui, an entity managing CreditEase’s national service network for offline borrower acquisition. We also benefit from CreditEase’s strong brand recognition in China, which provides us with credibility and a broad marketing reach. If CreditEase loses its market position, the effectiveness of our marketing efforts through our association with CreditEase may be materially and adversely affected. In addition, any negative publicity associated with CreditEase or any negative development in respect of CreditEase’s market position, financial condition, or in terms of its compliance with legal or regulatory requirements in China, will likely have an adverse impact on the effectiveness of our marketing, as well as our reputation and brand.

***Our agreements with CreditEase may be less favorable to us than similar agreements negotiated between unaffiliated third parties. In particular, our second amended and restated non-competition agreement with CreditEase limits the scope of business that we are allowed to conduct.***

We have entered into a series of agreements with CreditEase and the terms of such agreements may be less favorable to us than would be the case if they were negotiated with unaffiliated third parties. In particular, under our second amended and restated non-competition agreement with CreditEase, we agree during the non-competition period, which will end on the earliest of (i) the first anniversary of the control ending date, (ii) the date on which the ADSs representing ordinary shares of Yiren Digital cease to be listed on Nasdaq or the New York Stock Exchange (except for temporary suspension of trading of the ADSs), and (iii) December 31, 2035, the fifteenth anniversary of December 31, 2020, the date of the second amended and restated non-competition agreement, not to, subject to certain exceptions, compete with CreditEase in the business or any business that is of the same nature as the business currently conducted by CreditEase, in each case unless as may otherwise be approved in writing by CreditEase. The control ending date refers to the earlier of (i) the first date when CreditEase no longer owns at least 20% of the voting power of our then outstanding securities, or (ii) the first date when CreditEase ceases to be the largest beneficial owner of our then outstanding voting securities (without considering holdings by certain institutional investors).

Such contractual limitations may significantly affect our ability to diversify our revenue sources and may materially and adversely impact our business and prospects should the growth of the online consumer finance marketplace industry in China slow down. In addition, pursuant to our master transaction agreement with CreditEase, we agree to indemnify CreditEase for liabilities arising from litigation and other contingencies related to our business and assume these liabilities as part of our carve-out from CreditEase. The allocation of assets and liabilities between CreditEase and our company may not reflect the allocation that would have been reached by two unaffiliated parties. Moreover, so long as CreditEase continues to control us, we may not be able to bring a legal claim against CreditEase in the event of contractual breach, notwithstanding our contractual rights under the agreements described above and other inter-company agreements entered into from time to time.

***CreditEase will control the outcome of shareholder actions in our company.***

As of March 31, 2025, CreditEase held 83.0% of our outstanding ordinary shares and total voting power. CreditEase's voting power gives it the power to control certain actions that require shareholder approval under Cayman Islands law, our current memorandum and articles of association and the New York Stock Exchange, or the NYSE, requirements, including approval of mergers and other business combinations, changes to our memorandum and articles of association, the number of shares available for issuance under any share incentive plans, and the issuance of significant amounts of our ordinary shares in private placements.

CreditEase's voting control may cause transactions that might not be beneficial to the holders of our ADSs to occur and may prevent transactions that would be beneficial to the holders of our ADSs. For example, CreditEase's voting control may prevent a transaction involving a change of control of us, including transactions in which a holder of our ADSs might otherwise receive a premium for the securities held by such holder over the then-current market price. In addition, CreditEase is not prohibited from selling a controlling interest in us to a third party and may do so without the approval of the holders of our ADSs and without providing for a purchase of the ADSs. If CreditEase is acquired or otherwise undergoes a change of control, any acquirer or successor will be entitled to exercise the voting control and contractual rights of CreditEase, and may do so in a manner that could vary significantly from that of CreditEase. In addition, the significant concentration of share ownership may adversely affect the trading price of the ADSs due to investors' perception that conflicts of interest may exist or arise. See "—We may have conflicts of interest with CreditEase and, because of CreditEase's controlling ownership interest in our company, we may not be able to resolve such conflicts on favorable terms for us" below.

***We may have conflicts of interest with CreditEase and, because of CreditEase's controlling ownership interest in our company, we may not be able to resolve such conflicts on favorable terms for us.***

Conflicts of interest may arise between CreditEase and us in a number of areas relating to our ongoing relationships. Potential conflicts of interest that we have identified include the following:

- *Non-competition arrangements with CreditEase*. We and CreditEase entered into a second amended and restated non-competition agreement on December 31, 2020, under which we agree not to compete with each other's core business. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Carve-out Agreements with CreditEase —Second amended and restated non-competition agreement."

- *Employee recruiting and retention*. Because both CreditEase and we are engaged in consumer finance related businesses in China, we may compete with CreditEase in the hiring of new employees, in particular with respect to risk management related matters. We have a non-solicitation arrangement with CreditEase that restricts us and CreditEase from hiring any of each other's employees.

- *Our board members or executive officers may have conflicts of interest*. Our executive chairman, Mr. Ning Tang, and one of our directors, Tina Ju, are members of the board of directors of CreditEase, and Mr. Ning Tang is the chief executive officer of CreditEase. Ning Tang has also become our chief executive officer upon the closing of the business realignment with CreditEase in July 2019. See "Item 4. Information on the Company—A. History and Development of the Company." In addition, we have granted and may in the future continue to grant incentive share compensation to CreditEase's employees and consultants. These relationships could create, or appear to create, conflicts of interest when these persons are faced with decisions with potentially different implications for CreditEase and us.

- *Sale of shares in our company*. CreditEase may decide to sell all or a portion of our shares that it holds to a third party, including to one of our competitors, thereby giving that third-party substantial influence over our business and our affairs. Such a sale could be contrary to the interests of our employees or our other shareholders.

- *Allocation of business opportunities*. Under our second amended and restated non-competition agreement with CreditEase, we agree not to compete with CreditEase in the businesses conducted by CreditEase. There may arise other business opportunities that both we and CreditEase find attractive and which would complement our respective businesses. CreditEase may decide to take such opportunities itself, which would prevent us from taking advantage of those opportunities.

- *Developing business relationships with CreditEase's competitors*. So long as CreditEase remains our controlling shareholder, we may be limited in our ability to do business with its competitors. This may limit our ability to market our services for the best interests of our company and our other shareholders.

Although our company has become a stand-alone public company, we expect to operate, for as long as CreditEase is our controlling shareholder, as an affiliate of CreditEase. CreditEase may from time to time make strategic decisions that it believes are in the best interests of its business as a whole, including our company. These decisions may be different from the decisions that we would have made on our own. For example, we may be required to pay CreditEase for services that we currently enjoy free of charge from CreditEase, such as the information and data sharing. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Carve-out Agreements with CreditEase—Amended and Restated Intellectual Property License Agreement." CreditEase's decisions with respect to us or our business may be resolved in ways that favor CreditEase and therefore CreditEase's own shareholders, which may not coincide with the interests of our other shareholders. We have an audit committee, consisting of three independent directors, to review and approve all proposed related party transactions, including any transactions between us and CreditEase. However, we may not be able to resolve any potential conflicts, and even if we do so, the resolution may be less favorable to us than if we were dealing with a non-controlling shareholder. Even if both parties seek to transact business on terms intended to approximate those that could have been achieved between unaffiliated parties, this may not succeed in practice. Furthermore, if CreditEase sought to alter or violate the terms of the second amended and restated non-competition agreement with us in order to compete with us in the online consumer finance marketplace or otherwise, such conflicts may not be resolved in our favor in light of CreditEase's controlling interest in us. If CreditEase were to compete with us, our business, financial condition, results of operations and prospects could be materially and adversely affected.

***Our executive chairman and chief executive officer, Mr. Ning Tang, has considerable influence over us and our corporate matters.***

Our executive chairman and chief executive officer, Mr. Ning Tang, has considerable influence over us and our corporate matters. As of March 31, 2025, Mr. Tang beneficially owns 43.4% of the total outstanding shares of CreditEase, which is our controlling shareholder. As Mr. Tang is the sole director of CreditEase, he controls the decision-making of CreditEase and indirectly has considerable influence over us, our corporate matters and matters requiring shareholder approval, such as electing directors and approving material mergers, acquisitions or other business combination transactions. This concentrated control will limit the ability of the holders of our ordinary shares and our ADSs to influence corporate matters and could also discourage others from pursuing any potential merger, takeover or other change of control transactions, which could have the effect of depriving the holders of our ordinary shares and our ADSs of the opportunity to sell their shares at a premium over the prevailing market price.

***We are a "controlled company" within the meaning of the NYSE Listed Company Manual and, as a result, will rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.***

We are a "controlled company" as defined under the NYSE Listed Company Manual because CreditEase beneficially owns more than 50% of our outstanding ordinary shares. For so long as we remain a controlled company under that definition, we are permitted to elect to rely, and will rely, on certain exemptions from corporate governance rules, including an exemption from the rule that a majority of our board of directors must be independent directors. As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

**Risks Related to Our Corporate Structure**

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

Foreign ownership of internet-based businesses, such as distribution of online information, is subject to restrictions under current PRC laws and regulations. For example, foreign investors are not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider (except for e-commerce, domestic multi-party communication, storage and forwarding classes and call centers) in accordance with the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition), or the 2024 Negative List, effective from November 1, 2024, as amended, and other applicable laws and regulations.

We are a Cayman Islands company and our PRC subsidiaries are considered foreign-invested enterprises. To comply with PRC laws and regulations, we conduct our operations in China through (i) a series of contractual arrangements entered into among Chongqing Hengyuda Technology Co., Ltd., or Hengyuda, Yiren Financial Information Service (Beijing) Co., Ltd., or Yiren Financial Information, and the shareholders of Yiren Financial Information, and (ii) a series of contractual arrangements entered into among YouRace Hengchuang Technology Development (Beijing) Co., Ltd., or YouRace Hengchuang, CreditEase Puhui, and the shareholders of CreditEase Puhui. Accordingly, we consolidate the operating results of Yiren Financial Information and CreditEase Puhui in our financial statements under U.S. GAAP. We also used to conduct our operations in China through (i) a series of contractual arrangements entered into among YouRace Hengchuang, Hengcheng, and the shareholders of Hengcheng, which was terminated on December 31, 2020, and (ii) a series of contractual arrangements entered into among YouRace Hengchuang, Tianjin Linyang Information and Technology Co., Ltd., or Tianjin Linyang, and the shareholders of Tianjin Linyang, which was terminated on December 5, 2022. For a detailed description of these contractual arrangements, see "Item 4. Information on the Company—C. Corporate History and Structure."

In the opinion of our PRC counsel, Han Kun Law Offices, (i) our current ownership structure, the ownership structure of YouRace Hengchuang and Hengyuda, our PRC subsidiaries, and Yiren Financial Information and CreditEase Puhui, the consolidated variable interest entities, (ii) the contractual agreements among Hengyuda, Yiren Financial Information and the shareholders of Yiren Financial Information, and (iii) the contractual agreements among YouRace Hengchuang, CreditEase Puhui and the shareholders of CreditEase Puhui, as described in "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the Consolidated Variable Interest Entities," are, in each case, not in violation of existing PRC laws, rules and regulations; and these contractual agreements are valid, binding and enforceable in accordance with their terms and applicable PRC laws and regulations currently in effect. The equity pledge under each equity pledge agreement has been registered with the competent office of the State Administration for Market Regulation in accordance with the PRC laws.

However, we are a Cayman Islands holding company with no equity ownership in the consolidated variable interest entities and we conduct our operations in China primarily through the consolidated variable interest entities with which we have maintained contractual arrangements. Investors in our ordinary shares or the ADSs thus are not holding equity interest in the consolidated variable interest entities in China but instead are holding equity interest in a Cayman Islands holding company. If the PRC government deems that our contractual arrangements with the consolidated variable interest entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change or are interpreted differently in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. We may not be able to repay the notes and other indebtedness, and our shares may decline in value or become worthless, if we are unable to assert our contractual control rights over the assets of our PRC subsidiaries, which contributed to 64.3% of our revenues in 2024. Our holding company in the Cayman Islands, the consolidated variable interest entities, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the consolidated variable interest entities and, consequently, significantly affect the financial performance of the consolidated variable interest entities and our company as a group.

Our PRC counsel, Han Kun Law Offices, has also advised us that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations and there can be no assurance that the PRC government will ultimately take a view that is consistent with the opinion of our PRC counsel. It is uncertain whether any new PRC laws or regulations relating to variable interest entity structure will be adopted or if adopted, what they would provide. For example, on February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Regulations, and five supporting guidelines, which was aimed to regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. Companies in China that seek to offer and list securities in overseas markets, in direct or indirect means, are required to fulfill the filing procedures with the CSRC and submit relevant information. At the press conference in relation to the promulgation of the Overseas Listing Regulations on February 17, 2023, the CSRC officials clarified that, as for companies seeking overseas offering and listing with VIE structures and applying to file with the CSRC, the CSRC will solicit opinions from relevant PRC regulatory authorities and proceed with the filing of the overseas listing of such companies if such companies duly meet the compliance requirements. If we fail to complete the filing with the CSRC in a timely manner, or at all, for our further capital raising activities, which are subject to filing requirements under the Overseas Listing Regulations, due to our VIE structure, we may be required to unwind the VIEs or adjust our business operations to meet the filing requirements and our ability to raise or utilize funds could be materially and adversely affected. However, as the Overseas Listing Regulations was recently promulgated, it remains uncertain as to its interpretation, implementation and enforcement, in particular, for companies with VIE structures, and there also remain uncertainties as to how they will affect our operations in China and our future capital-raising activities.

The PRC government has broad discretion in determining rectifiable or punitive measures for non-compliance with or violations of PRC laws and regulations. If the PRC government determines that we or the consolidated variable interest entities do not comply with applicable law, it could revoke the consolidated variable interest entities' business and operating licenses, require the consolidated variable interest entities to discontinue or restrict the consolidated variable interest entities' operations, restrict the consolidated variable interest entities' right to collect revenues, block the consolidated variable interest entities' websites, require the consolidated variable interest entities to restructure our operations, impose additional conditions or requirements with which the consolidated variable interest entities may not be able to comply, impose restrictions on the consolidated variable interest entities' business operations or on their customers, or take other regulatory or enforcement actions against the consolidated variable interest entities that could be harmful to their business. Any of these or similar occurrences could significantly disrupt our or the consolidated variable interest entities' business operations or restrict the consolidated variable interest entities from conducting a substantial portion of their business operations, which could materially and adversely affect the consolidated variable interest entities' business, financial condition and results of operations. If any of these occurrences results in our inability to direct the activities of any of the consolidated variable interest entities that most significantly impact its economic performance, and/or our failure to receive the economic benefits from any of the consolidated variable interest entities, we may not be able to consolidate these entities in our consolidated financial statements in accordance with U.S. GAAP.

***We rely on contractual arrangements with the consolidated variable interest entities, and their respective shareholders for certain business operations in China, which may not be as effective as direct ownership.***

We have relied and expect to continue to rely on contractual arrangements with the consolidated variable interest entities and their respective shareholders to operate certain website and mobile application and insurance referral business. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organization Structure." These contractual arrangements may not be as effective as direct ownership. For example, Yiren Financial Information and CreditEase Puhui and their respective shareholders could breach their contractual arrangements with us by, among other things, failing to conduct their operations, including maintaining our website and using the domain names and trademarks, in an acceptable manner or taking other actions that are detrimental to our interests.

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

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

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

All the agreements under our contractual arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC laws. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC laws, rulings by arbitrators are final and parties cannot appeal arbitration results in court unless such rulings are revoked or determined unenforceable by a competent court. If the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to conduct the business operations of the consolidated variable interest entities, and our ability to conduct our business may be negatively affected. See "—Risks Related to Doing Business in China—Uncertainties with respect to the legal system in Chinese mainland could adversely affect us. Certain laws and regulations in Chinese mainland can evolve quickly, which bring risks and uncertainties to their interpretation and enforcement. Administrative and court proceedings in Chinese mainland may be protracted. Some government policies and internal rules may not be published on a timely manner. These risks and uncertainties may make it difficult for us to meet or comply with requirements under the applicable laws and regulations."

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

We have two consolidated variable interest entities, namely Yiren Financial Information and CreditEase Puhui, as of the date of this annual report. The equity interests of Yiren Financial Information are held by Mr. Ning Tang, our founder and executive chairman, Pucheng Credit Assessment and Management (Beijing) Co., Ltd., and Ms. Yan Tian. The equity interests of CreditEase Puhui are held by Mr. Ning Tang and Ms. Mei Zhao. Their interests in such consolidated variable interest entities may differ from the interests of our company as a whole. These shareholders may breach, or cause such consolidated variable interest entities to breach, the existing contractual arrangements we have with them and such consolidated variable interest entities, as the case may be, which would have a material adverse effect on our ability to conduct the business operations of such consolidated variable interest entities and receive economic benefits from such consolidated variable interest entities. For example, the shareholders may be able to cause our agreements with such consolidated variable interest entities to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

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

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

Under applicable PRC laws and regulations, arrangements and other transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. 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 related parties to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm's length principles. We may face material and adverse tax consequences if the PRC tax authorities determine that (i) the contractual arrangements between Hengyuda, our wholly owned subsidiary in China, Yiren Financial Information, the variable interest entity in China, and the shareholders of Yiren Financial Information, and (ii) the contractual arrangements between YouRace Hengchuang, our wholly owned subsidiary in China, CreditEase Puhui, the variable interest entity in China, and the shareholders of CreditEase Puhui were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the income of Yiren Financial Information and CreditEase Puhui, the consolidated variable interest entities, in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by such consolidated variable interest entities for PRC tax purposes, which could in turn increase their tax liabilities without reducing the tax expenses of such consolidated variable interest entities. In addition, if YouRace Hengchuang or Hengyuda requests the shareholders of such consolidated variable interest entities, as the case may be, to transfer their equity interests in such consolidated variable interest entities, as the case may be, at nominal or no value pursuant to these contractual arrangements, such transfer could be viewed as a gift and subject YouRace Hengchuang or Hengyuda to PRC income tax. Furthermore, the PRC tax authorities may impose late payment fees and other penalties on such consolidated variable interest entities for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if the consolidated variable interest entities' tax liabilities increase or if they are required to pay late payment fees and other penalties.

***We may lose the ability to use and benefit from assets held by the consolidated variable interest entities that are material to the operation of our business if any of these entities goes bankrupt or becomes subject to a dissolution or liquidation proceeding.***

Yiren Financial Information and CreditEase Puhui, the consolidated variable interest entities and their subsidiaries, hold certain assets that are material to the operation of our business. Under the contractual arrangements, the consolidated variable interest entities may not, and their respective shareholders may not cause them to, in any manner, sell, transfer, mortgage or otherwise dispose of their assets or their legal or beneficial interests in the business without our prior consent. However, in the event the shareholders of such consolidated variable interest entities breach these contractual arrangements and voluntarily liquidate such consolidated variable interest entities, or any of such consolidated variable interest entities declares bankruptcy and all or part of their assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. If the consolidated variable interest entities undergo a voluntary or involuntary liquidation proceeding, independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

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

In China, a company chop or seal serves as the legal representation of the company in dealing with third parties even when unaccompanied by a signature. Each legally registered company in China is required to maintain a company chop, which must be registered with the local Public Security Bureau. In addition to this mandatory company chop, companies may have several other chops that can be used for specific purposes. The chops of our principal PRC subsidiaries and the consolidated variable interest entities are generally held securely by personnel designated or approved by us in accordance with our internal control procedures. To the extent those chops are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised and those corporate entities may be bound to abide by the terms of any documents so chopped, even if they were chopped by an individual who lacked the requisite power and authority to do so. In addition, if the chops are misused by unauthorized persons, we could experience a disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources while distracting management from our operations to resolve these issues.

**Risks Related to Doing Business in China**

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

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

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

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

In addition, the global macroeconomic environment is facing challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Iran, Ukraine, Syria and North Korea. There have also been concerns on the relationship among China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes, and the current trade tension between the United States and China. In addition, the impact of the decision by the United Kingdom to withdraw from the European Union, commonly referred to as "Brexit," and the resulting effect on the political and economic future of the U.K. and the European Union is uncertain. Brexit could adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

***Uncertainties with respect to the legal system in Chinese mainland could adversely affect us. Certain laws and regulations in Chinese mainland can evolve quickly, which bring risks and uncertainties to their interpretation and enforcement. Administrative and court proceedings in Chinese mainland may be protracted. Some government policies and internal rules may not be published on a timely manner. These risks and uncertainties may make it difficult for us to meet or comply with requirements under the applicable laws and regulations.***

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

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

PRC government has significant oversight over the conduct of our business and it has recently indicated an intent to exert more oversight over offerings that are conducted overseas and/or foreign investment in China-based issuers. Any such action could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless.

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

On March 15, 2019, the National People's Congress approved the Foreign Investment Law, which became effective on January 1, 2020, and replaced the trio of prior laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, there are still uncertainties in relation to the interpretation and implementation of the Foreign Investment Law and its implementation regulations. For instance, under the Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. Though it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activity under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations. In addition, the Supreme People's Court issued Certain Opinions Concerning the Application of the Foreign Investment Law on December 26, 2019, or the Foreign Investment Law Judicial Interpretations, which provides that investment contract in relation to the investment by foreign investor in a field which is prohibited from foreign investment under the 2024 Negative List may be invalidated by the courts. Although we believe contractual arrangements would not be deemed as "investment contract" under the Foreign Investment Law Judicial Interpretations, we cannot assure you that the PRC courts would take the same view as us. Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance and business operations. See "—Risks Related to Our Corporate Structure" and "Item 4. Information on the Company—C. Organizational Structure."

***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 only have contractual control over operators of our websites and mobile applications providing value-added telecommunication services in China. We do not directly own operators of such websites and mobile applications due to the restriction of foreign investment in businesses providing value-added telecommunication services in China, including internet information provision services. This may significantly disrupt our business, subject us to sanctions, compromise enforceability of related contractual arrangements, or have other harmful effects on us.

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 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.

On September 25, 2000, the State Council promulgated the Administrative Measures on Internet Information Services, or the Internet Measures, which were amended in January 2011 and December 2024. Under the Internet Measures, commercial internet information services operators shall obtain an ICP license from the relevant government authorities before engaging in any commercial internet information services operations within mainland China. The Telecommunications Regulations of the PRC, or the Telecommunications Regulations, which were promulgated by the State Council on September 25, 2000 and last amended on February 6, 2016, and took effect as of the date of its promulgation, provide a regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations classify telecommunications services into two categories, namely basic telecommunications services and value-add telecommunications services. According to the Catalog of Telecommunications Businesses attached to the Telecommunications Regulations last amended by the MIIT on June 6, 2019, information services provided via public communication network or Internet, and online data processing and transaction processing fall within the scope of value-added telecommunications services. The Telecommunications Regulations require value-added telecommunications services providers to obtain an operating license from the MIIT or its provincial-level counterparts prior to the commencement of their operations. An ICP License is a value-added telecommunications business operating license required for provision of commercial internet information services. An EDI License is a value-added telecommunications business operating license required for provision of online data processing and transaction processing.

Yiren Select, our comprehensive life service platform that targets the mass affluent population with a variety of consumption and lifestyle products and services, may be deemed as providing commercial internet information services and required to obtain an ICP license and an EDI License. While Yiren Select is operated by Yiyouxuan, a variable interest entity holding an ICP license and an EDI License, the domain name and mobile application in connection with Yiren Select was historically owned by Yiren Finance and is currently owned by Yiren Information Consulting (Beijing) Co., Ltd., or Yiren Information. Yiren Information is also the current registrant of ICP and mobile application filings for Yiren Select. Yiren Information does not hold any ICP license or EDI License. As of the date of this annual report, we are under the process of changing the owner and registrant of ICP and mobile application filings for Yiren Select from Yiren Information to Yiyouxuan.

In addition, the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, issued by the MIIT in July 2006, prohibits domestic telecommunication service providers from leasing, transferring or selling telecommunications business operating licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for its illegal operation of a telecommunications business in China. According to this circular, either the holder of a value-added telecommunication services operation permit or its shareholders must directly own the domain names and trademarks used by such license holders in their provision of value-added telecommunication services. The circular also requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain such facilities in the regions covered by its license.

Yiyouxuan, who owns ICP License and EDI License, operates Yiren Select, but the relevant domain name in connection with Yiren Select is held by Yiren Information and the relevant trademarks in connection with Yiren Select are held by Yourace Hengchuang. Kechuang Xinlian, who owns ICP License and operates Yixianghua, but the relevant domain name and the relevant trademarks in connection with Yixianghua are not held by Kechuang Xinlian. If an ICP License holder fails to comply with the requirements and also fails to remedy such non-compliance within a specified period of time, the MIIT or its local counterparts have the discretion to take administrative measures against such license holder, including revoking its ICP License.

In December 2007, the State Administration of Press Publication Radio Film and Television, or the SAPPRFT, the predecessor of Administration of Radio and Television newly established in April 2018, and the MIIT, issued the Administrative Measures Regarding Internet Audio-Video Program Services, or the Internet Audio-Video Program Measures, which became effective on January 31, 2008, and amended on August 28, 2015. Among other things, the Internet Audio-Video Program Measures stipulates that no entities or individuals may provide internet audio-video program services without a "License for Disseminating Audio-Video Programs through Information Network" issued by the SAPPRFT or its local bureaus or completing the required registration with the SAPPRFT or its local bureaus, and only entities wholly owned or controlled by the PRC government may engage in the production, editing, integration or consolidation, and transmission to the public through the internet of audio-video programs, or the provision of audio-video program uploading and transmission services. The Official Answers to Press Questions Regarding the Internet Audio-video Program Regulations published by the SAPPRFT and MIIT on February 3, 2008 confirmed the above guidelines. There are still significant uncertainties relating to the interpretation and implementation of the Internet Audio-Video Program Measures, in particular, the scope of "Internet Audio-Video Programs."

Furthermore, on April 1, 2010, the SAPPRFT promulgated the Test Implementation of the Tentative Categories of Internet Audio-Visual Program Services, amended on March 10, 2017, which clarified the scope of internet audio-video programs services. According to the tentative categories, there are four categories of internet audio-visual program services which are further divided into seventeen sub-categories. The third sub-category to the second category covers the making and editing of certain specialized audio-video programs concerning, among other things, economic, financial and technological content, and broadcasting such content to the general public online.

On July 19, 2004, the SAPPRFT promulgated the Regulations on the Administration of Production and Operation of Radio and Television Programs, or the Radio and TV Programs Regulations, which came into effect as of August 20, 2004 and was last revised on October 29, 2020. Under the Radio and TV Programs Regulations, any entity that engages in the production of radio and television programs is required to apply for a license from SAPPRFT or its provincial branches. Entities with the license, i.e., the Permit for Production and Operation of Radio and TV Programs, must conduct their business operations in strict compliance with the approved scope of production and operation. Furthermore, entities other than radio and TV stations are strictly prohibited from producing radio and TV programs covering contemporary political news or similar subjects and columns.

Yiren Select provides livestreaming programs where guests comment on broad economic, financial and technological topics. As a result, we may be subject to the Internet Audio-Video Program Measures. If the governmental authorities determine that our provision of livestreaming falls within the Internet Audio-Video Program Measures, we may not be able to obtain the License for Disseminating Audio-Video Programs through Information Network as it would only be granted to state-owned entities. If this occurs, we may become subject to significant penalties, fines, legal sanctions or an order to suspend our use of audio-video content, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, we offer playbacks of the livestreaming on Yiren Select. If the governmental authorities find these playbacks constitute radio and television programs produced by us, we will be required to apply for the Permit for Production and Operation of Radio and TV Programs, absence of which may subject us to penalties, fines and legal sanctions. Governmental authorities may also determine that our online content services fall within the scope of "internet publishing," and therefore require us to apply for an Internet Publishing License, which we have not obtained from the SAPPRFT as of the date of this annual report. We may not be able to obtain such a license if we are requested to obtain one in the future, and we may therefore become subject to penalties, fines, legal sanctions or be ordered to suspend the video content on the website, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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 business. We cannot assure you that our company and the VIEs 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.

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

In cooperation with our partnering custody banks and payment companies, our company and the VIEs have adopted various policies and procedures, such as internal controls and "know-your-customer" procedures, for anti-money laundering purposes. In addition, we rely on our third-party service providers, in particular the custody banks and payment companies that handle the transfer of funds between borrowers and funding partners, to have their own appropriate anti-money laundering policies and procedures. The custody banks and payment companies are subject to anti-money laundering obligations under applicable anti-money laundering laws and regulations and are regulated in that respect by the PBOC. If any of our third-party service providers fails to comply with applicable anti-money laundering laws and regulations, our reputation could suffer and we could become subject to regulatory intervention, which could have a material adverse effect on our business, financial condition and results of operations. Any negative perception of the industry, such as that arises from any failure of other consumer finance marketplaces to detect or prevent money laundering activities, even if factually incorrect or based on isolated incidents, could compromise our image or undermine the trust and credibility we have established.

The Guiding Opinions on Promoting the Healthy Development of Internet Finance jointly released by ten PRC regulatory agencies in July 2015 purport, among other things, to require internet finance service providers, to comply with certain anti-money laundering requirements, including the establishment of a customer identification program, the monitoring and reporting of suspicious transactions, the preservation of customer information and transaction records, and the provision of assistance to the public security department and judicial authority in investigations and proceedings in relation to anti-money laundering matters. On October 10, 2018, the PBOC, the CBIRC and the CSRC, jointly promulgated the Administrative Measures for Anti-money Laundering and Counter-terrorism Financing by Internet Finance Service Agencies (for Trial Implementation), effective as of January 1, 2019, which specifies the anti-money laundering obligations of internet finance service agencies and regulate that the internet finance service agencies shall (i) adopt continuous customer identification measures; (ii) implement the system for reporting large-value or suspicious transactions; (iii) conduct real-time monitoring of the lists of terrorist organizations and terrorists; and (iv) properly keep the information, data and materials such as customer identification and transaction reports etc. We cannot assure you that the anti-money laundering policies and procedures our company and the VIEs have adopted will be effective in protecting our marketplace from being exploited for money laundering purposes or will be deemed to be in compliance with applicable anti-money laundering implementing rules if and when adopted.

***The PRC government's significant oversight and discretion over our business operation could result in a material adverse change in our operations and the value of our ADSs.***

We conduct our business primarily through the consolidated variable interest entities and their subsidiaries in China. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight and discretion over the conduct of our business, and it may influence our operations, which could result in a material adverse change in our operation and/or the value of our ADSs. Also, the PRC government has recently indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers and published new regulations and policies that significantly affected certain industries, and we cannot rule out the possibility that the PRC government will in the future release regulations or policies that directly or indirectly affect our industry or require us to seek additional permission to continue our operations, which could result in a material adverse change in our operation and/or the value of our ADSs. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

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

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

Under PRC laws and regulations, our PRC subsidiaries may pay dividends only out of their respective accumulated after-tax profits as determined in accordance with PRC accounting standards and regulations. In addition, a PRC enterprise, when distributing its after-tax profits to shareholders, is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such funds reaches 50% of its registered capital.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See also "—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders" below.

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

Under PRC laws and regulations, we are permitted to utilize the proceeds from our initial public offering and the concurrent private placement to fund our PRC subsidiaries by making loans to or additional capital contributions to our PRC subsidiaries, subject to applicable government registration and approval requirements.

Any loans to our PRC subsidiaries, which are treated as foreign-invested enterprises under PRC laws, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of the SAFE. According to the Interim Measures on the Management of Foreign Debts promulgated by SAFE, the Ministry of Finance and the National Development and Reform Commission on January 8, 2003, and amended on September 1, 2022, the statutory limit for the total amount of foreign debts of a foreign-invested company is the difference between the amount of total investment and the amount of registered capital of such foreign-invested company. According to the Circular of the People's Bank of China on Matters relating to the Comprehensive Macro-prudential Management of Cross-border Financing issued by the People's Bank of China in January 2017, or Circular 9, and the announcement by the People's Bank of China and the SAFE to increase the macro-prudential regulation parameter for full-covered cross-border financing on January 13, 2025, the maximum amount of foreign debt that each company may borrow is determined by reference to its so-called risk-weighted balance of cross-border financing, which may not exceed three and a half times its net assets as indicated in its latest audited financial report. The risk-weighted balance of cross-border financing of a company is calculated based on its outstanding amounts of RMB and foreign currency cross-border debt, multiplied by risk conversion factors corresponding to their respective remaining terms, loan categories and currency. Moreover, according to the Administrative Measures for Review and Registration of Medium- and Long-term Foreign Debts of Enterprises issued by the National Development and Reform Commission on January 5, 2023, which took effect on February 10, 2023, any loans we extend to the consolidated variable interest entities or other PRC operating companies that are domestic PRC entities for more than one year must be registered with the National Development and Reform Commission and must also be registered with SAFE or its local branches.

We may also decide to finance our PRC subsidiaries by means of capital contributions. These capital contributions must be filed for record with MOFCOM or its local counterpart. On March 30, 2015, SAFE promulgated Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises, or Circular 19, which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. On June 9, 2016, SAFE promulgated Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or Circular 16, to further expand and strengthen such reform. Circular 16 was partly amended on December 4, 2023. Under Circular 19 and Circular 16, foreign-invested enterprises in the PRC are allowed to use their foreign exchange funds under capital accounts and RMB funds from exchange settlement for expenditure under current accounts within their business scope or expenditure under capital accounts permitted by laws and regulations, except that such funds shall not be used for (i) expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations; (ii) securities investment or other investment and wealth management (except for wealth management products and structured deposits with risk rating results of not higher than Grade II) unless otherwise specified; (iii) granting loans to nonaffiliated enterprises, except where it is expressly permitted in the business license; and (iv) purchasing residential real estate not for self-use (except for enterprises engaging in real estate development and leasing operation). On October 23, 2019, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-border Trade and Investment, which, among other things, expanded the use of foreign exchange capital to domestic equity investments. Non-investment foreign-funded enterprises are allowed to lawfully make domestic equity investments on the premise by using capital funds without violation to prevailing special administrative measures for access of foreign investments (negative list) and the authenticity and compliance with the regulations of domestic investment projects. If the consolidated variable interest entities need financial support from us or our wholly owned subsidiaries in the future and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund the consolidated variable interest entities' operations will be subject to statutory limits and restrictions, including those described above.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we received from our initial public offering and our private placement and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

***Fluctuations in exchange rates could result in foreign currency exchange losses and have a material adverse effect on the price of our ADSs.***

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

Any significant appreciation or depreciation of RMB may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. For example, to the extent that we need to convert U.S. dollars we receive into RMB to pay our operating expenses, appreciation of RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our ADSs.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, our company and the VIEs 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 RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

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

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

In light of the flood of capital outflows of China in 2016 due to the weakening RMB, the PRC government has imposed more restrictive foreign exchange policies and stepped-up scrutiny of major outbound capital movement. More restrictions and a substantial vetting process are put in place by SAFE to regulate cross-border transactions falling under the capital account. For example, on January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, or Circular 3, which sets out certain measures tightening genuineness and compliance verification of cross-border transactions and cross-border capital flow, including (i) improving the statistics of current account foreign currency earnings deposited offshore; (ii) requiring banks to verify board resolutions, tax filing forms, and audited financial statements before wiring foreign-invested enterprises' foreign exchange distributions above US$50,000; and (iii) strengthening genuineness and compliance verification of foreign direct investments. 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. As a result, the funds in our PRC subsidiaries or the consolidated variable interest entities in Chinese mainland may not be available to fund operations or for other use outside of Chinese mainland due to interventions in, or the imposition of restrictions and limitations on, the ability of our holding company, our subsidiaries, or the consolidated variable interest entities by the PRC government on currency conversion.

***Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.***

Our company and the VIEs are required under PRC laws and regulations to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. We have accrued the employee benefits according to the local governments' regulations in financial statements and made adequate employee benefits payments as of the date of this annual report. However, certain entities we acquired in March 2019 as part of our business realignment with CreditEase did not make adequate employee benefits payment in the past. Although we have obtained indemnities and warranties from CreditEase to protect us for any potential liability associated with unpaid employee benefits, we may be required to make up the contributions for these plans and pay late penalties and fines in the first place before we could claim compensation from CreditEase. If we are subject to late penalties or fines in relation to the underpaid employee benefits, our financial condition and results of operations may be materially and adversely affected.

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

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in August 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements in some instances that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Provisions of the Ministry of Commerce on the Implementation of the Safety Review System for Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. On March 25, 2019, we entered into a set of definitive agreements with CreditEase regarding a business realignment between CreditEase and us. Meanwhile, we acquired CreditEase Puhui through a series of internal re-organization transactions. If MOFCOM or any of its local counterparts challenges the aforementioned transaction structure or requires us to complete relevant approval process, we may have to adjust the transaction structure, amend or terminate the definitive agreements or be subject to fines and other administrative sanctions. If such situations occur, our business, financial condition and prospects would be materially and adversely affected.

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

SAFE promulgated the Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. SAFE Circular 37 is issued to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles, or SAFE Circular 75. SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment in February 2015, which took effect on June 1, 2015. This notice has amended SAFE Circular 37 requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

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

We are committed to complying with and to ensuring that our shareholders who are subject to these regulations will comply with the SAFE rules and regulations. However, due to the inherent uncertainty in the implementation of the regulatory requirements by the PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations.

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

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

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, replacing earlier rules promulgated in March 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiary of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who have resided in the PRC for a continuous period of not less than one year and who have been granted options or other awards are subject to these regulations. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Related to Foreign Exchange—Regulations on Stock Incentive Plans."

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

Under the Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. 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 like us, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

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

***Discontinuation of preferential tax treatment or imposition of any additional taxes could adversely affect our financial condition and results of operations.***

The Enterprise Income Tax Law and its implementing rules have adopted a uniform statutory enterprise income tax rate of 25% to all enterprises in China. The Enterprise Income Tax Law and its implementing rules also permit companies qualified as "software enterprises" to enjoy a two-year income tax exemption starting from the first profit making year, followed by a reduced tax rate of 12.5% for the subsequent three years. YouRace Hengchuang, one of our PRC subsidiaries, was qualified as a "high and new technology enterprise" in November 2018 and the status was reaffirmed in 2024. Accordingly, it has been eligible for a preferential income tax rate of 15%. However, YouRace Hengchuang's qualification as a "high and new technology enterprise" is subject to evaluation by the relevant authorities in China every three years. If YouRace Hengchuang fails to maintain its "high and new technology enterprise" qualification, its applicable corporate income tax rate would increase to 25%, which could have adverse effects on our financial condition and results of operations. Yiren Hengsheng, one of our PRC subsidiaries, was qualified as a "software enterprise" in March 2021 and the status was reevaluated in 2024, and accordingly has been eligible for an exemption of enterprise income tax for 2020 and 2021 and a reduced enterprise income tax at the rate of 12.5% from 2022 through 2025. However, Yiren Hengsheng's qualification as a "software enterprise" is subject to annual evaluation by the relevant authorities in China. If Yiren Hengsheng fails to maintain its "software enterprise" qualification, its applicable corporate income tax rate would increase to 25%, which could have adverse effects on our financial condition and results of operations. Dingrui Zhijie Technology Development (Guangxi) Co., Ltd., one of our PRC subsidiaries, is a small-scale value-added tax, or VAT, taxpayer and accordingly is eligible for a reduced enterprise income tax rate of 5%. In addition, Hengyuda, one of our PRC subsidiaries, has been eligible for a reduced enterprise income tax rate of 15% since 2017 pursuant to the Catalogue of Encouraged Industries in Western Regions, the Catalogue of Industries for Guiding Foreign Investment, Announcement on Renewing the Enterprise Income Tax Policy for Great Western Development, and the related rules granting favorable tax treatment to companies in specified industries in western China under the PRC government's policy initiative to promote the development of the western region of China. However, the favorable tax treatments for Hengyuda are subject to an annual filing requirement. Besides, Chongqing Hengfengyi Technology Co., Ltd., Beihai Youce Yike Technology Co., Ltd., Beihai Hengze Innovation Technology Co., Ltd., and Beihai Youjia Innovation Technology Co., Ltd., as newly setup PRC subsidiaries are also eligible for a reduced enterprise income tax rate of 15% pursuant to the same set of policies and regulations applicable to Hengyuda. Beihai Youce Yike Technology Co., Ltd., Beihai Hengze Innovation Technology Co., Ltd., and Beihai Youjia Innovation Technology Co., Ltd. are also eligible for an exemption of local portion of enterprise income tax for five years since the tax year they generate their first sum of main business revenue according to the Notice on Several Policies to Promote High-Level Opening-Up and High-Quality Development of the Beibu Gulf Economic Zone in the New Era. In addition, Xinjiang Hengyu Innovation Technology Development Co., Ltd., Hesi Shengju Technology Development (Xinjiang) Co., Ltd., and Hesi Shengrui Technology Development (Xinjiang) Co., Ltd., as newly setup PRC subsidiaries are eligible for an exemption of enterprise tax for five years since the tax year they generate their first sum of production and business revenue according to the Notice on Corporate Income Tax Incentives for Newly Established Enterprises in Xinjiang's Difficult Areas and the Kashgar and Khorgos Special Economic Development Zones. However, the relevant rules and policy initiative may change, and the favorable tax treatment under these rules is available only to companies meeting certain qualifications. Therefore, there is uncertainty as to whether and for how long these companies can continue to enjoy such favorable tax treatment after 2024. If such favorable tax treatment becomes unavailable to these companies in the future, their applicable corporate income tax rate would increase to 25%, which may affect our financial condition and results of operations.

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

We are a holding company incorporated under the laws of the Cayman Islands and as such rely on dividends and other distributions on equity from our PRC subsidiaries to satisfy part of our liquidity requirements. Pursuant to the PRC Enterprise Income Tax Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC "resident enterprise" to a foreign enterprise investor, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, or the Double Tax Avoidance Arrangement, such withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns no less than 25% of a PRC enterprise. Furthermore, the Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Benefits, or Circular 35, which became effective on January 1, 2020, require non-resident enterprises to determine whether they are qualified to enjoy the preferential tax treatment under the tax treaties and file relevant report with the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. See "Item 10. Additional Information—E. Taxation—People's Republic of China Taxation." We cannot assure you that our determination regarding our qualification to enjoy the preferential tax treatment will not be challenged by the relevant tax authority or we will be able to complete the necessary filings with the relevant tax authority and enjoy the preferential withholding tax rate of 5% under the Double Taxation Arrangement with respect to dividends to be paid by our PRC subsidiaries to Yiren Digital Hong Kong Limited, our Hong Kong subsidiary.

***Enhanced scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.***

The PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of certain taxable assets, including, in particular, equity interests in a PRC resident enterprise, by a non-resident enterprise by promulgating and implementing Circular on Issues Concerning Treatment of Enterprise Income Tax in Enterprise Restructuring Business promulgated by the State Administration of Taxation, which became effective in January 2008 and later amended in 2014, or Circular 59, the Announcement of the State Administration of Taxation on Several Issues concerning the Enterprise Income Tax on the Indirect Transfers of Properties by Non-Resident Enterprises promulgated by the State Administration of Taxation in February 2015, or Circular 7, and the Announcement of the State Administration of Taxation on Matters Concerning Withholding of Income Tax of Non-resident Enterprises at Source promulgated by the State Administration of Taxation in October 2017, taken into effect in December 2017 and amended in June 2018, or SAT Circular 37.

Under Circular 7, where a non-resident enterprise conducts an "indirect transfer" by transferring the equity interests of a PRC "resident enterprise" or other taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, may be subject to PRC enterprise income tax, if the indirect transfer is considered to be an abusive use of company structure without reasonable commercial purposes.

In addition, Circular 7 provides clearer criteria on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. Circular 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an "indirect transfer" by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority such indirect transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise.

SAT Circular 37 provides certain changes to the current withholding regime. For example, SAT Circular 37 requires that the transferor shall declare to the competent tax authority for payment of tax within seven days after the tax payment obligation comes into being if the withholding agent fails to withhold the tax due or withhold the tax due in full. However, according to SAT Circular 37, if the withholding agent fails to withhold and remit the income tax payable, or is unable to perform its obligation in this regard, as long as the non-resident enterprise that earns the income voluntarily declares and pays the tax payable before the tax authority orders it to do so within required time limits, it shall be deemed that such enterprise has paid the tax in time.

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. The PRC tax authorities may pursue such non-resident enterprises with respect to a filing or the transferees with respect to withholding obligation, and request our PRC subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed, under Circular 59, Circular 7 and SAT Circular 37, and may be required to expend valuable resources to comply with Circular 59, Circular 7 and SAT Circular 37 or to establish that we and our non-resident enterprises should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

The PRC tax authorities have the discretion under Circular 59, Circular 7 and SAT Circular 37 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. We may pursue acquisitions from time to time that may involve complex corporate structures. If we are considered a non-resident enterprise under the PRC Enterprise Income Tax Law and if the PRC tax authorities make adjustments to the taxable income of the transactions under Circular 59, Circular 7 and SAT Circular 37, our income tax costs associated with such potential acquisitions will be increased, which may have an adverse effect on our financial condition and results of operations.

***The approval of and filing with the CSRC or other PRC government authorities may be required in connection with our offshore offerings under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing.***

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, requires an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC persons or entities to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear, and our offshore offerings may ultimately require approval of the CSRC. If the CSRC approval is required, it is uncertain whether we can or how long it will take us to obtain the approval and, even if we obtain such CSRC approval, the approval could be rescinded. Any failure to obtain or delay in obtaining the CSRC approval for any of our offshore offerings, or a rescission of such approval if obtained by us, would subject us to sanctions imposed by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in China, restrictions or limitations on our ability to pay dividends outside of China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. As a follow-up, on February 17, 2023, the CSRC issued Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Regulations, and five supporting guidelines, which became effective on March 31, 2023.

Pursuant to the Overseas Listing Regulations, companies in China that directly or indirectly offer or list their securities in an overseas market must file with the CSRC within three business days after submitting their listing application documents to the regulator in the place of intended listing. The Overseas Listing Regulations also provides that a company in China must file with the CSRC within three business days after completion of its follow-on offering of securities after it is listed in an overseas market. If the company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, it may be subject to administrative penalties, such as an order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. According to the Notice on Administration of the Filing of Overseas Offering and Listing by Domestic Companies issued by the CSRC on February 17, 2023, the companies in China that have been listed overseas before March 31, 2023 are not required to file with the CSRC in connection with the historical offerings, although these companies are required to fulfill filing obligations with the CSRC in connection with their additional capital raising activities in accordance with the Overseas Listing Regulations. Based on the foregoing, we are not required to complete filing with the CSRC for our historical offerings, but may be subject to the filing requirements for our future capital raising activities, if any, under the Overseas Listing Regulations. As the Overseas Listing Regulations were newly promulgated, the interpretation, application and enforcement of the Overseas Listing Regulations remain uncertain, and this is particularly true for companies conducting their operations in China through variable interest entities. There remains substantial uncertainties with respect to how the CSRC filing procedures under the Overseas Listing Regulations would be applied to, and implicate, the procedures, timetables and outcomes of our future offering or other capital raising activities.

On February 24, 2023, the CSRC, jointly with other relevant governmental authorities, published the Provisions on Strengthening Confidentiality and Archives Management of Overseas Securities Issuance and Listing by Domestic Enterprises, or the Confidentiality and Archives Management Provisions, which became effective on March 31, 2023. Pursuant to the Confidentiality and Archives Management Provisions, China-based companies that offer and list securities in overseas markets shall establish a confidentiality and archives system. These China-based companies shall obtain approval from the relevant authorities and file with the confidential administration authorities, either by itself or its offshore listing entity, when providing or publicly filing documents and materials related to state secrets or secrets of the governmental authorities to the relevant securities companies, securities service institutions or offshore regulatory authorities. In addition, these companies shall complete relevant procedures if the documents or materials filed may adversely affect national security or public interests once publicly disclosed, or if these companies provide accounting files or copies to relevant securities companies, securities service institutions, overseas regulators and individuals.

Relatedly, on September 6, 2024, the NDRC and the Ministry of Finance, or the MOF, jointly issued the 2024 Negative List, which became effective on November 1, 2024. Pursuant to such Special Administrative Measures, if a domestic company engaging in the prohibited business stipulated in the 2024 Negative List seeks an overseas offering and listing, it shall obtain the approval from the competent governmental authorities. Besides, the foreign investors of the company shall not be involved in the company's operation and management, and their shareholding percentage shall be subject, mutatis mutandis, to the relevant regulations on the domestic securities investments by foreign investors. As the 2024 Negative List is relatively new, there remain substantial uncertainties as to the interpretation and implementation of these new requirements, and it is unclear as to whether and to what extent listed companies like us will be subject to these new requirements. If we are required to comply with these requirements and fail to do so on a timely basis, if at all, our business operation, financial conditions and business prospect may be adversely and materially affected.

In addition, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that approval and filing from the CSRC or other regulatory authorities or other procedures, including the cybersecurity review under the enacted version of the revised Measures for Cybersecurity Review and the Regulation on Network Data Security Management, are required for our offshore offerings, it is uncertain whether we can or how long it will take us to obtain such approval or complete such filing procedures and any such approval or filing could be rescinded or rejected. Any failure to obtain or delay in obtaining such approval or completing such filing procedures for our offshore offerings, or a rescission of any such approval or filing if obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or filing or other government authorization for our offshore offerings. These regulatory authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from our offshore offerings into China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our listed securities. The CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt our offshore offerings before settlement and delivery of the shares offered. Consequently, if investors engage in market trading or other activities in anticipation of and prior to settlement and delivery, they do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for our prior offshore offerings, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval requirement could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of our listed securities.

**Risks Related to our American Depositary Shares**

***The market price for our ADSs may be volatile.***

The trading price of our ADSs has ranged from US$3.59 to US$8.09 per ADS in 2024. The trading prices of our ADSs are likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation in the market prices or the underperformance or deteriorating financial results of internet or other companies based in China that have listed their securities in the United States in recent years. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial decline in their trading prices. The trading performances of other Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of us or other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. In addition, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, which may have a material adverse effect on the market price of our ADSs.

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

- regulatory developments affecting us, our users or our industry;
- announcements of studies and reports relating to our loan products and service offerings or those of our competitors;
- changes in the economic performance or market valuations of other online consumer finance marketplaces;
- actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results;

- changes in financial estimates by securities research analysts;
- conditions in the internet and consumer finance industries;
- announcements by us or our competitors of new product and service offerings, acquisitions, strategic relationships, joint ventures or capital commitments;
- additions to or departures of our senior management;
- detrimental negative publicity about us, our management or our industry;
- fluctuations of exchange rates between the RMB and the U.S. dollar;
- release or expiry of lock-up or other transfer restrictions on our outstanding ordinary shares or ADSs;
- sales or perceived potential sales of additional ordinary shares or ADSs; and
- any share repurchase program.

***We cannot guarantee that any share repurchase program will be fully consummated or that any share repurchase program will enhance long-term shareholder value, and share repurchases could increase the volatility of the price of our ADSs and could diminish our cash reserves.***

In June 2018, our board of directors authorized a share repurchase program, under which we may repurchase up to US$20.0 million of our ADSs or ordinary shares. In September 2022, our board of directors adopted a share repurchase program, which approves and authorizes us to repurchase through one or more transactions up to US$20 million worth of our ADSs representing our ordinary shares. The share repurchase program previously adopted in 2018 was simultaneously terminated. As of March 31, 2025, we had repurchased a total of 5,205,299 ADSs at an average price of US$3.4 per ADS under the new share repurchase program. For detailed information on our share repurchase programs, see “Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.” Our share repurchase program could affect the price of our stock and increase volatility and may be suspended or terminated at any time.

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

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

***We cannot assure you that our existing dividend policy will not change in the future or the amount of dividends you may receive, and as such, you must rely on price appreciation of our ADSs 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, namely that our company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. On July 29, 2017, our board of directors approved a semi-annual dividend policy. Under this policy, semi-annual dividends were set at an amount equivalent to approximately 15% of our anticipated net income after tax in each half year commencing from the second half of 2017. Our board of directors decided in August 2018 to suspend the previously adopted semi-annual dividend policy. On August 14, 2024, our board of directors approved an amended dividend policy, under which semi-annual dividends are set at an amount equivalent to no less than 10% of our anticipated net income after tax in each half year commencing from the first half of 2024. The determination to declare and pay such semi-annual dividend and the amount of dividend in any particular half year will be made at the discretion of our board of directors and will be based upon our operations and earnings, cash flow, financial condition and other relevant factors that the board may deem appropriate. As such, the amount of dividends that you will receive are subject to change. In addition, there can be no assurance that we will not adjust our dividend policy in the future. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

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

Sales of our ADSs in the public market, or the perception that these sales could occur, could cause the market price of our ADSs to decline. As of March 31, 2025, we had 172,812,968 ordinary shares outstanding. Among these shares, 27,143,412 ordinary shares are in the form of ADSs. All our ADSs are freely transferable without restriction or additional registration under the Securities Act. The remaining ordinary shares outstanding are available for sale, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. To the extent shares are sold into the market, the market price of our ADSs could decline.

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

We adopted share incentive plans in September 2015, July 2017 and June 2020, under which we have the discretion to grant a broad range of equity-based awards to eligible participants. See “Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans.” We have registered certain ordinary shares that we may issue under our share incentive plans and intend to register all ordinary shares that we may issue under our share incentive plans. Once we register these ordinary shares, they can be freely sold in the public market in the form of ADSs upon issuance, subject to volume limitations applicable to affiliates and relevant lock-up agreements. If a large number of our ordinary shares or securities convertible into our ordinary shares are sold in the public market in the form of ADSs after they become eligible for sale, the sales could reduce the trading price of our ADSs and impede our ability to raise future capital. In addition, any ordinary shares that we issue under our share incentive plans would dilute the percentage ownership held by the investors who purchased ADSs.

***You, as holders of ADSs, may have fewer rights than holders of our ordinary shares and must act through the depositary to exercise those rights.***

Holders of ADSs do not have the same rights as our shareholders and may only exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement. Under the deposit agreement, you must vote by giving voting instructions to the depositary. Upon receipt of your voting instructions, the depositary will vote the underlying ordinary shares representing 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 representing your ADSs unless you withdraw the shares and become the registered holder of such shares prior to the record date of the general meeting. Under our current memorandum and articles of association, the minimum notice period required to convene a general meeting is seven days. When a general meeting is convened, you may not receive sufficient notice of a shareholders' meeting to permit you to withdraw the shares underlying your ADSs and become the registered holder of such shares prior to the record date of the general meeting to allow you to cast your vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to you or carry out your voting instructions in a timely manner. Under our current 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. We will make all reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the shares underlying your ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if the 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.

***Except in limited circumstances, the depositary for our ADSs will give us a discretionary proxy to vote our ordinary shares underlying your ADSs if you do not vote at shareholders' meetings, which could adversely affect your interests.***

Under the deposit agreement for our ADSs, the depositary will give us a discretionary proxy to vote our ordinary shares underlying your ADSs at shareholders' meetings if you do not give voting instructions to the depositary, unless:

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

The effect of this discretionary proxy is that, if you fail to give voting instructions to the depositary, you cannot prevent our ordinary shares underlying your ADSs from being voted, absent the situations described above. This may make it more difficult for shareholders to influence our management. Holders of our ordinary shares are not subject to this discretionary proxy.

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

Under the deposit agreement, any action or proceeding against or involving the depositary, arising out of or based upon the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs may only be instituted in a state or federal court in New York, New York, and you, as a holder of our ADSs, will have irrevocably waived any objection which you may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding. However, the depositary may, in its sole discretion, require that any dispute or difference arising from the relationship created by the deposit agreement be referred to and finally settled by an arbitration conducted under the terms described in the deposit agreement. Also, we may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended. See "Item 12. Description of Securities Other Than Equity Securities—D. American Depositary Shares" for more information.

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

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

***You may not receive cash dividends if the depositary decides it is impractical to make them available to you.***

The depositary will pay cash dividends on the ADSs only to the extent that we decide to distribute dividends on our ordinary shares or other deposited securities. To the extent that there is a distribution, the depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities 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 may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property to you.

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

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

***We were previously subject to two shareholder class action lawsuits that were subsequently dismissed. However, we cannot assure you that we will not be subject to other shareholder class action lawsuits in the future.***

We were previously subject to two shareholder class action lawsuits that were subsequently dismissed. On July 12, 2017, the United States District Court for the Central District of California dismissed the class action lawsuits and concluded that the plaintiff's action, which was not certified as a class action, shall be dismissed with prejudice. However, we cannot assure you that we will not be subject to other shareholder class action lawsuits in the future. If we are subject to other shareholder class action lawsuits, we will be unable to estimate the possible loss or possible range of loss, if any, associated with the resolution of these lawsuits. In the event that our initial defense of these lawsuits is unsuccessful, there can be no assurance that we will prevail in any appeal. Any adverse outcome of these cases, including any plaintiff's appeal of a judgment in these lawsuits, could have a material adverse effect on our business, financial condition, results of operation, cash flows and reputation. In addition, there can be no assurance that our insurance carriers will cover all or part of the defense costs, or any liabilities that may arise from these matters. The litigation process may utilize a significant portion of our resources and divert our management's attention from the day-to-day operations of our company, all of which could harm our business. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial results.

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

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

Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For such a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. Because such a determination has not yet been made by a court of the Cayman Islands, it is uncertain whether such civil liability judgments from U.S. courts would be enforceable in the Cayman Islands.

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

***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 limited by shares incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act (As Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary 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 (save for our memorandum and articles of association, our register of mortgages and charges, and special resolutions of our shareholders). Our directors have discretion under our current memorandum and articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder resolution or to solicit proxies from other shareholders in connection with a proxy contest.

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

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

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigations or evidence collection activities within the territory of the PRC. The Provisions on Strengthening Confidentiality and Archives Management of Overseas Securities Issuance and Listing by Domestic Enterprises, or the Confidentiality and Archives Management Provisions, which became effective on March 31, 2023, provides that the investigation and evidence collection in relation to the overseas securities offering and listing of the PRC domestic companies by the overseas securities regulatory authorities and relevant authorities shall be conducted through the cross-border cooperation mechanism for supervision and administration and the domestic companies in China shall obtain the prior consent from the CSRC or relevant authorities before cooperating with such overseas securities regulatory authorities or relevant authorities in connection with relevant inspections or investigations or providing relevant documents to such overseas securities regulatory authorities or relevant authorities. The inability for an overseas securities regulator to directly conduct investigations or evidence collection activities within China may further increase difficulties faced by you in protecting your interests.

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

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

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

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

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

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

***As a 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 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. We rely on the exemption available to foreign private issuers for the requirements in terms of (i) shareholder approval of equity compensation plans and any material revisions to the terms of such plans under Section 303A.08 of the NYSE Listed Company Manual, (ii) shareholder approval of issuance of common stock in any transaction or series of related transactions under Section 312.03 of the NYSE Listed Company Manual, and (iii) the requirement of holding an annual meeting during each fiscal year under Section 302.00 of the NYSE Listed Company Manual. As a result of our election to follow home country practices with respect to the foregoing matters, our shareholders will not have the same protection that they otherwise would enjoy under the NYSE corporate governance listing standards applicable to U.S. domestic issuers. Other than the home country practices disclosed above, we have followed and intend to continue to follow the applicable corporate governance standards under NYSE rules.

***If we were deemed to be an investment company under the U.S. Investment Company Act of 1940, as amended, or the 1940 Act, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition and results of operations.***

Under Sections 3(a)(1)(A) and (C) of the 1940 Act, a company generally will be deemed to be an "investment company" for purposes of the 1940 Act if (i) it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities, or (ii) it is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and it owns or proposes to acquire 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. We intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the 1940 Act could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition and results of operations.

***We believe that we were a passive foreign investment company, or PFIC, for United States federal income tax purposes for the taxable year ended December 31, 2024, which could subject United States holders of our ADSs or ordinary shares to significant adverse United States federal income tax consequences.***

For United States federal income tax purposes, we generally will be classified as a passive foreign investment company, or PFIC, for any particular taxable year, in which, after the application of certain look-through rules with respect to our subsidiaries, either (i) 75% or more of our gross income for such year consists of certain types of passive income or (ii) 50% or more of the value of our assets (generally determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Although the law in this regard is unclear, we intend to treat the consolidated variable interest entities as being owned by us for United States federal income tax purposes, not only because we conduct the business operations of these entities but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their results of operations in our consolidated financial statements. Based upon our analysis of the nature and composition of our income and assets, the value of our assets (in particular the retention of a substantial amount of cash), activities and market capitalization, we believe that we were a PFIC for United States federal income tax purposes for our taxable year ended December 31, 2024. However, the determination of whether or not we are a PFIC is a fact-intensive determination made on an annual basis and because the applicable law is subject to varying interpretations, we cannot provide any assurance regarding our PFIC status and our United States counsel expresses no opinion with respect to our PFIC status for any taxable year.

If we are classified as a PFIC in any taxable year during which U.S. holders (as defined in "Item 10. Additional Information—E. Taxation—Material United States Federal Income Tax Considerations") hold our ADSs or ordinary shares, U.S. holders could be subject to adverse tax consequences regardless of whether we continue to qualify as a PFIC, including incurring significantly increased United States federal 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 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 by that holder for all succeeding years during which such U.S. holder holds our ADSs or ordinary shares even if we cease to meet the threshold requirements for PFIC status, unless a U.S. holder makes a taxable "deemed sale" election with respect to the ADSs or ordinary shares.

The tax consequences that would apply if we were classified as a PFIC would be different from those described above if a U.S. holder of ADSs or ordinary shares were able to make a valid qualified electing fund, or QEF, election, or, in some circumstances, a "mark-to-market" election. We do not intend to provide information necessary for U.S. holders to make QEF elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above. For more information see "Item 10. Additional Information—E. Taxation—Material United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules."

***We may incur increased costs as a result of being a public company, particularly after we ceased 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. 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. As 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 and the other rules and regulations of the SEC. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

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

***We may be unable to comply with the applicable continued listing requirements of the NYSE.***

ADSs representing our ordinary shares are currently listed on the NYSE. In order to maintain this listing, we must satisfy minimum financial and other continued listing requirements and standards. On November 7, 2022, we received a notice from the NYSE, notifying us that we were below compliance criteria in connection with the performance of trading price of our ADSs pursuant to Section 802.01C of the NYSE Listed Company Manual, which requires a minimum average closing price of $1.00 per share over a consecutive 30 trading-day period. We were granted a grace period of six months following receipt of the notice to regain compliance. On December 1, 2022, NYSE informed us that we had successfully regained compliance with the NYSE's continued listing requirement and the matter was closed. In the future, if we are unable to comply with any applicable listing requirements of the NYSE, our ADSs may be subject to delisting. In the event that our ADSs are delisted from the NYSE and are not eligible for quotation or listing on another market or exchange, trading of our ADSs could be conducted only in the over-the-counter market established for unlisted securities such as OTC Markets. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for our ADSs, which could cause the price of our ADSs to decline.

## Item 4. Information on the Company

### A. History and Development of the Company

We are a Cayman Islands exempted company with limited liability. We commenced our online consumer finance marketplace business in March 2012 as a business unit under our parent company, CreditEase Holdings (Cayman) Limited, or CreditEase, which remains our parent company and controlling shareholder. CreditEase incorporated Yirendai Ltd. in the Cayman Islands to be our holding company in September 2014. We then established a wholly owned subsidiary in Hong Kong, YouRace Digital Holdings HK Limited, or YouRace HK, in October 2014. YouRace HK further established YouRace Hengchuang Technology Development (Beijing) Co., Ltd., or YouRace Hengchuang, our wholly owned subsidiary in China, in January 2015. YouRace HK then established Chongqing Hengyuda Technology Co., Ltd., or Hengyuda, our wholly owned subsidiary in China, in March 2016. YouRace Hengchuang further established Yiren Information Consulting (Beijing) Co., Ltd., our wholly owned subsidiary in China, in August 2017.

Hengcheng Technology Development (Beijing) Co., Ltd., or Hengcheng, was established in China in September 2014. We became the primary beneficiary of Hengcheng in February 2015 by entering into a series of contractual arrangements with Hengcheng and its shareholders. Hengcheng acquired Dekai Yichuang Asset Management (Shenzhen) Co., Ltd., or Dekai Yichuang, in May 2019 from CreditEase as a part of our business realignment with CreditEase. Dekai Yichuang completed the acquisition of 100% equity interests in Hainan Haijin Yichuang Data Information Service Co., Ltd., or Yichuang Data, in October 2019. Yichuang Data established Haijin Yichuang Financial Leasing Co., Ltd., or Yichuang Financial Leasing, to conduct financial leasing business, in March 2017. Yichuang Data and Yichuang Financial Leasing collectively established Hainan Haijin Yichuang Micro-lending Co., Ltd., or Yichuang Micro-lending, in May 2017, holding 50% and 50% equity interests in Yichuang Micro-lending, respectively, to conduct micro-lending business. CreditEase Puhui Information Consultant (Beijing) Co., Ltd., or CreditEase Puhui, acquired all the equity interests of Dekai Yichuang in September 2020 from Hengcheng. On December 31, 2020, as a result of a business restructuring, we terminated contractual arrangements with Hengcheng and its shareholders, and CreditEase, through its subsidiaries and affiliates, started conducting the business operations of Hengcheng.

On December 18, 2015, our ADSs commenced trading on the NYSE under the symbol "YRD." We raised from our initial public offering approximately US$64.9 million in net proceeds after deducting underwriting commissions and the offering expenses payable by us. Concurrently with our initial public offering, we sold 2,000,000 ordinary shares to Baidu (Hong Kong) Limited, or Baidu Hong Kong, in a private placement, resulting in net proceeds to us of approximately US$9.0 million.

To execute our strategy of offering more value-added services to our clients, Yiren Financial Information Service (Beijing) Co., Ltd., or Yiren Financial Information, was established in October 2016 and primarily engages in customer membership services business. As a result of a series of contractual arrangements entered into among our wholly owned subsidiary Hengyuda, Yiren Financial Information and its shareholders in October 2016, we have been the primary beneficiary of Yiren Financial Information and consolidate its financial results in accordance with U.S. GAAP.

In 2019, we had a business realignment with CreditEase whereby we assumed from CreditEase and its affiliates certain businesses, including an online wealth business targeting the mass affluent, unsecured and secured consumer lending, financial leasing, small and medium enterprise (SME) lending and other related services and businesses. After the business realignment, we continue to receive certain business consulting and other support services from CreditEase. As a part of the business alignment, we entered into a series of contractual arrangements with CreditEase Puhui and CreditEase Huimin Investment Management (Beijing) Co., Ltd, or Huimin, in March 2019 and started to consolidate their financial results. In December 2019, we sold Huimin to a subsidiary of CreditEase. In addition, as a result of the business alignment, we started conducting the business operations of Shenzhen Zhongbang Information Consulting Service Co., Ltd., or Shenzhen Zhongbang, which became a wholly owned subsidiary of YouRace Hengchuang in December 2019. Yiren Hengsheng Technology Development (Beijing) Co., Ltd., or Yiren Hengsheng, is currently a wholly owned subsidiary of YouRace Hengchuang, which provides technology and system support to our inter-group companies. In May 2019, we established a wholly owned subsidiary, Yiren Blue Boyage Limited, or Blue Boyage, in the Cayman Islands.

In June 2019, Tianjin Linyang Information and Technology Co., Ltd., or Tianjin Linyang, was established in China. In December 2019, we entered into a series of contractual arrangements with Tianjin Linyang and its then shareholders and started to consolidate its financial results. In August 2019, Tianjin Linyang established Beijing Yiding Technology Co., Ltd., or Yiding Technology, to conduct our insurance referral business. Yiding Technology became a subsidiary of Yiren Financial Information in August 2022. In December 2022, Tianjin Linyang became a wholly owned subsidiary of CreditEase Puhui, and our direct contractual arrangements with Tianjin Linyang and its shareholders were simultaneously terminated.

On September 30, 2019, with the approval of our shareholders, we changed our name from "Yirendai Ltd." to "Yiren Digital Ltd."

In November 2019, Yiren Financial Information established a wholly owned subsidiary Beijing Kechuang Xinlian Technology Co., Ltd., or Kechuang Xinlian, to engage in e-commerce and micro lending businesses.

In September 2020, we established Fujian Jiaying Financing Guarantee Co., Ltd., or Fujian Jiaying, to provide financing guarantee services for our loan facilitation business.

In May 2020, Yiren Financial Information acquired Baijunda Logistics (Wuhan) Co., Ltd., or Baijunda, and Wuhan Linyi Business Consulting Co., Ltd., or Wuhan Linyi, along with their jointly owned subsidiary, Hexiang Insurance Broker Co., Ltd. or Hexiang Insurance Brokers, and its wholly owned subsidiary, Heanjun Auto Rescue (Wuhan) Co., Ltd. (formerly known as Hejun Auto Rescue (Wuhan) Co., Ltd.) or Heanjun, which was deregistered in 2024. Hexiang Insurance Brokers has been operating insurance brokerage business since then.

On December 31, 2020, we consummated another business restructuring with CreditEase to streamline our service lines and reposition us as a comprehensive digital personal financial management platform in China. In connection with the business restructuring, we disposed of Hengcheng, the entity operating the online consumer lending platform targeting individual investors as the funding source. Since then, funding for Yiren Credit has only been provided by institutional funding partners.

In July 2022, we established Beijing Yiyouxuan Technology Information Service Co., Ltd., or Yiyouxuan, to provide membership services.

In September 2023, we established Chongqing Heng Feng Yi Technology Co., Ltd. to provide technology and system support to our inter-group companies. In October 2023, we acquired Chongqing Jintong Financing Guarantee Co., Ltd., or Chongqing Jintong, a licensed financing guarantee company operating financing guarantee business and providing financing advisory services.

In 2024, we established Xinjiang Hengyu Innovation Technology Development Co., Ltd., Hesi Shengju Technology Development (Xinjiang) Co., Ltd., Hesi Shengrui Technology Development (Xinjiang) Co., Ltd., Beihai Hengze Innovation Technology Co., Ltd., Beihai Youce Yike Technology Co., Ltd., Beihai Youjia Innovation Technology Co., Ltd., and Dingrui Zhijie Technology Development (Guangxi) Co., Ltd., for the purposes of expanding our loan facilitation business nationally.

To expand our business internationally, we established Yiren Vision Pte. Ltd. in October 2022, and acquired Creditable Lending Corporation in February 2023 and Capital para Mexicanos Emprendedores S.A. de C.V., SOFOM, ENR in October 2023.

Our principal executive offices are located at 28/F, China Merchants Bureau Building, 118 Jianguo Road, Chaoyang District, Beijing, People's Republic of China. Our telephone number at this address is +86 10 5964-4552. Our registered office in the Cayman Islands is located at the offices of Sertus Incorporations (Cayman) Limited, Sertus Chambers, P.O. Box 2547, Cassia Court, Camana Bay, Grand Cayman, Cayman Islands.

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC on www.sec.gov. You can also find information on our website ir.yiren.com. The information on our website should not be deemed a part of this annual report.

**B. Business Overview**

We are an advanced, AI-powered platform providing a comprehensive suite of financial and lifestyle services in China. Our mission is to elevate customers' financial well-being and enhance their quality of life by delivering digital financial services, tailor-made insurance solutions, and premium lifestyle services. We support clients at various growth stages, addressing financing needs arising from consumption and production activities, while aiming to augment the overall well-being and security of individuals, families, and businesses.

We currently focus on financial services, insurance brokerage business, and consumption and lifestyle business.

- ***Financial services***. Our subsidiaries and the VIEs offer a diversified portfolio of loan products to high-quality and selected underserved borrowers in China. The loans are financed either by third-party funding partners or the VIEs' subsidiaries. With respect to the loans funded by third parties, since September 2020, the funding has been provided solely by institutional funding partners, such as commercial banks, internet banks, trusts, microloan companies, and consumer finance companies. We charge third-party funding partners, and guarantee companies if any, the loan facilitation service fees and post-origination service fees. For the loans funded by our subsidiaries, we charge borrowers financing service fees.

- ***Insurance brokerage***. Hexiang Insurance Brokers, a VIE's subsidiary, operates the insurance brokerage business. Hexiang Insurance Brokers has established a comprehensive and diversified product matrix that encompasses both life and health insurance products as well as property and casualty insurance products. Additionally, it offers insurance brokerage services to a wide range of clients, including both retail and institutional clients. In insurance brokerage business, revenue primarily comes from insurance commission fees paid by insurance companies when clients purchase insurance products through Hexiang Insurance Brokers.

- ***Consumption and lifestyle and others***. We provide a diverse array of non-financial products and services tailored to meet various consumer needs and address additional service demands through Yixianghua and Yiren Select, all with the goal of enhancing the customer experience. Our offerings span multiple sectors, such as membership upgraded services, mini digital games, daily necessities, beauty products, and healthcare products and services.

**Financial Services Business**

Our financial services business embraces the significant opportunities presented by a financial system that leaves many creditworthy individuals and small business owners underserved. Our business model is empowered by our AI and data technologies, user-centric systems and online servicing platforms. We provide borrowers with fast and convenient access to credit products at competitive rates.

***Overview***

We offer a diversified portfolio of loan products to high-quality and selected underserved borrowers in China, financed by third-party funding partners ("loan facilitation services") or our subsidiaries ("self-funded financing services"). Historically, we branded this business as "credit-tech business," and we re-branded it as "financial services business" in the second quarter of 2023 to better capture its essence. As of December 31, 2024, we had served approximately 12.4 million borrowers through our subsidiaries and the VIEs. In 2022, 2023 and 2024, the aggregate loans we facilitated under our loan facilitation services and self-funded financing services amounted to RMB22,623.1 million, RMB36,036.3 million and RMB53,591.6 million (US$7,342.0 million), respectively.

Under the financial services business, the loans are primarily funded by third parties. Since September 2020, our company and the VIEs have ceased accepting new funding from individual investors and instead have solely accepted funding from institutional funding partners, such as commercial banks, internet banks, trusts, microloan companies, and consumer finance companies. In 2022, 2023 and 2024, we facilitated loans of RMB22,622.5 million, RMB35,992.3 million and RMB53,338.7 million (US$7,307.4 million) respectively, funded by third parties. We charge third-party funding partners, and guarantee companies if any, (i) the loan facilitation service fees for our technology-enabled borrower acquisition services, and (ii) the post-origination service fees for our post-origination loan management and collection services, including payment reminder services, payment collection services, overdue payment monitoring services, and lawsuit filing services under certain circumstances, among others. In 2024, we started to increase loan volume facilitated under the risk-taking model, in which our company assumes the credit risk for loans facilitated on our platform and provides guarantee services through our subsidiaries. In this case, we also charge corresponding guarantee service fees.

The self-funded loans mainly receive funding from our company's subsidiaries and are primarily unsecured small revolving loans, and the self-funded loans also included historical auto-secured loans funded from VIEs' subsidiaries in 2022. These loans amounted to RMB648 thousand, RMB44.0 million and RMB252.9 million (US$34.6 million) in 2022, 2023 and 2024, respectively. For the self-funded loans, we charge financing service fees that consist of interest income charged from borrowers.

***Borrowers***

Borrowers under the financial services business are primarily individuals, including credit card holders with stable credit performances and small business owners with the capabilities to generate recurring revenues.

*Borrower Profile and Base*

Based on the information disclosed to us, as of December 31, 2024, the borrower profile was 71.3% male and 28.7% female, while 38.4% were aged 35 years or younger. In 2024, loans were facilitated to 4,187,502 borrowers through our platform under the financial services business.

*Borrower Acquisition*

We, through our subsidiaries and the VIEs, attract borrowers using online channels. Our online borrower acquisition efforts are supported by our big data capabilities and are primarily focused on search engine marketing (SEM), search engine optimization (SEO), mobile application downloads through major app stores, online channels via application programming interfaces (APIs), e-commerce and consumption platforms, social media platforms, and various marketing campaigns and membership services. Historically, our company and the VIEs also utilized offline channels in different locations in China for borrower acquisition. Our company and the VIEs discontinued the offline business in February 2022 to optimize product mix, cost efficiency and revenue structure during and post the pandemic period.

The following table provides a breakdown of the number of borrowers under our financial services business by channel:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| Number of borrowers[1]: | | | |
| Borrowers from online channels | 1,606,879 | 2,891,901 | 4,187,502 |
| Borrowers from offline channels | 14 | — | — |
| Total number of borrowers | 1,606,893 | 2,891,901 | 4,187,502 |

(1) The number of borrowers for a specified period represents the number of borrowers whose loans were funded under our financial services business during such period. A borrower who obtains loans through our platform from both online and offline channels during a period is counted as a borrower acquired from online channels for the purpose of the table above.

The following table provides a breakdown of the loan volume provided under our financial services business by channel:

| | For the Year Ended December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | |
| | RMB | % | RMB | % | RMB | US$ | % |
| | (in thousands) | | | | | | |
| Amount of loans facilitated | 22,623,101 | 100.0 | 36,036,301 | 100.0 | 53,591,593 | 7,342,018 | 100.0 |
| Loans generated from online channels | 22,620,051 | 100.0 | 36,036,301 | 100.0 | 53,591,593 | 7,342,018 | 100.0 |
| Loans generated from offline channels | 3,050 | 0.0 | — | 0.0 | — | — | 0.0 |

Since we suspended our offline channels of loan facilitation business in February 2022, Yixianghua has served as our primary online borrowing service platform in mainland China. In 2022, 2023, and 2024, the proportions of borrowers who obtained loans through the Yixianghua platform among the total number of borrowers were 98.6%, 100.0%, and 100.0%, respectively. We have been committed to balancing customer credit risk and customer acquisition efficiency. In 2022, 2023, and 2024, 50.8%, 57.5%, and 54.1% of the total loan volume facilitated through the Yixianghua platform originated from repeat borrowers, respectively.

*Funding Sources*

Under the financial services business, the loans are primarily funded by third parties. Since September 2020, we have ceased accepting new funding from individual investors and instead have solely accepted funding from institutional funding partners, such as commercial banks, internet banks, trusts, microloan companies, and consumer finance companies. In 2022, 2023 and 2024, our company and the VIEs facilitated loans of RMB22,622.5 million, RMB35,992.3 million and RMB53,338.7 million (US$7,307.4 million), respectively, funded by third parties. The self-funded loans mainly receive funding from our company's subsidiaries and are primarily unsecured small revolving loans, and in 2022, the self-funded loans also included historical auto-secured loans funded from VIEs' subsidiaries. These loans amounted to RMB648.0 thousand, RMB44.0 million and RMB252.9 million (US$34.6 million) in 2022, 2023 and 2024, respectively.

The following table sets forth a breakdown of loans by the funding source, both in an absolute amount and as a percentage of the total loan volume, for the periods presented:

| | For the Year Ended December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | |
| | RMB | % | RMB | % | RMB | US$ | % |
| | (in thousands, except for percentages) | | | | | | |
| **Third-party capital (i.e., for loan facilitation services)** | | | | | | | |
| Microloan companies | 12,175,351 | 53.8 | 4,057,073 | 11.3 | 318,568 | 43,644 | 0.6 |
| Banks | 6,801,585 | 30.1 | 12,102,205 | 33.6 | 20,195,485 | 2,766,770 | 37.7 |
| Consumer finance companies | 3,456,515 | 15.3 | 17,286,038 | 48.0 | 26,753,489 | 3,665,212 | 49.9 |
| Trusts | 127,856 | 0.5 | 1,495,626 | 4.2 | 1,246,179 | 170,726 | 2.3 |
| Others | 61,146 | 0.3 | 1,051,360 | 2.9 | 4,824,998 | 661,022 | 9.0 |
| Subtotal | 22,622,453 | 100.0 | 35,992,302 | 99.9 | 53,338,719 | 7,307,374 | 99.5 |
| **Own capital (i.e., for self-funded financing services)** | | | | | | | |
| Financial leasing companies | 648 | — * | — | — | — | — | — |
| Microloan companies | — | — | 43,999 | 0.1 | 252,874 | 34,644 | 0.5 |
| Subtotal | 648 | — * | 43,999 | 0.1 | 252,874 | 34,644 | 0.5 |
| **Total** | **22,623,101** | **100.0** | **36,036,301** | **100.0** | **53,591,593** | **7,342,018** | **100.0** |

Note:

* Less than 0.1% of the total loan volume.

In recent years, we have continuously enhanced our collaboration, through our subsidiaries and the VIEs, with third-party funding partners that provide quality and low-cost financing options. We and the VIEs have proactively expanded our collaboration with a range of funding sources to support our business growth and to lower the risks of reliance on any single funding source. As a result, the total funding volume provided by third-party funding partners, particularly banks and consumer finance companies showed an increasing trend from 2022 to 2024. The funding from third-party microloan companies decreased from 2022 to 2024 due to our enhanced collaboration with a more diverse pool of funding partners. Among these partners, we and the VIEs have managed to cooperate more extensively with those characterized by lower funding costs, such as banks.

Furthermore, the changes in our product and service offerings also affected the funding volume provided by different funding sources. For example, in February 2022, we and the VIEs ceased the offering of the offline secured loan products, which were primarily funded by third-party financial leasing companies or by the consolidated financial leasing companies. Therefore, the funding from third-party financial leasing companies showed a significant decreasing trend from RMB4,060.4 million in 2021 to nil in 2022, and the funding provided by the consolidated financial leasing companies decreased from RMB1,687.2 million in 2021 to RMB648.0 thousand in 2022 and further to nil in 2024.

***Our Loan Products***

Yiren Credit primarily facilitates unsecured loan products to borrowers via the Yixianghua platform. We believe that these loans are simple and quality credit products that make it easy for borrowers to budget their repayment obligations and meet their financial needs. In the past, Yiren Credit also facilitated auto-secured loans and property-secured loans, or financed these secured loans through subsidiaries of the consolidated variable interest entities. In order to optimize our product mix and enhance overall operating efficiencies, our company and the VIEs ceased offering property-secured loans in October 2021 and auto-secured loans in February 2022.

*Unsecured Consumer Loan Products*

*Small revolving loans*

We and the VIEs facilitate small revolving loans through the Yixianghua platform. These small revolving loans are unsecured loans with average ticket size ranging from RMB7,000 to RMB8,000 and terms ranging from 3 months to 12 months. The small revolving loan product was launched in 2020 and has been enjoying a high popularity among our borrowers, leading a continuously growing proportion of our overall loan portfolio. In 2024, small revolving loans accounted for almost all of our total loan facilitation volume under the financial services business.

As part of our global expansion strategy, we began offering unsecured small revolving loans in the Philippines in early 2023. We expect continued growth in our overseas loan volume, given our focused efforts in product and service localization and improved operational efficiency.

*Small business loans*

We facilitate unsecured small business loans that enable business owners to meet their financing needs. Historically, these unsecured small business loan products have terms ranging from 1 month to 24 months with loan amounts ranging from RMB10,000 to RMB4,000,000. We scaled back this product and terminated it at the end of 2022 to optimize loan portfolio and product mix as well as to enhance our overall operational efficiency. Meanwhile, as we note that a certain proportion of borrowers of small revolving loans are small or mini business owners with high quality credit records, we started to facilitate smaller-ticket-sized SME loans through the Yixianghua platform for those borrowers since the end of 2022.

For our unsecured loan business, we have been collaborating with third-party guarantee companies since 2018, which provide credit enhancement services for borrowers in all of the loans facilitated by us or financed by subsidiaries of the consolidated variable interest entities. We believe that the additional credit enhancement provided by the third-party guarantee companies helps funding parties lower their risks and improve their loan collection performance. In 2024, we also started to scale up the loan volume facilitated under the risk-taking model, in which our company assumes the credit risk for the loans facilitated on our platform and provides guarantee services through our subsidiaries.

*Secured Consumer Loan Products*

In the past, we facilitated and financed auto-secured loans and property-secured loans from offline channels. These secured loan products offered loan terms of 12, 24 and 36 months with loan amounts ranging from RMB30,000 to RMB300,000. In order to optimize product mix and revenue structure, we ceased property-secured loans in October 2021 and strategically terminated auto-secured loan facilitation and financing operations in February 2022.

*Loan Pricing Mechanism*

We use a proprietary, AI-driven credit scoring model to assess the creditworthiness of potential borrowers. Our credit scoring model aggregates and analyzes the data submitted by the borrower as well as the data we collect from a number of internal and external sources after obtaining the borrower's full consent, and then generates a score for the prospective borrower. In addition, we use the AI-powered systems to more accurately characterize a borrower's credit profile. Under our credit scoring systems, we have an upgraded risk grid with various segments. The expected M3+ Net Charge-off Rate and actual observed results for each of these customer groups divide potential borrowers into distinctively different credit segments.

All of the loans offered under our financial services business feature fixed monthly payments with fixed interest rates, which are paid to the funding parties, either the third-party institutional funding partners or our subsidiaries. In addition, guarantee companies that cooperate with us or our subsidiaries that provide guarantee services charge borrowers guarantee fees for the credit enhancement services they provide. Each of these fees is charged as a percentage of the loan contract. The penalty fees for late payment and prepayment are imposed as a percentage of the past due amounts and the contract amounts, respectively. All fees that are payable by the borrowers are clearly disclosed to the borrower upfront.

***Credit Facilitation Transaction Process***

We believe that our business model enables a fast loan application process, a credit assessment that more accurately determines an applicant's creditworthiness and a superior overall user experience. Our platform and service network touch each point of our relationship with our borrowers, from the application process through the funding and servicing of loans.

We provide an automated, streamlined application process that appears simple, seamless and efficient. Beneath the surface, our platform and service network leverage sophisticated, proprietary technology to enable the user-friendly experience. The entire process from initial application to disbursement of funds now typically takes less than five minutes to two hours, driven by our highly efficient digital operations.

*Stage 1: Application*

Our borrower application process begins with the submission of a loan application by a prospective borrower. Borrowers can apply through our website, mobile applications, or mini apps. As part of the application process, the prospective borrower is asked to provide necessary personal details. The specific personal details required typically include PRC identity card information, bank account information and bank card information.

*Stage 2: Verification*

Upon submission of a completed application by borrowers, our credit models are populated with all information contained in the submitted loan application. Additional data from a number of internal and external sources are then inquired and appended with the application, including the following:

| | | |
|---|---|---|
| Internal | · | historical credit data accumulated; |
| | · | behavioral data that we glean from an applicant's behavior as they apply to us for loans, such as the self-reported use of proceeds or use of multiple devices to access our platform; |
| External | · | personal identity information maintained by an organization operated under the Ministry of Public Security; |
| | · | personal credit information maintained by an organization operated under the PBOC; |
| | · | online shopping and payment information for their accounts with certain popular Chinese e-commerce websites; |
| | · | basic business information authorized by applicants; |
| | · | credit card statement data authorized by applicants; and |
| | · | fraud list and database. |

This data is then aggregated and used to verify an applicant's identity, for possible fraud detection and for assessment and determination of creditworthiness. All the data that we collect are based on the borrowers' full knowledge and consent.

*Stage 3: Anti-Fraud, Credit Assessment and Decisioning*

In order to efficiently screen applicants, we have designed an initial qualification phase to review the basic information regarding a prospective borrower that has been submitted with the application and gathered by us from available sources. Once complete, an initial check is performed using our anti-fraud system, and the prospective borrower's loan application either proceeds to the next phase of the application process or the prospective borrower is notified of the decision to decline the application.

Following initial qualification, we commence a credit review utilizing our proprietary credit scoring model to generate an A-Score grade for the prospective borrower that drives the decision whether to extend credit. Our current proprietary credit-scoring model originates from a credit scoring system developed by CreditEase. We have further modified our credit scoring system to adapt it to the realities of the Chinese market, which has historically had no source of widely available consumer credit information. In addition, we use our credit scoring systems, to more accurately characterize borrower's credit profile. Today, our credit scoring system uses our own scoring criteria, and is routinely monitored, tested, updated and validated by our risk management team. Following the generation of credit scores, our credit decisioning system makes a determination as to whether the prospective borrower is qualified. Unqualified borrowers are notified of the decision to decline their applications for failing to meet minimum requirements.

Once a potential borrower passes our initial qualification phase and applies for our loan products, the application proceeds to the next phase for further review. Following the initial verification interviews, the application and credit scores will undergo further analysis. If there is suspicion of fraud associated with a particular loan application, or if additional verification is deemed necessary to complete the credit decisioning process, an automated further due diligence and verification will be conducted. After this review, a decision will be automatically made to either approve the loan as is, approve the loan with one or more modified sets of loan characteristics, or decline the loan application. Currently we have already connected our data with third-party credit scoring agents as required by the regulations that prohibit internet platforms from directly providing personal information collected by them to financial institutions.

*Stage 4: Approval and Funding*

The funding source for the financial services business now includes investments from institutional funding partners only. Among the borrowers who have already obtained our preliminary credit assessment and approval, we will refer qualified borrowers to our institutional funding partners based on their specific requirements of borrower profiles. The institutional funding partners will then review the credit application and our preliminary credit assessment of the borrower introduced by us in accordance with their own credit assessment standards and decide if to approve or decline the loan application. Meanwhile, we also refer some of the selected qualified borrowers to our own subsidiaries for loan funding services directly. Once the borrower's credit application is approved, the loan agreement between the borrower and our institutional funding partner will be signed on our platform, and our institutional funding partner will then directly disburse the loan amount to the borrower's bank account.

*Stage 5: Servicing and Collections*

We and the VIEs assist our institutional funding partners in the loan collection services upon their request. If requested, we utilize an automated process for collecting scheduled loan payments from our borrowers. Upon loan origination, we establish a payment schedule with payment occurring on a set business day each month. Borrowers then make scheduled loan repayments via a third-party payment platform or a payment platform delegated by the institutional funding partners. As a day-to-day service to borrowers, we provide payment reminder services such as sending reminder text messages or phone calls on the day a repayment is due. Once a repayment is past due, we send additional reminder text messages and initiate the collection process once a loan is fifteen days delinquent. To facilitate repayment, the collection process is divided into distinct stages based on the severity of delinquency, which dictates the level of collection steps taken. For example, reminder text messages are sent to a delinquent borrower as soon as the collection process commences, and if the payment is still outstanding, a phone call will be made to further the collection process. Although most stages of the collection process are outsourced to our affiliate, we handle all decisions to restructure or defer delinquent loans that are above a certain threshold, while the collection teams of our affiliate have the discretion to make decisions for the loans that are below such threshold. The collection team also pays close attention to borrowers who are more than 90 days overdue or with weak repayment willingness or fraud suspicion. And through cooperating with professional law firms nationwide, the collection team files lawsuits to the corresponding courts to ensure the compliance of the collection. Juridical conciliation is also an acceptable approach which can accelerate the process of those borrowers' repayment. With the growing penetration of AI application across various business operations, our collection process is now partially automated and driven by our AI systems.

**Insurance Brokerage Business**

We operate our insurance brokerage business through Hexiang Insurance Brokers, a nationwide insurance brokerage company that provides a variety of high-quality insurance services and products to individuals and institutional clients. Hexiang Insurance Brokers provides insurance brokerage services to both retail and institutional clients. As of December 31, 2024, Hexiang Insurance Brokers had established 32 offline branches nationwide and offered over 1,000 insurance products from over 100 insurers, and served 1,397,597 individual clients and 134,522 institutional clients.

***Products and Services***

We, through Hexiang Insurance Brokers, have established a comprehensive and diversified product matrix that includes both life and health insurance products and property and casualty insurance products. For life and health insurance, Hexiang Insurance Brokers focuses on critical illness insurance products, annuity, whole life, term life, endowment life, and long-term and short-term health insurance products, which meet the overall needs of the clients in security heath planning, retirement planning, child education fund planning, asset inheritance, etc. For property and casualty insurance, Hexiang Insurance Brokers provides insurance products such as household property insurance, corporate property insurance, liability insurance, auto insurance, cargo insurance, and accident insurance products, which satisfy different demands of individuals, families and corporate clients in property protection, employee welfare and benefit protection, operation risk transfer, etc. The insurance brokerage products and services that Hexiang Insurance Brokers offers have competitive edges in customization. Through the in-depth, data-driven, tech-powered KYC and customer research, Hexiang Insurance Brokers works with insurers and external partners to tailor-make insurance products that target different customer groups based on their particular profiles and demands.

***Service Fees***

For our insurance brokerage business, we generate revenue primarily from insurance commission fees paid by insurance companies when clients purchase insurance products through Hexiang Insurance Brokers. We do not bear any loss from our clients' investments nor do we provide guarantees of return with respect to any insurance products.

**Consumption and Lifestyle Business and Others**

We aim to better serve our existing clients and enhance their overall well-being, while fostering increased user engagement and long-term value. To accomplish this objective, we, through our subsidiaries and the VIEs, have been offering a range of selective non-financial products and services to fulfill various consumer needs and explore additional service demands, aimed at elevating the customer experience. These offerings span in multiple sectors, such as various membership upgraded services, mini digital games, daily necessities, beauty products, and healthcare products and services. In the first quarter of 2023, we re-categorized these non-financial products and services primarily offered through Yixianghua and Yiren Select into a new business segment, namely the Consumption and Lifestyle Business and Others, to better capture its business nature.

Meanwhile, as the revenue from consumption and lifestyle services has increased and that from wealth solutions decreased due to our strategic shift towards offering non-financial products and services, the revenue generated from wealth solutions has been re-categorized as "others" within our net revenue under our consolidated financial statements included elsewhere in this annual report.

***Risk Management***

Traditional risk management tools and the types of consumer finance data available in developed economies, such as widely available consumer credit reporting services, are currently at an early stage of development in China. We believe our industry leading risk management capabilities provide us with a competitive advantage in attracting capital to our marketplace by obtaining the confidence from our institutional funding partners.

***Proprietary Fraud Detection System***

Our company and the VIEs use a proprietary fraud detection system, which is part of our larger risk management system, to identify and reject potential borrower applications. Our system leverages advanced AI capabilities by combining quantitative modeling, big data technologies, cutting-edge tools such as knowledge graphs, large language models (LLMs) and third-party services. The quantitative modeling aspect of our fraud detection system utilizes a robust big data platform, enabling the identification of potential inconsistencies in borrower applications. AI-driven big data techniques enhance the process by analyzing vast datasets, detecting patterns, and identifying anomalies with greater accuracy, while the integration of knowledge graphs and LLMs adds depth to our understanding of relationships and context in the data, ultimately improving the system's ability to flag fraudulent activities. The internet technology aspect includes IP verification and monitoring. Additionally, we employ third-party services to check the online behavior of potential borrowers and utilize government agency open databases to cross-check identity card numbers against known criminals. We maintain a blacklist of fraudulent borrowers.

***Proprietary Credit Scoring Model and Loan Qualification System***

Our company and the VIEs have established a credit assessment module to assess the credit quality of borrowers. After obtaining a borrower's consent, we collect the borrower's internal and external information, which derives a number of variables from varied dimensions through our data analysis systems. Different scoring models are established and developed based on features of particular products and borrowers to generate accurate assessment of the borrower's credit status. Given CreditEase's nearly two-decade experience and expertise in risk management and the considerable data pools it has accumulated, our relationship with CreditEase allows us to further improve our credit scoring models and enhance our capabilities of accurate risk control.

The following table presents the key criteria that materially impact a borrower's credit score:

| Criteria | Examples | Effect on Credit Score |
|---|---|---|
| Purpose of the loan | Personal consumption | ● No monotonic correlation |
| Customer attributes | Education background | ● Positive correlation<br>● Higher education leads to higher score |
| Usage and performance of the loans from other financial institutions | Maximum amount of loans that the borrower has borrowed from commercial banks | ● Positive correlation<br>● The larger the amount of bank loans, the higher the score |
| Credit card usage and payment pattern | Frequency of credit card usage | ● Negative correlation<br>● Above a certain threshold, the higher the frequency of credit card usage, the lower the score |
| Public record | Court enforcement record | ● No monotonic correlation<br>● A borrower's score is lower if he/she has been subject to court enforcement |
| Income and debt condition | Salaries | ● Positive correlation<br>● Below a certain threshold, the higher the salary, the higher the score |
| Geographic location | Province or city where the borrower is located | ● No monotonic correlation |
| Job stability | Length of employment | ● Positive correlation<br>● The longer the employment, the higher the score |
| Online merchant purchasing pattern | Recent average consumption level | ● Positive correlation<br>● The higher the recent average consumption level, the higher the score |

The credit scores derived from our proprietary credit scoring model containing the criteria mentioned above are used to determine the final grade of a borrower's "A-Score," which reflects the level of his credit quality as a potential new borrower on our platform. A particular amount of credit line will be granted based on the borrower's A-Score grade and his income/debt status. At this stage, if the borrower's grade is below our threshold, his application will be declined. We have established customized loan pricing models based on our A-Score system and risk pricing structures.

We allow prospective borrowers who initially fail to meet our borrower criteria to reapply for a loan after a certain period of time, typically ranging from 30 to 90 days, if they are able to demonstrate a verifiable improvement in the criteria that impact their scores. For prospective borrowers that we determine present a fraud risk, reapplications are never permitted.

We continue to monitor the credit performance of our existing borrowers on the platform and re-evaluate their credit quality based on a series of factors, including the amount of the loans applied, repayment performances, etc. We will generate a B-Score grade for each existing borrower regularly based on the re-evaluation of their credit performance. For those who receive a high B-Score grade, we will increase their credit line on the basis of their actual needs.

Meanwhile, for those who demonstrate a fraud risk, a C-Score grade will be generated based on the borrowers' overdue amount, overdue duration, loan tenor and other relevant information. Different levels of collection processes will be initiated based on a borrower's C-Score grade, including reminders from AI robots, text messages, telephone calls, collection methods from out-sourced teams, lawsuits, etc.

Our company and the VIEs are constantly monitoring the operations and performances of our models on a regular basis (weekly/monthly/quarterly) to ensure the stability and effectiveness of the models in responding to the evolving market environment and borrower behaviors from different segments. If any major changes are monitored, our model and strategy teams will immediately start troubleshooting processes and shift/update the models accordingly when needed. Sufficient plans are pre-arranged to ensure timely responses to any changes.

***Our Risk Management Division and Credit Assessment Team***

We have an independent risk management division dedicated to analyzing loan performance, validating credit models, and assessing credit decision outcomes. This division plays a key role in various risk management activities, including reporting on performance trends, monitoring loan concentrations and stability, conducting economic stress tests on loans, auditing loan decisions made by our credit assessment team, and performing peer benchmarking and external risk assessments.

Our credit assessment team members are responsible for analyzing loan applications, as well as assisting with fraud detection and borrower verification. They leverage both skills acquired through training and hands-on experience, as well as our proprietary AI system, to evaluate loans based on direct communication with potential borrowers.

***Loan Servicing and Collections***

Our technology platform is capable of monitoring and tracking payment activity. With built-in payment tracking functionality and automated missed payment notifications, the platform allows us to monitor the performance of outstanding loans on a real-time basis.

CreditEase has developed a strategy to optimize the collection process for our delinquent loans. Our collection process is divided into distinct stages based on the severity of delinquency, which dictates the level of collection steps taken. Loans progress through the collection cycle based upon the number of days past due, but can be accelerated based on specific circumstances.

**Our Technology**

We believe our technology platform is a competitive advantage and an important reason that borrowers and clients utilize our marketplace. Key features of our technology platform include:

- *AI-powered system and data-driven services*. Our company and the VIEs have developed a proprietary AI-powered system to provide automated KYC and digital customer services that match customers' credit performance, risk appetite and financial objectives with proper solutions. In the first half of 2023, we initiated our AI Lab project to deepen our commitment to technological innovation, empowering a range of business areas. By employing advanced LLMs, we have automated and streamlined various business operations, including marketing, customer service, risk management, and loan collections. Our actions have involved developing and upgrading Interactive Voice Response (IVR) systems, improving automation in marketing and loan collections, and developing quality inspection robots for real-time/offline use, ensuring stringent compliance in our business practices. Additionally, we developed the AI-Generated Content (AIGC) platform to quickly create images and videos for marketing purposes. These efforts have delivered efficient and secured services to our customers, highlighting our commitment as a leading AI-driven platform. Moreover, we have also recently integrated our system with DeepSeek's advanced model to further improve our capabilities in in-depth analysis and decision-making.

- *Proprietary fraud detection*. Our company and the VIEs use a combination of current and historical data obtained during the application process, third-party data and sophisticated analytical tools to help determine an application's fraud risk. High risk applications are subject to further investigation. In cases that fraud is confirmed, the application is cancelled, and we identify and flag characteristics of the loan to help refine our fraud detection efforts.

- *Highly automated process*. Our company and the VIEs offer a fast and easy-to-use online application process and provide users with access to live support and online tools throughout the process and for the lifetime of the products. Our platform covers all stages of the customer life cycle: application; verification; credit assessment and decisioning and funding; and servicing and collections. Our web and mobile based platforms also provide a superior customer experience.

- *Mobile applications*. Our company and the VIEs have developed different user-friendly mobile applications for borrowers and clients of our financial services business, insurance brokerage business, and consumption and lifestyle business, which enable them to access our platforms at any time or location that is convenient.

- *Scalable platform*. Our platform is built on a distributed, load-balanced computing infrastructure, which is both highly scalable and reliable. The infrastructure can be expanded easily to meet increasing data storage needs and user traffic. Our company and the VIEs have designed a unified platform, which administrates all systems and servers and can reconfigure or redeploy systems or servers automatically whenever needed. We utilize advanced testing technologies to offer comprehensive quality data tracking throughout each product iteration cycle, ensuring that each innovation is grounded on a robust data foundation. Our coverage assessment techniques not only scrutinize every aspect of the product but also leverage data-driven insights to precisely illustrate the product's overall quality.

- *Data security*. Our network is configured with multiple layers of security to isolate our databases from unauthorized access, and our company and the VIEs use sophisticated security protocols for communication among applications. To prevent unauthorized access to our system, we utilize a system of firewalls and also maintain a perimeter network, or a demilitarized zone, to separate our external-facing services from our internal systems. Our entire website and public and private APIs use the Secure Sockets Layer networking protocol.

- *Stability*. Our company and the VIEs have multiple layers of redundancy to ensure the reliability of our network. We also have a working data redundancy model with comprehensive backups of our databases and our development environment conducted every day.

**Product Development**

Our company and the VIEs constantly evaluate the popularity of our existing product offerings and develop new products and services that can cater to the ever-evolving needs of our clients.

From a financial services perspective, as we continue to optimize our product offerings, we are developing a more diversified range of credit products tailored to meet the specific needs of our target borrowers and institutional funding partners, all at competitive prices in line with updated regulatory guidelines. As our marketplace grows, we have enhanced our ability to offer risk-based loan pricing. For instance, we have introduced lower-priced loan products and regularly adjust our pricing strategy as we shift towards serving a higher-quality customer segment in response to regulatory directives. Moving forward, we will continue to diversify our product offerings and strengthen synergies across our various business lines.

In the insurance brokerage business, we remain committed to driving innovation and customization in our product offerings as we expand our client base and strengthen partnerships with external stakeholders. We closely monitor both domestic and international markets, continually introducing new insurance products that target low-penetration segments with high growth potential. For example, since the second half of 2022, we have been offering overseas engineering liability insurance services to address the growing security needs of engineering projects in Belt and Road countries. Additionally, since 2022, we have introduced "New Citizen" insurance services, designed to meet the protection needs of flexible workforce members and part-time workers who are not covered by traditional social security systems. In 2024, we expanded our reach by launching online channels, including social media platforms, to offer more flexible insurance products, such as healthcare and retirement plans.

In the consumption and lifestyle business, we continue to enhance our product and service offerings to better meet the diverse needs of our customers across various life scenarios. As we refine our customer segmentation and optimize our customer mix, we are strategically scaling back the offering of historical and existing products. This shift allows us to focus on studying and analyzing the profiles and needs of our newly upgraded customer group, enabling us to develop tailored products that more effectively address their requirements.

**Brand Promotion**

Our general marketing efforts are designed to build brand awareness and reputation and to attract and retain borrowers and clients. We believe reputation and word-of-mouth drive continued organic growth in our businesses. Meanwhile, we are enhancing our public exposure by providing transparent and prompt information disclosures, and building trust through our consistency in service quality, compliance, and transparency. Moreover, we have been expanding our engagement with customers, the public, and the industry through various channels such as media outlets, social media platforms, and third-party industry agents. Our brand has been increasingly recognized by the industry for its technological advancements, service capabilities, growth momentum, and contributions to social responsibility. For example, Yiren Digital was named as one of the Top 100 Annual Growth Public Companies of 2023 in December 2023 by Snowball Finance (Xueqiu), the renowned investor community in China, following its receipt of the 2023 Annual Digital Inclusive Finance Excellence Award from reputable institutions, including the China Digital Index Research Institute and the Shanghai Finance and Development Laboratory. Yiren Digital was also honored as the Inclusive Finance Institution of the Year at the 9th Beijing Financial Forum in December 2023. In 2024, our company rebranded its Chinese name from "Yiren Jinke" to "Yiren Zhike," with the word "Jin" meaning "finance" and the word "Zhi" meaning "intelligence," reflecting our commitment to developing and leveraging AI technology innovation to serve our customers and clients. More recently, Yiren Digital earned its place in the China Artificial Intelligence Industry Alliance.

**Competition**

For our financial services business, we compete with other consumer finance marketplaces and loan facilitation platforms in China. The industry was intensively competitive before the year 2018. However, as the domestic regulations on the industry evolve and entry barriers continue to increase in recent years, fewer national-level players like us remain in the market while smaller platforms cease their operations, leaving more market share opportunities for us. Meanwhile, as we expand our financial service businesses overseas, such as in the Philippines, we are facing competition from regional peers.

For our insurance brokerage business, we compete with other insurance brokerage companies in China. Given the overall low penetration rate of insurance services in China compared with the US and the Europe, we believe that our strategic deployment in insurance business has navigated us towards a large market with high growth potential. In light of a tightening regulatory landscape domestically, our ability to customize and innovate products, coupled with robust channel partnerships, will play a vital role in maintaining our competitiveness.

For our consumption and lifestyle business, we fully embrace AI to offer selected high-quality products and services that align with our customers' preferences. Our primary goal in this segment is to enhance user experience and engagement, thereby increasing the long-term value of our existing customers through enriched products and upgraded services. We are currently scaling back product offerings in our consumption and lifestyle business and conducting a strategic review on how to better serve customers following the upgrade of our borrower segment and optimization of borrower profiles.

**Intellectual Property**

Our company and the VIEs regard our trademarks, domain names, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on trademark and trade secret law and confidentiality, invention assignment and non-competition agreements with our employees and others to protect our proprietary rights. As of the date of this annual report, our subsidiaries and the VIEs had 460 registered trademarks with the Trademark Office of the National Intellectual Property Administration.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology. Monitoring unauthorized use of our technology is difficult and costly, and we cannot be certain that the steps we have taken will prevent misappropriation of our technology. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

In addition, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. In the event of a successful claim of infringement and our failure or inability to develop non-infringing technology or license the infringed or similar technology on a timely basis, our business could be harmed. Moreover, even if we are able to license the infringed or similar technology, license fees could be substantial and may adversely affect our results of operations.

See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position" and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations."

**Insurance**

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

**Seasonality**

Our company and the VIEs experience seasonality in our business, reflecting seasonal fluctuations in internet usage and traditional personal consumption patterns, as our individual borrowers typically use their borrowing proceeds to finance their personal consumption needs. For example, we generally experience lower transaction volume for our financial services business during national holidays in China, particularly during the Chinese New Year holiday season in the first quarter of each year. Overall, the historical seasonality of our business has been mild but may increase further in the future. Due to our limited operating history, the seasonal trends that we have experienced in the past may not apply to, or be indicative of, our future operating results.

**Regulation**

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

As an AI-driven one-stop select financial and lifestyle services platform in China, our company and the VIEs are regulated by various government authorities, including, among others:

- the Ministry of Industry and Information Technology, or the MIIT, regulating the telecommunications and telecommunications-related activities, including, but not limited to, the internet information services and other value-added telecommunication services;

- the People's Bank of China, or the PBOC, as the central bank of China, regulating the formation and implementation of monetary policy, issuing the currency, supervising the commercial banks and assisting the administration of the financing; and

- the National Administration of Financial Regulation, or the NFRA, is formed in May 2023 on the basis of and replacing the previous China Banking and Insurance Regulatory Commission as China's new financial regulator. The NFRA is in charge of regulating the financial industry, with the exception of the securities sector. It will take over certain functions of the PBOC and the CSRC.

***Regulations Relating to Foreign Investment***

*PRC Foreign Investment Law*

The Foreign Investment Law was formally adopted by the Second session of the 13th National People's Congress on March 15, 2019, which became effective on January 1, 2020, and, together with their implementation rules and ancillary regulations, have replaced the trio of prior laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. Meanwhile, the Regulations for the Implementation of the Foreign Investment Law came into effect as of January 1, 2020, which clarified and elaborated the relevant provisions of the Foreign Investment Law. The organization form, organization and activities of foreign-invested enterprises shall be governed, among others, by the laws of the Company Law of the People's Republic of China and the Partnership Enterprise Law of the People's Republic of China. Foreign-invested enterprises established before the implementation of the Foreign Investment Law may retain the original business organization and so on within five years after the implementation of the Foreign Investment Law.

The Foreign Investment Law is formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. According to the Foreign Investment Law, foreign investments are entitled to pre-entry national treatment and are subject to the negative list management system. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access shall not be less favorable than that of domestic investors and their investments. The negative list management system means that the state implements special administrative measures for access of foreign investment in specific fields. The Foreign Investment Law does not mention the relevant concept and regulatory regime of VIE structures; please refer to "Risk Factors-Uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations."

Foreign investors' investment, earnings and other legitimate rights and interests within the territory of China shall be protected in accordance with the law, and all national policies on supporting the development of enterprises shall equally apply to foreign-invested enterprises. Among others, the state guarantees that foreign-invested enterprises participate in the formulation of standards in an equal manner and that foreign-invested enterprises participate in government procurement activities through fair competition in accordance with the law. Further, the state shall not expropriate any foreign investment except under special circumstances. In special circumstances, the state may levy or expropriate the investment of foreign investors in accordance with the law for the needs of the public interest. The expropriation and requisition shall be conducted in accordance with legal procedures and timely and reasonable compensation shall be given. In carrying out business activities, foreign-invested enterprises shall comply with relevant provisions on labor protection, social insurance, tax, accounting, foreign exchange and other matters stipulated in laws and regulations.

*Industry Catalog and Negative List Relating to Foreign Investment*

Investment activities in the PRC by foreign investors are principally governed by three principal legal documents: (i) the Provisions for Guiding the Foreign Investments Direction promulgated by the State Council on February 11, 2002, pursuant to which foreign investment projects are categorized as encouraged, permitted, restricted and prohibited; (ii) the 2024 Negative List, jointly issued by the National Development and Reform Commission, or the NDRC and MOFCOM on September 6, 2024 and effective from November 1, 2024, which sets forth management measures for the market entry of foreign investors, such as equity requirements and senior manager requirements and provides that foreign investors shall comply with such restrictive requirements when engaging in the restricted activities listed in the 2024 Negative List and shall not engage in the prohibited activities listed in the 2024 Negative List; and (iii) the Catalog of Industries for Encouraged Foreign Investment (2022 Edition), or the Encouraged Catalog, also jointly issued by the NDRC and MOFCOM on October 26, 2022 and effective from January 1, 2023, which sets forth the encouraged foreign investment industries. Industries not listed in the Encouraged Catalog or the 2021 Negative List are generally deemed as constituting a fourth "permitted" category. Establishment of wholly foreign-owned enterprises is generally allowed in encouraged and permitted industries.

Our PRC subsidiaries are mainly engaged in providing investment and financing consultations and technical services, which fall into the "encouraged" or "permitted" category. Our PRC subsidiaries have obtained all material approvals required for its business operations. However, industries such as value-added telecommunication services (except for e-commerce, domestic multi-party communication, storage and forwarding classes and call centers), including internet information services, are restricted from foreign investment. We provide the value-added telecommunication services that are in the "restricted" category through the consolidated variable interest entities.

*Foreign Investment in Value-Added Telecommunication Services*

The Provisions on Administration of Foreign Invested Telecommunications Enterprises promulgated by the State Council in December 2001 and subsequently amended respectively in September 2008, February 2016 and March 2022 prohibit a foreign investor from owning more than 50% of the total equity interest in any value-added telecommunications service business in China. The 2024 Negative List and Circular of the Ministry of Industry and Information Technology on Liberalizing the Restrictions on Foreign Shareholding Percentages in Online Data Processing and Transaction Processing Business (For-profit E-commerce Business), or the Circular 196, promulgated by MIIT in June 2015 allow a foreign investor to own more than 50% of the total equity interest in an online data processing and transaction business (e-commerce business). In April 2024, the MIIT issued the Circular on Launching the Pilot Program for Expanding the Opening-up of Value-Added Telecommunications Services, or Circular 107, pursuant to which foreign investors are allowed to establish wholly-owned subsidiaries to operate certain value-added telecommunications services, including Internet Data Center (IDC), Content Delivery Network (CDN), Internet Access Service (ISP), Online Data Processing and Transaction Processing, information releasing platforms and delivery services included in information services (excluding the operation of internet news information, online publishing, online audio and video, and internet culture), as well as information protection and processing services in four regions: Comprehensive Demonstration Zone for Expanding Opening up in the Service Sector in Beijing, the Lingang New Area of the China (Shanghai) Pilot Free Trade Zone and the Leading Area for Socialist Modernization Construction, the Hainan Free Trade Port, and the Pilot Demonstration Area of Socialism with Chinese Characteristics in Shenzhen.

In July 2006, the Ministry of Information Industry, the predecessor of the MIIT, issued the Circular on Strengthening the Administration of Foreign Investment in the Operation of Value-added Telecommunications Business, pursuant to which a domestic PRC company that holds an operating license for value-added telecommunications business, which we refer to as the VATS License, is prohibited from leasing, transferring or selling the VATS License to foreign investors in any form and from providing any assistance, including resources, sites or facilities, to foreign investors that conduct a value-added telecommunications business illegally in China. Further, the domain names and registered trademarks used by an operating company providing value-added telecommunications services must be legally owned by that company or its shareholders. In addition, the VATS License holder must have the necessary facilities for its approved business operations and to maintain the facilities in the regions covered by its VATS License.

In light of the above restrictions and requirements, in 2020, we operated Yiren Credit and Yiren Wealth (predecessor of "Yiren Select") primarily through Hengcheng, YouRace Hengchuang, CreditEase Puhui and Yiren Financial Information. After the business restructuring in December 2020, we operated Yiren Credit through YouRace Hengchuang and CreditEase Puhui, and operated Yiren Wealth (predecessor of "Yiren Select") through Yiren Financial Information, Yiyouxuan and Hexiang Insurance Brokers. As of the date of this annual report, we operate Yiren Select through Yiyouxuan, and operate Yixianghua and "Kaihua Life" mini-program through Kechuang Xinlian.

Certain trademarks relating to our value-added telecommunications business have been transferred to us by CreditEase, in order to comply with the requirement that registered trademarks used by an operating company providing value-added telecommunications services must be legally owned by that company or its shareholders.

***Regulations on Micro-lending***

In May 2008, Guidance on the Pilot Establishment of Micro-lending Companies, or the Micro-lending Guidance, was jointly promulgated by the CBRC and the PBOC, authorizing provincial governments to approve the establishment of micro-lending companies on a test basis. The establishment of a micro-lending company is subject to the approval of the competent government authority at the provincial level. The major sources of funds for a micro-lending company are limited to capital paid by shareholders, donated capital and capital borrowed from up to two financial institutions. Furthermore, the balance of the capital is required to be determined by the company with the banking financial institutions upon consultation, and the interest rate must be determined by using the Shanghai Interbank Offered Rate as the base rate. With respect to the grant of credit, micro-lending companies are required to adhere to the principle of "small sum and decentralization." The outstanding balance of the loans granted by a micro-lending company to one borrower cannot exceed 5% of the net capital of such company. The interest ceiling used by a micro-lending company may be determined by such companies but in no circumstance shall they exceed the restrictions prescribed by the judicatory authority. The interest floor is 0.9 times the base interest rate published by the PBOC. Micro-lending companies have the flexibility to determine the specific interest rate within the range depending on certain market conditions. In addition, according to the Micro-lending Guidance, micro-lending companies are required to establish and improve their corporate governance structures, the loan management systems, the financial accounting systems, the asset classification systems, the provision systems for accurate asset classification and their information disclosure systems, and such companies are required to make adequate provisions for impairment losses. Micro-lending companies are also required to accept public scrutiny supervision and are prohibited from carrying out illegal fund-raising in any form.

Based on the Micro-lending Guidance, many provincial governments, including that of Hainan Province, promulgated local implementing rules on the administration of micro-lending companies. Hainan Provincial People's Government issued the Interim Measures for Pilot Management of Micro-lending Companies in November 2009, the Notice of Expanding the Pilot Scope of Micro-lending Companies in March 2011 and the Opinions on Further Promoting the Reform and Development of Micro-lending Companies in June 2012, imposing the management duties upon the relevant regulatory authorities and specifies more detailed requirements on the micro-lending companies.

On November 2, 2020, the CBIRC, the PBOC and other regulatory authorities released a consultation draft of the Interim Administrative Measures for Online Microcredit Business, which states that a microloan company must obtain the official approval of the CBIRC to conduct an online micro-lending businesses outside the province where it is registered. In addition, the draft provides the statutory qualified requirements for an online microloan company, covering such things as registered capital, controlling shareholders, and use of the internet to engage in an online micro-lending business.

On December 31, 2021, the PBOC published the Regulations on Local Financial Supervision and Administration (Draft for Public Comments), or the Draft Local Financial Supervision and Administration Regulation, for public review and comments. Pursuant to the Draft Local Financial Supervision and Administration Regulation, "Local Financial Organizations" refers to microcredit companies, financing guarantee companies, regional equity markets, pawn shops, financial leasing companies, commercial factoring companies, local asset management companies, and other institutions engaged in local financial business that are supervised and managed by laws, administrative regulations, and provincial-level people's governments authorized by the State Council. The Draft Local Financial Supervision and Administration Regulation specify that provincial governments shall perform their duties of supervision, management, and risk disposal of local financial organizations, and no individual or entity shall set up Local Financial Organizations without prior approval. The merger, division, reduction of registered capital, change of the business scope or operating area, the change of the shareholders holding more than 5% of its equity interests, as well as change of the actual controller of the Local Financial Organization shall be subject to the approval of the provincial local financial supervision and management department. Also, Local Financial Organization shall make filings to provincial local financial supervision and management department for setting up branches within the provincial administrative region, changing the name or address of business, increasing the registered capital, changing the directors, supervisors and senior management personnel. Penalties such as fines or criminal liability may be imposed if the Local Financial Organizations fail to comply with the Draft Local Financial Supervision and Administration Regulation.

The Interim Measures for the Supervision and Administration of Micro-lending Companies, or the Micro-lending Companies Interim Measures, was issued by the NFRA and came into effect on December 31, 2024. These Measures are designed to regulate the operations of micro-lending companies, including online micro-lending companies, to strengthen supervision, prevent and resolve risks, and promote the stable and healthy development of the industry. For example, (i) with respect to scop of business and operation, all micro-lending companies are required to obtain approval from provincial-level financial regulatory authorities to conduct business; online micro-lending companies must conduct core business processes, including loan application, risk review, approval, disbursement, and recovery, entirely online; (ii) in terms of loan limits and restrictions, micro-lending companies are required to limit the loan balance to any single borrower to no more than 10% of the company's net assets of the previous year-end while for a single borrower and its associated parties, the loan balance cap is 15%; online micro-lending companies are further restricted to a maximum loan balance of RMB200,000 for individual consumer loans and RMB10.0 million for business operation loans per borrower; (iii) micro-lending companies must not outsource core businesses such as credit review and risk control and they are prohibited from co-funding loans with unlicensed entities or collaborating with institutions lacking proper financing guarantee or insurance qualifications. When co-funding loans with commercial banks, online micro-lending companies must contribute at least 30% of the loan amount; (iv) on funding sources, micro-lending companies may raise funds through bank loans, shareholder loans, bond issuance, and asset securitization. However, non-standardized funding (e.g., bank and shareholder loans) is capped at one time the company's net assets of the previous year-end, while standardized funding (e.g., bonds and securitization) is capped at four times.

On April 1, 2025, the NFRA issued the Notice on Strengthening the Management of Commercial Banks' Internet Loan Facilitating Business and Enhancing the Quality and Efficiency of Financial Services, which will take effect on October 1, 2025. The notice imposes stricter regulatory requirements on loan facilitation companies' cooperation with commercial banks in internet loan facilitation business. Specifically, loan facilitation companies must meet the commercial banks' enhanced access standards and undergo thorough due diligence. They are also required to adhere to transparent fee structures and are prohibited from charging borrowers additional fees or inappropriately intervening in the banks' loan approval processes. On the other hand, the notice urges commercial banks to publicly disclose all platform operators and credit enhancement service providers the banks cooperate with. Commercial banks are required to add enhance-credit service fees into the comprehensive financing cost on borrowers, which shall be compliant with legal upper limit. The notice further requires that if commercial banks pay cooperation fees based on the actual interest percentage, the payment schedule made to platform operators and credit enhancement service providers should match with the schedule of loan principal recovery.

Hainan Haijin Yichuang Micro-lending Co., Ltd., which is a subsidiary of the consolidated variable interest entities, is approved by the local governmental authority to conduct micro-lending business.

***Regulations on Financing Guarantee***

In March 2010, seven governmental authorities including the CBRC, the MOFCOM and Ministry of Finance, or MOF promulgated the Interim Administrative Measures for Financing Guarantee Companies which requires an entity or individual to obtain a prior approval from the relevant governmental authority before engaging in the financing guarantee business. Financing guarantee is defined as an activity whereby the guarantor and the creditor, such as a financial institution in the banking sector, agree that the guarantor shall bear the guarantee obligations in the event that the secured party fails to perform its financing debt owed to the creditor.

On August 2, 2017, the PRC State Council promulgated the Regulations on the Supervision and Administration of Financing Guarantee Companies, which became effective on October 1, 2017. These regulations define "financing guarantee" as a guarantee provided for the debt financing, including but not limited to the extension of loans or issuance of bonds, and set out that the establishment of a financing guarantee company or engagement in the financing guarantee business without approval may result in several penalties, including but not limited to an order to cease business operation, confiscation of illegal gains, fines of up to RMB1,000,000 and criminal liabilities. These regulations on financing guarantee also set forth that the outstanding guarantee liabilities of a financing guarantee company shall not exceed ten times of its net assets, and that the ratio of the balance amount of outstanding guarantee liabilities of a financing guarantee company for the same guaranteed party shall not exceed 10%, while the ratio of the balance amount of outstanding guarantee liabilities of a financing guarantee company for the same guaranteed party and its affiliated parties shall not exceed 15%.

On October 9, 2019, nine governmental authorities including the CBIRC, the NDRC and the MIIT promulgated the Supplementary Financing Guarantee Provisions (as amended in June 2021), which requires that institutions providing services as customer recommendation and credit assessment for various lending institutions shall not provide, directly or in a disguised form, financing guarantee services without approval. For the companies without the relevant financing guarantee license but actually engaging in financing guarantee business, the regulatory authorities shall cease such companies' operation and properly make settlement for existing business contracts.

On July 14, 2020, the CBIRC issued the Guidelines for Off-Site Supervision of Financing Guarantee Companies, which took effect on September 1, 2020. The guidelines stipulate the guidelines for the competent regulatory authorities to continuously analyze and evaluate the risk of financing guarantee companies and the financing guarantee industry, by way of collecting report data and other internal and external data of the financing guarantee companies and by carrying out corresponding measures. Pursuant to the guidelines, financing guarantee companies shall establish and implement an off-site supervision information report system and submit related data and non-data information in accordance with the requirements of the competent regulatory authorities. The guidelines note that the corporate governance, internal control, risk management capabilities, guarantee business, associated guarantee risks, asset quality, liquidity indicators and investment conditions of financing guarantee companies shall be the key areas for off-site supervision.

We established Fujian Jiaying Financing Guarantee Co. Ltd. in September 2020 and acquired Chongqing Jintong Financing Guarantee Co., Ltd. in 2023 to provide financing guarantee services for our loan facilitation business.

***Regulations on Insurance Brokerage Business***

Insurance activities undertaken within the PRC are primarily governed by the Insurance Law of the PRC, which was promulgated by the Standing Committee of the National People's Congress on June 30, 1995, and last amended in 2015, and the related rules, regulations and judicial interpretations. The Insurance Law of the PRC, comprising general principles, insurance contracts, insurance institutions, insurance operational standards, supervision and regulation of the insurance industry, insurance agencies and insurance brokerage companies, legal liabilities and supplementary provisions, sets out the legal framework for regulating the insurance companies. Pursuant to the Insurance Law of the PRC, an insurance broker is an entity that, in the interest of the insurance applicants, provides intermediary services between the insurance applicants and the insurance companies for the conclusion of insurance contracts, and collects commissions for such services in accordance with relevant laws.

On May 1, 2018, the CIRC promulgated the Provisions on the Supervision and Administration of Insurance Brokers, or the Insurance Brokerage Provisions, which specifies the provisions regarding market access and exit, operating rules, industry self-discipline, monitor and inspection and legal obligations for insurance brokers. Pursuant to the Insurance Brokerage Provisions, to operate insurance brokerage businesses within the PRC, an insurance brokerage company shall satisfy the requirements stipulated by the CIRC and obtain an Insurance Brokerage License. The minimum registered capital of an insurance brokerage company that conducts business in regions not limited to the provincial level is RMB50 million. The minimum registered capital of an insurance brokerage company that conducts business within the provincial level is RMB10 million. An insurance brokerage company shall not operate insurance brokerage business until it obtains the license, and it shall register the relevant information in a regulatory information system as prescribed by the CIRC in time. The Insurance Brokerage Provisions also requires an insurance brokerage company to procure professional liability insurance or pay a deposit within twenty days upon obtaining an Insurance Brokerage License. If an insurance brokerage company intends to procure professional liability insurance, it shall ensure that the insurance remains valid. The maximum compensation for each accident under the professional liability insurance procured by an insurance brokerage company shall be no less than RMB1.0 million. One-year accumulated maximum compensation shall be no less than RMB10 million and no less than the insurance brokerage company's income from principal business in the previous year. If an insurance brokerage company intends to pay a deposit, the deposit shall be paid at 5% of its registered capital; if an insurance brokerage company increases its registered capital, the amount of the deposit shall be increased proportionately. The deposit shall be stored in a designated account in the form of a bank deposit in a commercial bank or in any other form approved by the CIRC. Under any of the following circumstances, an insurance brokerage company may use the deposit: (i) decrease of registered capital; (ii) cancellation of license; (iii) taking out of professional liability insurance in conformity with the conditions; or (iv) other circumstances provided by the CIRC. An insurance brokerage company shall report in written form to the local branch of the CIRC within five days from the day when it uses the deposit.

Pursuant to the Insurance Brokerage Provisions, an insurance broker may operate all or part of the following businesses: (i) draft insurance plans for policyholders, select insurance companies and process insurance application formalities; (ii) assist insured parties or beneficiaries in making claims; (iii) carry out reinsurance brokerage businesses; (iv) provide advisory services on disaster prevention, loss prevention or risk evaluation and risk management to entrusting parties; and (v) any other insurance brokerage-related businesses stipulated by the CIRC. An insurance broker is required to conduct insurance brokerage business within the business scope and business area of the underwriter. An insurance broker and its practitioners may not sell non-insurance financial products, except for non-insurance financial products that have been approved by the relevant financial regulatory authorities. An insurance broker and its practitioners shall have the necessary qualifications before selling non-insurance financial products. The Insurance Brokerage Provisions also requires an insurance broker to set up a designated account book to record the income and expenditure of the insurance brokerage business. An insurance broker shall open an independent designated account for client funds. The following funds shall only be deposited in the designated account for client funds: (i) insurance premiums paid by policyholders to an insurance company; and (ii) surrender value and pay-outs collected on behalf of policyholders, insured parties and beneficiaries. An insurance broker shall open an independent account for commissions it collects.

Pursuant to the Insurance Brokerage Provisions, an insurance broker and its practitioners shall not engage in the following acts or behaviors: (i) deceive or mislead the insurer, the applicant, the insured or the beneficiary; (ii) conceal any important circumstances relating to the insurance contract; (iii) obstruct the applicant from fulfilling his or her obligation to tell the truth, or induce the applicant not to fulfill the same; (iv) grant or commit to grant to the applicant, the insured or the beneficiary any interest other than that provided in the insurance contract; (v) compel or induce the applicant to enter or restrict the applicant from entry into an insurance contract by using their administrative power, position or the advantage of their profession and other improper means; (vi) forge or alter the insurance contract without authorization or providing false evidence for parties to the insurance contract; (vii) misappropriate, retain or embezzle the premiums or insurance benefits; (viii) make use of the advantages of the business to obtain improper benefits for other institutions or individuals; (ix) defraud insurance benefits in collusion with the applicant, the insured or the beneficiary; or (x) disclose trade secrets of the insurer, the applicant or the insured known during the business activities. An insurance broker and its practitioners shall not solicit or accept any remuneration or other property other than those as agreed upon in the contract and granted by any insurance company or its staff or take advantage of executing the insurance brokerage business to obtain other illegal benefits in the course of carrying out the insurance brokerage business.

The Insurance Brokerage Provisions sets out the requirements for senior officers of an insurance broker, such as education, work experience and good character. It also provides that senior officers of an insurance broker shall obtain the employment qualification approved by the local branches of CIRC prior to the assumption of duty. Pursuant to the Insurance Law of the PRC, the examination and approval of the qualification of insurance brokerage practitioners have been cancelled. Pursuant to the Insurance Brokerage Provisions and the Notice on Relevant Issues on the Administration of Practitioners of Insurance Intermediaries, which was promulgated by CIRC on August 3, 2015, before an insurance intermediary practitioner begins to practice, his/her employer shall complete the practicing registration in the insurance intermediary regulatory information system of the CIRC for him or her, and the qualification certificate shall not be served as a necessary condition for the administration of practicing registration.

Pursuant to the Insurance Brokerage Provisions, an insurance broker may not set payment of fees or purchase of insurance products as a condition of employment, may not promise unreasonably high return, or take the number of persons introduced directly or indirectly or sales performance as the main basis of payroll calculation. Pursuant to the Notice on Strictly Regulating Incentive Measures of Insurance Intermediaries promulgated by the CIRC on November 15, 2010, professional insurance intermediaries may only implement equity incentive measures for sales personnel of more than two consecutive years of practice experience within such intermediaries, and may not arbitrarily expand the scope of equity incentives for rapid business growth. In implementing incentives, professional insurance intermediaries may not: (i) conduct deceptive or misleading promotion for the incentive program, including exaggeration or arbitrarily promising uncertain earning from the future listing; (ii) induce sales personnel to purchase self-insurance or purchase insurance with borrowings for incentives; or (iii) offer client equity in the name of incentive as consideration for illicit interests. According to the Circular on Further Regulating the Incentive Plans of Professional Insurance Intermediary Institutions, promulgated on February 28, 2012, by the CIRC, all professional insurance intermediary institutions shall not, by way of connecting the equity incentive plan with their listing and exaggerating proceeds brought by their listing and other means, induce any of the general public to become a salesperson, or induce salespersons or clients to buy insurance products which are inconsistent with their actual insurance needs.

According to the Announcement of the CIRC on Permitting the Establishment of Wholly Foreign-invested Insurance Brokerage Companies by Foreign Insurance Brokerage Companies, which was promulgated by CIRC on December 11, 2006, and became effective on the same day, in five years following China's accession into the WTO, the establishment of a wholly foreign owned enterprise to engage in insurance brokerage services shall be permitted. There shall be no other restrictions except those on the establishment conditions and business scopes. On April 27, 2018, the CBIRC promulgated the Notice on Relaxing Restrictions on the Business Scope of Foreign-Funded Insurance Brokerage Companies, which became effective on April 27, 2018. Pursuant to this notice, the foreign-funded insurance brokerage institutions that obtain insurance brokerage business permits upon approval by the insurance regulatory authority of the State Council may engage in the following insurance brokerage businesses within the PRC: (i) drafting insurance application proposals, selecting insurers, and undergoing the insurance application formalities for insurance applicants; (ii) assisting the insured parties or beneficiaries in claiming compensation; (iii) reinsurance brokerage business; (iv) providing disaster or loss prevention or risk evaluation and management advisory services; and (v) other businesses approved by the CBIRC. The insurance brokerage business is not listed under the 2021 Negative List. However, according to the administrative guidelines published by the CBIRC on its official website in 2019, a foreign investor holding more than 25% of the shares in an insurance brokerage company must satisfy the following requirements before investing in the insurance brokerage industry: (i) it has engaged in insurance brokerage business for more than thirty years within the territories of World Trade Organization members; and (ii) its total assets shall be no less than US$200 million as of the end of the year prior to its application. On May 1, 2019, the CBIRC released a press indicating that it plans to further open up the insurance brokerage industry to foreign investors by abolishing some of the requirements aforesaid. The State Council also promulgated an Opinions on Further Proper Utilization of Foreign Investment on October 30, 2019 to abolish such aforesaid requirements regarding the track record and total assets. The CBIRC published the Circular on Clarifying the Measures Relating to the Liberalization of the Insurance Intermediary Market, or the Liberalization Circular, on December 3, 2021, abrogating the requirements that the foreign investor to establish a foreign-funded insurance brokerage company in PRC should have a history of business operations of more than 30 years in any WTO member states, have maintained a representative office in China for a period of at least two consecutive years, and have a total asset of not less than US$200 million in the year immediately prior to the application. The Liberalization Circular allows professional insurance agencies, insurance brokerage organizations, and insurance adjustment organizations funded and established in PRC by foreign insurance group corporations or foreign-funded insurance group corporations in PRC are allowed to operate the related insurance intermediary business.

The Administrative Measures for the Licenses of Banking and Insurance Institutions that was promulgated by the CBIRC on April 28, 2021 and became effective on July 2021 stipulates that no entity or individual may forge, alter, transfer, lease or lend any license of a banking or insurance institution, including the insurance intermediary license.

On October 28, 2021, the CBIRC promulgated the Implementing Measures for Administrative Licensing and Record-filing for Insurance Intermediaries, or the Implementing Measures, which took effect on February 1, 2022, in order to clarify the conditions and procedures for administrative licensing and record-filing matters. According to the Implementing Measures, to apply to operate an insurance brokerage business, an applicant shall meet the following conditions: (i) it has obtained a business license, on which the name shall include the words "insurance brokerage," and its trade name shall not be the same as that of any existing professional insurance intermediary, except for the professional insurance broker whose actual controller is the same as that of any other professional insurance intermediary; (ii) its shareholders meet certain requirements, including (1) in good financial condition, able to make foreign investments with self-owned funds, and make capital contributions with self-owned, authentic and legitimate funds; (2) for legal person shareholder, a good corporate governance structure or an effective organizational management model, good social reputation, credit records, tax payment records, and good operation and management; its net assets at the end of the previous year of the date of contribution are not negative, and the net assets and monetary funds at the end of the previous month of the date of contribution are greater than the capital contribution; (iii) its registered capital is paid-in monetary capital and is held in custody in accordance with the relevant provisions of the CBIRC; the minimum registered capital of national insurance brokers shall be RMB 50 million, and that of regional insurance brokers RMB 20 million; (iv) the business scope set forth in its business license complies with the relevant provisions of the CBIRC; (v) it has articles of association that comply with the Company Law of the PRC and the Insurance Law of the PRC; (vi) its senior executives meet the required qualifications; (vii) it has a governance structure and an internal control system required by the CBIRC, along with a scientific, reasonable and feasible business model; (viii) it has a fixed domicile commensurate with its business size; (ix) it has business, financial and other computer software and hardware facilities required by the CBIRC; (x) its risk testing meets the requirements; and (xi) it meets other conditions stipulated by laws, administrative regulations and the CBIRC.

The Implementing Measures prohibits applications to operate an insurance brokerage business if an entity's shareholder (i) has been subjected to a criminal penalty or major administrative punishment in the last five years, (ii) is under investigation by the relevant authority due to being suspected of committing any major illegal or criminal offense, (iii) is determined as a target of joint disciplinary action against dishonesty by the relevant authority of the State due to serious dishonesty and shall be subjected to corresponding disciplinary action in the field of insurance, or has any other bad record of serious dishonesty in the last five years; (iv) is not allowed to invest in any enterprise in accordance with laws or administrative regulations; or (v) the CBIRC deems unsuitable for being a shareholder of an insurance broker.

Pursuant to the Implementing Measures, senior executives of insurance brokers, including general manager of the company, the deputy general manager of the company, the main principal of the provincial branch, and other personnel who exercise important functions and powers for the operation and management of the company, are subject to qualification licensing. A proposed senior executive of a professional insurance broker shall (i) have a college degree or above, or ten-year experience in finance industry; (ii) have engaged in finance industry for more than three years or in economic industry for more than five years; (iii) have the operation and management capacity required for the performance of his/her duties, and is familiar with insurance laws, administrative regulations and relevant provisions of the CBIRC; and (iv) act in good faith and behaves well.

On September 8, 2024, the State Council issued the Opinions on Strengthening Regulation, Preventing Risks, and Promoting High-Quality Development of the Insurance Industry. These Opinions emphasize that insurance institutions, including insurance intermediaries shall operate in a compliant, transparent, and risk-controlled manner. For example, insurance institutions must meet stricter requirements regarding their qualifications, financial health, and operational capabilities and shall conduct stringent review on shareholders' backgrounds. Insurance institutions are urged to strengthen their corporate governance and asset-liability management, to enhance product suitability and sales practice, and to implement stricter measures to prevent insurance fraud.

We acquired, through Yiren Financial Information, all outstanding shares of Baijunda and Wuhan Linyi in May 2020. Baijunda and Wuhan Linyi jointly established a subsidiary, Hexiang Insurance Brokers, in September 2011. Upon the completion of this acquisition, Hexiang Insurance Brokers and its wholly owned subsidiary, Heanjun (which was deregistered in 2024), have become the wholly owned subsidiaries of Yiren Financial Information in May 2020, and Hexiang Insurance Brokers has been operating our insurance brokerage business since then. Hexiang Insurance Brokers sells various health and life insurance products and property and casualty insurance products on behalf of insurance companies, and earns brokerage commissions determined as a percentage of premiums paid by the policy holder. We have identified our promise to sell insurance policies on behalf of an insurance company as the performance obligation in our contracts with the insurance companies. Hexiang Insurance Brokers has obtained the License for Professional Insurance Intermediaries.

***Regulations on Internet Insurance Business***

On December 14, 2020, the CBIRC promulgated the Regulatory Measures for Online Insurance Business, or the Regulatory Measures, which became effective on February 1, 2021 and supersedes the Interim Regulatory Measures for Internet Insurance Business promulgated by the CIRC on July 22, 2015. Pursuant to the Regulatory Measures, "Internet insurance business" refers to the business whereby insurance institutions form insurance contracts or provide insurance services based on internet. Any entity which is not a qualified insurance institution (including the insurance company and insurance intermediary service providers, such as the insurance brokerage company and insurance agency company) is not allowed to conduct online insurance business, including without limitation consultation of insurance products, comparison of insurance products, trial calculation of insurance premiums, quotation and comparison of quotations, drafting insurance plans for policyholders, processing insurance application formalities and premium collection.

According to the Regulatory Measures, "self-operated online platform" refers to the online platform which is established and operated independently by an insurance institution for the purpose of engaging in the internet insurance business. The Regulatory Measures requires that insurance institutions conducting online insurance business via their self-operated online platforms in the form of websites or mobile applications shall complete the filing with the competent authority for the operation of their websites and mobile applications. An insurance institution shall sell internet insurance products or provide insurance brokerage or insurance adjustment services via its self-operated online platform or the self-operated online platform of other insurance institutions, and the online insurance transactions being conducted through online interfaces shall be operated by insurance institutions only. In addition, the Regulatory Measures imposes technical IT requirements for insurance institutions engaged in the online insurance business. For example, the self-operated online platforms with online insurance products sales or insuring functions and the information management systems and core business systems that support the operation of such self-operated online platforms shall be certified as Safety Level III Computer Information Systems or above level. As for the self-operated online platforms without online insurance products sales or insuring functions and the information management systems and core business systems that support the operation of such self-operated online platforms shall be certified as Safety Level II Computer Information Systems or above level.

The Regulatory Measures also sets out specific requirements in relation to marketing activities conducted by insurance institutions for the marketing and promotion of insurance products or insurance services via internet media, such as websites, webpages and applications, in the form of text, pictures, audio, video or otherwise. An insurance institution shall comply with the Advertising Law of the PRC, laws and regulations on marketing of financial products and other relevant rules promulgated by the CBIRC when carrying out marketing activities to promote their insurance products and services. In addition, the Regulatory Measures also requires insurance institutions to regulate their marketing and sales activities for internet insurances products, including, among others, implementing management protocols on the qualification, training, and behavior of online insurance practitioners and protocols on approval of content on marketing and sales of online insurance products. The online insurance practitioners shall conduct marketing activities of online insurance products within the scope authorized by insurance institutions and disclose relevant information on their marketing web page, such as their personal information and insurance institution's names. The marketing content published by the practitioners shall be uniformly made by insurance institutions. An insurance institution shall assume the primary responsibility for the internet insurance marketing activities conducted by itself and its practitioners.

The Regulatory Measures also sets forth specific operation and management requirements in relation to an insurance institution, including, among others, (i) an insurance institution shall adopt effective technical methods to verify the authenticity of each policyholder's identity information, and completely record and keep the main internet insurance business process; (ii) an insurance institution shall complete practice registration for their personnel, and shall identify their qualification to engage in internet insurance business for public inquiry; (iii) the relevant fees paid by insurance companies to insurance intermediary service providers shall not be settled in cash; (iv) an insurance institution shall assume the primary responsibility for the protection of customer information, and shall collect, process and use personal information following the principles of legality, legitimacy and necessity, and ensure the security and legality of the collection, processing and use of information; and (v) an insurance institution shall make several internal operation plans and protocols, for example, an emergency response plan for the interruption of internet insurance business operation, an internal control protocol for anti-money laundering, a customer due diligence protocol, a protocol for keeping customer identity data and transaction records, a protocol for the reporting of large-value transactions and suspicious transactions and an anti-fraud protocol.

The Regulatory Measures sets out a ramp-up process allowing the insurance institutions to achieve full compliance in phases until February 1, 2022. Pursuant to the Regulatory Measures, the insurance institutions shall (i) complete the rectification of the issues on internal protocols, marketing activities, sales management and information disclosure within three months from the effective date of the Regulatory Measure; (ii) complete the rectification of other issues on business and operation within six months from the effective date of the Regulatory Measure; and (iii) complete the authentication of classified cybersecurity protection of its self-operated online platform within twelve months from the effective date of the Regulatory Measure.

On April 14, 2016, the CIRC together with 14 authorities issued the Implementation Plan for the Special Campaign on Internet Insurance Risks, which sets out the overall framework for the rectification initiative dedicated to mitigation of online insurance risks, specifying that the special rectification initiative shall focus on regulating business operation model optimizing market environment and improving regulatory rules, to achieve the objective of parallel promotion of innovation and risk mitigation, and the healthy and sustainable development of online insurance.

On April 2, 2019, the CBIRC promulgated the Circular of the General Office of the CBIRC on Issuing the 2019 Plan for the Rectification of Chaos in the Insurance Intermediary Market, or the Rectification Plan, aiming to further curb the chaos of violations of laws and regulations in the insurance intermediary market. The Rectification Plan mainly includes three key tasks: (i) to ascertain insurance companies' responsibility for management and control of various intermediary channels; (ii) to carefully investigate business compliance of insurance intermediaries; and (iii) to strengthen the rectification of insurance business of the third-party online platforms in cooperation with insurance institutions. Pursuant to the Rectification Plan, all insurance institutions (including insurance companies and insurance intermediaries) shall conduct internet insurance business, regulate the business cooperation with third-party online platforms, prohibit third-party platforms from illegally engaging in insurance intermediary business in accordance with the Interim Regulatory Measures for Internet Insurance Business and relevant regulations, and focus their rectification on the following: (i) whether the activities of any cooperative third-party online platform of the insurance institution and its employees are limited to providing sales support services such as insurance product display and description and web links, and whether it illegally engages in insurance sales, underwriting, settlement of claims, and surrender or other insurance business links; (ii) whether there is a cooperation between the insurance institution and any third-party online platform engaging in internet finance involving wealth management, peer-to-peer lending and finance lease, etc.; (iii) whether the insurance institution performs the primary responsibility for supervising and managing its cooperative third-party platforms as required; (iv) whether all cooperative third-party online platforms of the insurance institution conform to relevant provisions of the Interim Regulatory Measures for Internet Insurance Business; (v) whether the insurance institution owns the interfaces where customers purchase insurance policies on its cooperative third-party online platforms and bears the compliance responsibility, and whether any of its third-party platforms engages in the collection of insurance premiums on its behalf and transfer of payments; (vi) whether each cooperative third-party online platform of the insurance institution discloses the information of all its cooperative insurance institutions at an eye-catching position, and that of such third-party online platform disclosed on the information disclosure platform of the Insurance Association of China at an eye-catching position, and indicates that the insurance business is provided by insurance institutions; and (vii) whether any cooperative third-party online platform of the insurance institution restricts such insurance institutions from accessing relevant information of customers in a truthful, complete and timely manner.

On June 22, 2020, the CBIRC promulgated the Circular on Regulating the Traceability Management of Internet Insurance Sales Practices, which took effect on October 1, 2020, setting out requirements on various aspects of online sales by insurance institutions (including insurance companies and insurance intermediaries), including sales practices, record-keeping for backtracking sales, and disclosure requirements. The Circular on Regulating the Retrospective Management of Internet Insurance Sales Practices provides that, (i) online sales pages should be displayed only on insurance institutions' self-operated online platforms and should be separated from non-sales pages; (ii) important insurance clauses should be presented on a separate page and be confirmed by policyholders or insureds; and (iii) insurance institutions should keep records for five years after the expiry of the policy for policies with a term of one year or less and for ten years for policies with a term longer than one year for purposes of backtracking sales.

The CBIRC issued the Administrative Measures for Information Disclosure of Life Insurance Products in November 2022, and issued the Information Disclosure Rules for One-Year-Above Life Insurance Products on December 30, 2022, both of which prescribe for disclosure requirements for life insurance and came into effect on June 30, 2023.

On December 26, 2022, the CBIRC promulgated the Administrative Measures for the Protection of Consumer Rights and Interests by Banking and Insurance Institutions, or the Consumer Protection Measures, which became effective on March 1, 2023. The Consumer Protection Measures specify the working mechanism and management requirements for the protection of consumer rights, requiring banking and insurance institutions to protect consumer rights and interests, including the right to know, the right to make independent choices, the right to fair trade, the right to property security, the right to seek legal remedy, the right to education, the right to respect, as well as the right to information security. The Consumer Protection Measures clearly stipulate that banking and insurance institutions shall establish mechanisms for the protection of consumers' personal information, improve internal management systems, adopt authorization grading control and internal control measures, and implement grading and categorical control of consumers' personal information throughout the process.

In September 2023, the NFRA promulgated the Measures for the Administration of Insurance Sales Activities, which came into force on March 1, 2024. These Measures categorizes insurance sales activities of insurance companies and insurance intermediaries, including insurance agency companies, into three phases namely pre-sales, in-sales, and post-sales activities, sets forth varied regulatory requirements on insurance sales activities in each phase: (1) for pre-sales phase, insurance intermediaries companies shall not engage in insurance sales activities beyond the approved business scope and regional scope; insurance intermediaries companies shall assume the primary management responsibility for the insurance sales promotion information released by its sales personnel; (2) for in-sales phase, insurance intermediaries companies shall not enter into insurance contracts with their clients using methods such as compulsory tie-in sale or default check on web pages; (3) for post-sales phase, insurance intermediaries companies shall establish archives management rules, properly maintain business archives, account books, business ledgers, personnel archives, client materials and audio-visual materials, electronic data, and other archive materials generated during traceability management.

On July 17, 2024, the NFRA promulgated the Notice on Strengthening and Improving the Regulation of Internet Property Insurance Business, or the Notice, imposing stricter requirements on internet property insurance business to ensure data security, consumer protection, and compliance with technological and operational standards. The Notice requires that, among other things, insurance intermediaries conducting intermediary business related to internet property insurance must meet certain conditions. The Notice urges property insurance companies to select their partners with due care, and prohibits insurance companies from delegating core business processes that affect risk management entirely to cooperating institutions, nor may they rely solely on data from cooperating institutions for risk identification, assessment, and control. On the other hand, the Notice obligates insurance intermediaries to provide core information related to property insurance business, including customer information, risk control data, and anti-money laundering data, to the cooperating property insurance companies.

We acquired, through Yiren Financial Information, all outstanding shares of Baijunda and Wuhan Linyi in May 2020. Baijunda and Wuhan Linyi jointly established a subsidiary, Hexiang Insurance Brokers, in September 2011. Upon the completion of this acquisition, Hexiang Insurance Brokers and its wholly owned subsidiary, Heanjun (which was deregistered in 2024), have become the wholly owned subsidiaries of Yiren Financial Information in May 2020, and Hexiang Insurance Brokers has been operating our insurance brokerage business since then.

***Regulations on Financial Leasing***

In September 2013, MOFCOM issued the Administration Measures of Supervision on Financing Lease Enterprises, or the Leasing Measures, which became effective on October 1, 2013, to regulate and administer the business operations of financing lease enterprises. According to the Leasing Measures, financing lease enterprises are allowed to carry out financing lease business in such forms as direct lease, sublease, sale-and-lease-back, leveraged lease, entrusted lease and joint lease in accordance with the provisions of relevant laws, regulations and rules. However, the Leasing Measures prohibit financing lease enterprises from engaging in financial business such as accepting deposits, and providing loans or entrusted loans. Without the approval from relevant authorities, financing lease enterprises shall not engage in inter-bank borrowing and other businesses. In addition, financing lease enterprises are prohibited from carrying out illegal fund-raising activities in the name of financing lease. The Leasing Measures require financing lease enterprises to establish and improve their financial and internal risk control systems, and a financing lease enterprise's risk assets shall not exceed ten times of its total net assets. Risk assets generally refer to the adjusted total assets of a financing lease enterprise excluding cash, bank deposits, sovereign bonds and entrusted leasing assets. In May 2020, the CBIRC issued the Interim Measures for the Supervision and Administration of Financial Leasing Companies which came into effect on May 26, 2020, or the Interim Measures for Financial Leasing. The Interim Measures for Financial Leasing defines "financial leasing business" as the transaction activity in which a lessor provides a lessee with, upon the lessee's selection of seller and leased property, the leased property purchased from the seller for use, and the lessee pays corresponding rents. To further standardize business operation, the Interim Measures for Financial Leasing prohibits financial leasing company from (i) illegally raising funds, and absorbing deposits directly or in a disguised way; (ii) granting loans directly or under entrustment; (iii) borrowing funds from or lending funds to any other financial leasing company; and (iv) financing or transferring assets through any online loan information intermediary or private investment fund. As for the leased property, based on the Interim Measures for Financial Leasing, the leased property suitable for financial leasing transactions shall be fixed assets, unless otherwise prescribed, and shall be with clear ownership, authentic existence and availability for yielding returns as carriers. In addition, the CBIRC set forth various explicit regulatory indicators for financial leasing operators. For instance, the proportion of a financial leasing company's assets under financial leasing and other leasing shall not be less than 60% of its total assets; the fixed-income securities investment business carried out by a financial leasing company shall not exceed 20% of its net assets. In December 2020, the Supreme People's Court issued the Interpretation Concerning Laws Applicable to Trials of Disputes over Financial Leasing Contracts, which provides more specific rules regarding the determination, dissolution, liability for breach and other aspects of financial contracts.

On January 21, 2022, the CBIRC issued the Off-site Regulation Procedures for Financing Leasing Companies, or the Off-site Regulation Procedures. The Off-site Regulation Procedures stipulate the guidelines for the competent regulatory authorities to continuously analyze and evaluate the risk of financial leasing companies, by way of collecting report data and other internal and external data of the financial companies, cross-validating and analyzing the collected data and by carrying out corresponding measures. Pursuant to the Off-site Regulation Procedures, financial leasing companies shall establish and implement an off-site supervision information report system and submit related data and non-data information in accordance with the requirements of the competent regulatory authorities. The Off-site Regulation Procedures require financial leasing companies to establish and implement significant matters report system, and shall report to local authority within five days on significant related transactions, significant pending litigations and arbitrations and other significant matters required to report by the authority. The Off-site Regulation Procedures note that change of external business environment, corporate governance, internal control, risk management capabilities, asset quality and liquidity indicators shall be the key areas for off-site supervision.

Yichuang Financial Leasing, which is a subsidiary of the consolidated variable interest entities, is approved to conduct financial leasing business. In order to optimize product mix and revenue structure, we ceased pursuing growth on our financial leasing business in February 2022, and are only maintaining existing business.

***Regulations on Securities and Funds Information Technology Service Providers***

The Administrative Measures for Information Technologies of Securities Fund Operators, published by the CSRC in December 2018 and amended in January 2021, provide that agencies providing information technology services for securities and funds business activities shall file record with the CSRC. If an information technology service provider fails to file record with the CSRC, the CSRC and its local offices may require it to submit a written explanation and take certain administrative regulatory measures such as an order to make corrections, regulatory conversations and warning letters, and may, in serious cases, take one or both of the measures including a warning and a fine of up to RMB30,000 against the information technology service provider as well as any managers or other employees found directly liable for the violation.

The Provisions on the Implementation of the Measures for the Supervision and Administration of Publicly-offered Securities Investment Fund Distributors, or the Implementation Measures, issued by the CSRC on August 28, 2020 and effective on October 1, 2020, provide that where a fund manager or a fund distributor rents cyberspace premises (such as websites or applications) of a third-party network platform to deploy relevant webpages and feature modules and provide fund distribution services for investors, such third party shall, as a fund service agency engaging in information technology system services, file a record with the CSRC. The Implementation Measures also make it clear that the third party shall only provide information technology services (including cyberspace premises for fund managers and fund distributors), and may neither engage in any part of fund distribution process, nor collect, transmit or retain any fund trading information of investors.

***Regulations on Artificial Intelligence***

On May 8, 2015, the State Council issued a notice promulgating the Made in China 2025 Plan, which came into effect on the same day. The Made in China 2025 Plan emphasizes the acceleration of the promotion of the integrated development of new generation information technology and manufacturing technology, and regards intelligent manufacturing as the main direction of the comprehensive integration of informatization and industrialization. Meanwhile, it is underlined that efforts should be made to develop intelligent equipment and intelligent products, promote intelligent production processes, cultivate new production methods, and comprehensively enhance the intelligent level of research and development, production, management and service of enterprises.

On July 8, 2017, the State Council issued the Development Plan of a New Generation of Artificial Intelligence. The plan outlines three strategic steps in developing a new generation of artificial intelligence technology, and set goals to have China's artificial intelligence technology reach a leading level in the world and become one of the major artificial intelligence innovation centers globally.

On August 1, 2019, the Ministry of Science and Technology issued Guidelines for the Construction of the National New Generation of AI Open Innovation Platform, emphasizing that "open and sharing" should be the important philosophy in promoting artificial intelligence innovation and industry development in China, and encouraged to open innovation platforms for companies to conduct testing, thereby forming standard and modularized models, middleware and applications to provide services to the public in the form of open interfaces, model libraries, algorithm packages, etc.

The Guidelines for the Construction of the New Generation of National Artificial Intelligence Innovation and Development Pilot Zone, which were promulgated by the Ministry of Science and Technology on August 29, 2019 and last amended on September 29, 2020 and came into effect on the same day, underlines the need to create an environment conducive to the innovation and development of artificial intelligence, to promote the construction of artificial intelligence infrastructure and strengthen the conditional support for the innovation and development of artificial intelligence.

The Interim Measures for the Management of Generative Artificial Intelligence Services, which were promulgated by the CAC together with other government authorities on July 10, 2023 and came into effect on August 15, 2023, specify the compliance requirements for generative artificial intelligence service providers. Individuals or organizations that provide generative artificial intelligence services, such as texts, images, audio, video, and other content shall bear the responsibility of network information content producers to fulfill obligations related to network information security and shall bear the responsibility of personal information processors to protect personal information. Generative artificial intelligence service provider with public opinion attributes or social mobilizing ability shall carry out security assessments in accordance with the regulations of the PRC and shall perform the procedures for algorithm filing, alteration and deregistration in accordance with the Administrative Provisions on Internet Information Service Algorithm-Based Recommendation.

On February 28, 2024, the National Information Security Standardization Technical Committee issued the Basic Requirements for the Security of Generative Artificial Intelligence Services, or the Basic Requirements. The Basic Requirements aim to clarify the basic security requirements for generative artificial intelligence services, including the security of training data, model security, security measures, etc., and provide the requirements for security assessment. The Basic Requirements also put forward the basic security requirements that generative artificial service providers need to follow. When generative artificial service providers go through the filing formalities in accordance with relevant requirements, they should conduct a security assessment according to the requirements of the Basic Requirements and submit the assessment report.

On September 14, 2024, the CAC issued the Labeling Artificial Intelligence Generated Synthetic Contents (Draft for Comment), which if becoming effective will further specify the marking obligation of the generative artificial intelligence providers, the types of marking, the scenarios and methods for marking deployment etc.

***Regulations on Value-Added Telecommunication Services***

The Telecommunications Regulations promulgated by the State Council and its related implementation rules, including the Catalog of Classification of Telecommunications Business issued by the MIIT, categorize various types of telecommunications and telecommunications-related activities into basic or value-added telecommunications services, while internet information services, or ICP services, and data processing and transaction processing services, or EDI services, are classified as value-added telecommunications businesses. In 2009, the MIIT promulgated the Administrative Measures on Telecommunications Business Operating Licenses, amended in July 2017, which set forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. Under these regulations, a commercial operator of value-added telecommunications services must first obtain a license for value-added telecommunications business, or VATS License, from the MIIT or its provincial level counterparts, which must identify the specific type of value-added telecommunications services it provides. An internet information service provider must obtain a VATS License for internet information services, and a data processing and transaction processing service provider must obtain a VATS License for data processing and transaction processing services, or EDI License.

In September 2000, the State Council also issued the Administrative Measures on Internet Information Services, which was amended in January 2011 and December 2024. Pursuant to these measures, “internet information services” refer to provision of internet information to online users, and are divided into “commercial internet information services” and “non-commercial internet information services.” A commercial internet information services operator must obtain an ICP License, from the relevant government authorities before engaging in any commercial internet information services operations in China. The ICP License has a term of five years and can be renewed within 90 days before expiration.

In addition to the Telecommunications Regulations and other regulations above, mobile internet applications are specially regulated by the Regulations for the Administration of Mobile Internet Applications Information Services, or the APP Provisions, which were promulgated by the CAC in June 2016 and became effective in August 2016. Pursuant to the APP Provisions, the APP information service providers shall satisfy relevant qualifications required by laws and regulations, strictly carry out the information security management responsibilities and fulfill their obligations in various aspects relating to the real-name system, protection of users' information and the examination and management of information content. On June 14, 2022, the CAC published the revised Administrative Provisions on Mobile Internet Applications Information Services, or the Revised APP Provisions, which took effect on August 1, 2022. The Revised APP Provisions, among others, purport to prohibit application providers from false propaganda, bundled downloads, improperly inducing users to download application, as well as ranking and comment manipulations.

On July 21, 2023, the MIIT promulgated the Circular of the Ministry of Industry and Information Technology on Launching the Record-filing of Mobile Internet Applications, or the Mobile Application Filing Circular, which took effect on the same day. The Mobile Application Filing Circular requires that the mobile application sponsors who engage in the internet-based information services within the territory of the PRC shall carry out record-filing procedures in accordance with the Anti-Telecom and Online Fraud Law of the PRC, Administrative Measures for Internet-based Information Services and other provisions, and shall not engage in the mobile application internet-based information services if they fail to comply with the record-filing requirements.

Yiyouxuan and Kechuang Xinlian, the variable interest entities operating our mobile applications Yiren Select and Yixianghua, respectively, may be deemed to be providing commercial internet information services and data processing and transaction processing services, which would require Yiyouxuan and Kechuang Xinlian to obtain an ICP License and an EDI License. Both of Yiyouxuan and Kechuang Xinlian have obtained an ICP License and an EDI License. Yiren Information currently owns the relevant domain name in connection with Yiren Select and is the registrant of ICP and mobile application filings for Yiren Select. Yiren Information does not hold ICP license. We are under the process to change the owner and the registrant of ICP and mobile application filings for Yiren Select from Yiren Information to Yiyouxuan.

***Regulations Relating to E-Commerce***

Certain laws and regulations are promulgated in recent years to specifically regulate the e-commerce industry in PRC. In January 2014, the State Administration for Industry and Commerce of the PRC, or SAIC, adopted the Online Transactions Measures, which impose certain stringent requirements and obligations on online trading or service operators as well as the marketplace platform providers. On April 23, 2019, the Standing Committee of the National People's Congress implemented a newly amended Anti-unfair Competition Law of the PRC. It further emphasized that a business operator shall not engage in any false or misleading publicity for its products, or fictitious transactions to defraud or mislead consumers.

In August 2018, the Standing Committee of the National People's Congress promulgated the PRC E-Commerce Law, or the E-Commerce Law, which became effective in January 2019. The E-Commerce Law proposes a series of requirements on e-commerce operators, including individuals and entities carrying out business online, e-commerce platform operators and merchants within the platform.

The E-Commerce Law also sets forth certain requirements and/or obligations particularly applicable to the e-commerce platform operators.

On October 23, 2020, the Interim Measures for Seven-day Unconditional Return of Online Purchased Goods (2020 version) was issued by the SAMR and took in effect on the same day, which emphasizes that online goods sellers shall lawfully perform their duties of ensuring the consumers to exercise the rights of "Seven-day Unconditional Return of Purchased Goods" and the provider of an online trading platform shall guide and urge the online goods sellers who use the platform to perform such duties, as well as conduct supervisions and inspections and provide technical support.

On March 15, 2021, the Administrative Regulations on Internet Transactions were released by the SAMR and took into effective on May 1, 2021, which are the supplementary rules to the E-Commerce Law and repealed the Online Transactions Measures. Pursuant to the Administrative Regulations on Internet Transactions, any online business operator who conducts online sales or provides service through online social networking platforms or online live-broadcasting platforms, should comply with both the E-Commerce Law and the Administrative Regulations on Internet Transactions. Our company and the VIEs are subject to these measures as a result of our online direct sales and online marketplace.

In December 2024, the SAMR published the Interim Measures for Network Transaction Enforcement Assistance, which took effect on January 20, 2025, which mandate that platform operators provide necessary information to assist in investigations.

***Regulations Relating to Internet Advertising***

The main regulations governing internet advertising include the Advertising Law of the PRC, which was amended on April 29, 2021, and the Measures on Internet Advertisement, or the Internet Advertisement Measures, which were issued by the SAMR on February 25, 2023 and took effect on May 1, 2023. Pursuant to the Advertising Law, the contents of advertisements shall be authentic and legal, expressed in healthy form, and shall not contain any information that is false or confusing. Violation of these provisions may result in penalties, including fines, orders to cease dissemination of the advertisements and orders to eliminate impact within the corresponding scope. The Internet Advertisement Measures regulate any advertisement published on the Internet, including but not limited to, through websites, webpage and APPs, in the form of word, picture, audio and video and provide more detailed guidelines to the advertisers, advertising operators and advertising distributors. In addition, the Internet Advertisement Measures explicitly require that the Advertising Law and the relevant provisions of the Internet Advertisement Measures apply to the internet information service providers. Aiming to provide more user protection and responsibilities on advertisers, advertising operators, advertising distributors and internet platforms in China, the Internet Advertisement Measures cover various forms of online advertisements, including pop-up advertisements, open-screen advertisements, livestreaming advertisement, "soft text advertisements", internet advertisements containing links, auction ranked advertisements, algorithm-recommended advertisements, internet live broadcast advertisements, and covert advertisements. Internet platform operators are required to take measures to prevent and stop illegal advertisements, including recording and storing the real identity information of users who publish advertisements for at least three (3) years, monitoring and investigating the content of advertisements, and employing measures to stop illegal advertisements. Such platform operators must also establish effective complaint and reporting mechanisms, cooperate with market regulatory authorities in investigating illegal conduct, and use measures such as warnings, suspending or terminating services for users who publish illegal advertisements.

The SAMR published the Guidelines for Regulatory Enforcement concerning the Identifiability of Internet Advertising on August 22, 2024, or the Guidelines, which provide guidance on enhancing the identifiability of Internet advertisement. For example, the Guidelines provide that it is non-compliant to publish any bidding-ranking products and services, "soft text advertisement" in forms of knowledge introduction, experience sharing, or user evaluation along with shopping links, advertisements in information streams, without conspicuously marked as "advertisement". Internet advertisement publishers are encouraged to disclose the advertiser while prominently indicating advertisement. On December 31, 2021, seven ministries and commissions including the PBOC issued the Measures for Administration of Online Marketing of Financial Products (Draft for Comments), which if becoming effective will regulate online marketing of financial products by financial institutions or internet platform operators engaged by such financial institutions. Pursuant to this draft, financial institutions shall not engage other entities or individuals to carry out internet marketing of financial products unless otherwise provided or authorized by laws and regulations.

***Regulations on Internet Information Security***

Internet information in China is also regulated and restricted from a national security standpoint. The National People's Congress, China's national legislative body, has enacted the Decisions on Maintaining Internet Security, which may subject violators to criminal punishment in China for any effort to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights. In November 2016, the Standing Committee of National People's Congress promulgated the PRC Cyber Security Law taken into effect in June 2017, or the PRC Cyber Security Law, which established a regulatory system with respect to the construction, operation, maintenance and use of internet and set forth provisions on the supervision and administration of cyber security within the territory of the PRC. Pursuant to the PRC Cyber Security Law, the national internet information department shall take charge of the arrangement, coordination, supervision and administration in connection with cyber-security issues, and the telecommunications administrative departments, public security departments as well as other relevant departments shall be responsible for the security protection, supervision and administration within the scope of their respective duties. The Ministry of Public Security has promulgated measures that prohibit use of the internet in ways which, among other things, result in a leakage of state secrets or a spread of socially destabilizing content. If an internet information service provider violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating license and shut down its websites.

In addition, the Guiding Opinions on Promoting the Healthy Development of Internet Finance jointly released by ten PRC regulatory agencies in July 2015 purport, among other things, to require internet finance service providers, to improve technology security standards, and safeguard customer and transaction information.

The National People's Congress has enacted legislation that prohibits use of the internet that breaches the public security, disseminates socially destabilizing content or leaks state secrets. Breach of public security includes breach of national security and infringement on legal rights and interests of the state, society or citizens. Socially destabilizing content includes any content that incites defiance or violations of PRC laws or regulations or subversion of the PRC government or its political system, spreads socially disruptive rumors or involves cult activities, superstition, obscenities, pornography, gambling or violence. State secrets are defined broadly to include information concerning PRC national defense, state affairs and other matters as determined by the PRC authorities.

Pursuant to applicable regulations, ICP operators must complete mandatory security filing procedures and regularly update information security and monitoring systems for their websites with local public security authorities, and must also report any public dissemination of prohibited content.

In December 2015, the Standing Committee of the National People's Congress promulgated the Anti-Terrorism Law of the PRC, or the Anti-Terrorism Law, which took effect on January 1, 2016 and was amended on April 27, 2018. According to the Anti-Terrorism Law, telecommunication service operators or internet service providers shall (i) carry out pertinent anti-terrorism publicity and education to society; (ii) provide technical interfaces, decryption and other technical support and assistance for the competent departments to prevent and investigate terrorist activities; (iii) implement network security and information monitoring systems as well as safety and technical prevention measures to avoid the dissemination of terrorism information, delete the terrorism information, immediately halt its dissemination, keep relevant records and report to the competent departments once the terrorism information is discovered; and (iv) examine customer identities before providing services. Any violation of the Anti-Terrorism Law may result in severe penalties, including substantial fines.

In November 2016, the Standing Committee of the National People's Congress promulgated the Cyber Security Law of the PRC, or the PRC Cyber Security Law, which took effect on June 1, 2017. In accordance with the PRC Cyber Security Law, network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard network security in conducting business and providing services. Network service providers must take technical and other necessary measures as required by laws, regulations and mandatory requirements to safeguard the operation of networks, respond to network security effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

For the further purposes of regulating data processing activities, safeguarding data security, promoting data development and utilization, protecting the lawful rights and interests of individuals and organizations, and maintaining national sovereignty, security, and development interests, on June 10, 2021, Standing Committee of the PRC National People's Congress published the Data Security Law of the People's Republic of China, or the Data Security Law, which took effect on September 1, 2021. The Data Security Law requires data processing, which includes the collection, storage, use, processing, transmission, provision, publication of data, to be conducted in a legitimate and proper manner. The Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it may cause to national security, public interests, or legitimate rights and interests of individuals or organizations if such data are tampered with, destroyed, leaked, illegally acquired or illegally used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data is required to designate the personnel and the management body responsible for data security, carry out risk assessments of its data processing activities and file the risk assessment reports with the competent authorities. State core data, i.e. data having a bearing on national security, the lifelines of national economy, people's key livelihood and major public interests, shall be subject to stricter management system. Moreover, the Data Security Law provides a national security review procedure for those data activities which affect or may affect national security and imposes export restrictions on certain data and information. In addition, the Data Security Law also provides that any organization or individual within the territory of the PRC shall not provide any foreign judicial body and law enforcement body with any data without the approval of the competent PRC governmental authorities.

On July 6, 2021, certain PRC regulatory authorities issued Opinions on Strictly Cracking Down on Illegal Securities Activities, which, among others, provides for improving relevant laws and regulations on data security, cross-border data transmission, and confidential information management. It provided that efforts will be made to revise the regulations on strengthening the confidentiality and file management relating to the offering and listing of securities overseas, to implement the responsibility on information security of overseas listed companies, and to strengthen the standardized management of cross-border information provision mechanisms and procedures.

On December 28, 2021, the Cyberspace Administration of China issued the revised Measures for Cybersecurity Review, or the Measures, which took effect in February 2022, and replaced the previous Measures for Cybersecurity Review. The scope of review under the Measures extends to critical information infrastructure operators that intend to purchase internet products and services and online platform operator engaging in data processing activities, which affect or may affect national security. According to Article 7 of the Measures, online platform operators who possess personal information of over a million users shall apply to the Cybersecurity Review Office for cybersecurity reviews before listing in a foreign country. Besides, the Measures also provides that if the relevant authorities consider that certain network products and services and data processing activities affect or may affect national security, the authorities may initiate a cybersecurity review even if the operators do not have an obligation to report for a cybersecurity review under such circumstances. The Measures also elaborated the factors to be considered when assessing the national security risks of the relevant activities, including among others, risks of core data, important data or a large amount of personal information being stolen, leaked, destroyed, and illegally used or exited the country and risks of critical information infrastructure, core data, important data or a large amount of personal information data being affected, controlled and maliciously used by foreign governments after a foreign listing. Given the recency of the issuance of the Measures, there is a general lack of guidance and substantial uncertainties exist with respect to their interpretation and implementation. For example, it is unclear whether the requirement of cybersecurity review applies to follow-on offerings by an "online platform operator" that is in possession of personal data of more than one million users where the offshore holding company of such operator is already listed overseas.

On July 30, 2021, the State Council issued the Regulations on Protection of Critical Information Infrastructure, or the Regulations. Pursuant to the Regulations, critical information infrastructure shall mean the important network facilities or information systems of key industries or fields such as public communication and information service, energy, transportation, water conservation, finance, public services, e-government affairs and national defense science, and important network facilities or information systems which may endanger national security, people's livelihood and public interest once there occur damage, malfunctioning or data leakage to them. The Regulations provide that no individual or organization may carry out any illegal activity of intruding into, interfering with, or sabotaging any critical information infrastructures, or endanger the security of any critical information infrastructures. The Regulations also require that critical information infrastructure operators shall establish a cybersecurity protection system and accountability system, and that the main responsible person of a critical information infrastructure operator shall take full responsibility for the security protection of the critical information infrastructures operated by it. In addition, relevant administration departments of each important industry and sector shall be responsible for formulating the rule of critical information infrastructure determination applicable to their respective industry or sector, and determine the critical information infrastructure operators in their industry or sector.

On July 12, 2021, the MIIT and two other authorities jointly issued the Provisions on the Administration of Security Vulnerabilities of Network Products, or the Provisions. The Provisions state that, no organization or individual may abuse the security vulnerabilities of network products to engage in activities that endanger network security, or to illegally collect, sell, or publish the information on such security vulnerabilities. Anyone who is aware of the aforesaid offences shall not provide technical support, advertising, payment settlement and other assistance to the relevant offenders. According to the Provisions, network product providers, network operators, and platforms collecting network product security vulnerabilities shall establish and improve channels for receiving network product security vulnerability information and keep such channels available, and retain network product security vulnerability information reception logs for at least six months. The Provisions also bans provision of undisclosed vulnerabilities to overseas organizations or individuals other than to the product providers.

On December 31, 2021, the CAC, MIIT, MPS and SAMR promulgated the Administrative Provisions on Algorithms Recommendation in Internet-based Information Services, or the Algorithms Recommendation Administrative Provisions, which took effect on March 1, 2022. Pursuant to the Algorithms Recommendation Administrative Provisions, internet-based information service providers who apply algorithm-based recommendation technologies in such service within the territory of the PRC shall comply with relevant requirements regarding information services and user rights and interests protection. Algorithm-based recommendation service providers with public opinion attributes or social mobilization capabilities shall fill in certain information through the internet-based information service algorithm record-filing system, perform the record-filing procedures and conduct security assessment in accordance with relevant provisions.

On July 7, 2022, the CAC issued the Measures for Security Assessment of Cross-border Data Transfer, or the Measures, which took effect on September 1, 2022. According to the Measures, in addition to the self-risk assessment requirement for provision of any data outside China, a data processor shall apply to the competent cyberspace department for data security assessment and clearance of outbound data transfer in any of the following events: (i) outbound transfer of important data by a data processor; (ii) outbound transfer of personal information by an operator of critical information infrastructure or a data processor which has processed more than one million users' personal data; (iii) outbound transfer of personal information by a data processor which has made outbound transfers of more than one hundred thousand users' personal information or more than ten thousand users' sensitive personal information cumulatively since January 1 of the previous year; (iv) such other circumstances where ex-ante security assessment and evaluation of cross-border data transfer is required by the CAC. In a Q&A released on the official website of the CAC, the respondent CAC official illustrated that outbound data transfer referred to in the Measures mainly includes the following data activities: (i) data collected and generated during domestic operation is transmitted or stored overseas by data processors, and (ii) data collected and generated by data processors and stored domestically can be accessed to or used by oversea institutions, organizations or individuals.

On March 22, 2024, the CAC issued Regulations on Promoting and Regulating Cross-Border Data Flows, or the Cross-border Data Flows Regulations, outlining the mechanisms for data outbound transmission. The Cross-border Data Flows Regulations further specify the threshold for conducting security assessments and filing standard contracts for outbound data transfer. Under the Cross-border Data Flows Regulations, if any data is not announced or published by relevant department or locality as important data, data processors are not required to apply for the security assessment for such data. The Cross-border Data Flows Regulations provide certain exemptions for declaration for the security assessment of outbound data transfer, conclusion of a standard contract for outbound cross-border transfer of personal information, and the personal information protection certification. For example, where a data processor other than critical information infrastructure operator transfers overseas the personal information of less than 100,000 individuals on a cumulative basis (excluding sensitive personal information) starting from January 1 of the said year, the declaration for the security assessment, the conclusion of the standard contract, and the personal information protection certification. On the other hand, security assessment will be required for critical information infrastructure operator providing personal information or important data overseas, or data processor other than critical information infrastructure operator transferring overseas the personal information of more than one million individuals (excluding sensitive personal information) or the sensitive personal information of more than 10,000 individuals on a cumulative basis starting from January 1 of the said year. On August 20, 2021, the Standing Committee of the National People's Congress of China promulgated the Personal Information Protection Law, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect on November 1, 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose and should be conducted in a method that has the minimum impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope as necessary to achieve the processing purpose and avoid the excessive collection of personal information. Personal information processors shall adopt necessary measures to safeguard the security of the personal information they handle. The offending entities could be ordered to correct, or to suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties.

On September 24, 2024, the State Council issued the Administrative Regulation on Network Data Security, which became effective on January 1, 2025. According to the Administrative Regulation on Network Data Security, cyber data processors engaging in data processing activities that affect or may affect national security shall, in accordance with relevant state provisions, apply for cybersecurity review with the Office of Cybersecurity Review.

In addition, the State Secrecy Bureau has issued provisions authorizing the blocking of access to any website it deems to be leaking state secrets or failing to comply with the relevant legislation regarding the protection of state secrets during online information distribution. Specifically, internet companies in the PRC with bulletin boards, chat rooms or similar services must apply for specific approval prior to operating such services.

Furthermore, the Provisions on Technological Measures for Internet Security Protection, promulgated by the Ministry of Public Security and became effective in March 2006, require all ICP operators to keep records of certain information about its users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days and submit the above information as required by laws and regulations. The Decision on Strengthening Network Information Protection, or the Network Information Protection Decision, which was promulgated by the PRC National People's Congress in December 2012, states that ICP operators must request identity information from users when ICP operators provide information publication services to the users. If ICP operators come across prohibited information, they must immediately cease the transmission of such information, delete the information, keep relevant records, and report to relevant government authorities.

On October 21, 2019, the Supreme People's Court and the Supreme People's Procuratorate of the PRC jointly issued the Interpretations on Certain Issues Regarding the Applicable of Law in the Handling of Criminal Case Involving Illegal Use of Information Networks and Assisting Committing Internet Crimes, which came into effect on November 1, 2019, and further clarifies the meaning of Internet service provider and the severe situations of the relevant crimes.

On March 18, 2023, the CAC released the Provisions on the Administrative Law Enforcement Procedures for the Cyberspace Administration Authorities, which came into effect on June 1, 2023. These provisions clarify the procedures of cyberspace administrative law enforcement actions of the cyberspace administration authorities, as well as the procedures and requirements for administrative penalty.

***Regulations on Privacy Protection***

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of these rights. In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. The Network Information Protection Decision provides that electronic information that identifies a citizen or involves privacy of any citizen is protected by law and must not be unlawfully collected or provided to others. ICP operators collecting or using personal electronic information of citizens must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. ICP operators are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. ICP operators are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss. The Administrative Measures on Internet Information Services prohibit an ICP operator from insulting or slandering a third party or infringing upon the lawful rights and interests of a third party. According to the Provisions on Protection of Personal Information of Telecommunication and Internet Users, which was promulgated by MIIT and became effective in September 2013, telecommunication business operators and ICP operators are responsible for the security of the personal information of users they collect or use in the course of their provision of services. Without obtaining the consent from the users, telecommunication business operators and ICP operators may not collect or use the users' personal information. The personal information collected or used in the course of provision of services by the telecommunication business operators or ICP operators must be kept in strict confidence, and may not be divulged, tampered with or damaged, and may not be sold or illegally provided to others. The ICP operators are required to take certain measures to prevent any divulgence of, damage to, tampering with or loss of users' personal information. In accordance with the PRC Cyber Security Law, network operators are required to collect and use personal information in compliance with the principles of legitimacy, properness and necessity, and strictly within the scope of authorization by the subject of personal information unless otherwise prescribed by laws or regulations. In the event of any unauthorized disclosure, damage or loss of collected personal information, network operators must take immediate remedial measures, notify the affected users and report the incidents to the relevant authorities in a timely manner. If any user knows that a network operator illegally collects and uses his or her personal information in violation of laws, regulations or any agreement with the user, or the collected and stored personal information is inaccurate or wrong, the user has the right to request the network operator to delete or correct the relevant collected personal information.

The relevant telecommunications authorities are further authorized to order ICP operators to rectify unauthorized disclosure. ICP operators are subject to legal liability, including warnings, fines, confiscation of illegal gains, revocation of licenses or filings, closing of the relevant websites, administrative punishment, criminal liabilities, or civil liabilities, if they violate relevant provisions on internet privacy. Pursuant to the Ninth Amendment to the Criminal Law issued by the Standing Committee of the National People's Congress in August 2015 and becoming effective in November 2015, the standards of crime of infringing citizens' personal information were amended accordingly and the criminal culpability of unlawful collection, transaction, and provision of personal information has been reinforced. In addition, any ICP provider that fails to fulfill the obligations related to internet information security administration as required by applicable laws and refuses to rectify upon orders, will be subject to criminal liability for (i) any dissemination of illegal information in large scale; (ii) any severe effect due to the leakage of the client's information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (x) sells or provides personal information to others unlawfully, or (y) steals or illegally obtains any personal information, will be subject to criminal liability in severe situations. In addition, the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate of the PRC on Several Issues Concerning the Application of Law in Handling Criminal Cases of Infringing Personal Information, effective in June 2017, have clarified certain standards for the conviction and sentencing in relation to personal information infringement. The PRC government has the power and authority to order ICP operators to turn over personal information if an internet user posts any prohibited content or engages in illegal activities on the internet. The Civil Code further provides in a stand-alone chapter of right of personality and reiterate that the personal information of a natural person shall be protected by the law. Any organization or individual shall legitimately obtain such personal information of others in due course on a need-to-know basis and ensure the safety and privacy of such information, and refrain from excessively handling or using such information.

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

On August 22, 2019, the CAC promulgated the Children Information Protection Provisions, which took effect on October 1, 2019, requiring that before collecting, using, transferring or disclosing the personal information of a child, the Internet service operator should inform the child's guardians in a noticeable and clear manner and obtain their consents. Meanwhile, internet service operators should take measures like encryption when storing children's personal information. On March 12, 2021, the CAC and three other authorities jointly issued the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications. The Rules specifies the scope of necessary personal information to be collected each for a variety of common mobile internet applications, such as maps and navigation apps, online ride-hailing apps, instant messaging apps, online community apps. Operators of such apps shall not refuse to provide basic services to users on the ground of users' refusal to provide their personal non-essential information. On April 26, 2021, the MIIT issued the Interim Administrative Provisions on Personal Information Protection in Internet Mobile Applications (Draft for Comment). The draft of the Interim Administrative Provisions on Personal Information Protection in Internet Mobile Applications sets forth two principles of collection and utilization of personal information, namely "explicit consent" and "minimum necessity."

On August 20, 2021, the Standing Committee of the National People's Congress adopted the Personal Information Protection Law which took effect on November 1, 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transfer, and security. Entities handling personal information shall bear responsibilities for their personal information handling activities, and adopt necessary measures to safeguard the security of the personal information they handle. The entities failing to comply could be ordered to correct, or suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties. On December 31, 2021, the MIIT, the CAC, the SAMR and the PBOC issued the Provisions on the Administration of Algorithm-generated Recommendations for Internet Information Services which took effect on March 1, 2022, stipulating rules for algorithm-generated recommendations for Internet information services. Also, on June 27, 2022, the CAC issued the Administrative Provisions for Internet User Account Information, which took effect on August 1, 2022, specifying rules of users accounts information for internet-based information service provider as well as its users.

***Regulations on Intellectual Property Rights***

The PRC has adopted comprehensive legislation governing intellectual property rights, including trademarks. The PRC Trademark Law and its implementation rules protect registered trademarks. The PRC Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. The Trademark Office of the National Intellectual Property Administration is responsible for the registration and administration of trademarks throughout the PRC, and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the initial or extended term. Trademark license agreements must be filed with the Trademark Office for record. As of the date of this annual report, we had 460 registered trademarks with the Trademark Office of the National Intellectual Property Administration.

***Regulations Relating to Dividend Withholding Tax***

Pursuant to the Enterprise Income Tax Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to enjoy the reduced withholding tax: (i) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) it must have directly owned such percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. In August 2015, the State Administration of Taxation promulgated the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Tax Treaties, or Circular 60, which became effective on November 1, 2015. Circular 60 provides that non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax rate. Instead, non-resident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. On October 14, 2019, the State Administration of Taxation promulgated a new Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Benefits, or Circular 35, which became effective on January 1, 2020 and replaced and repealed Circular 60. However, Circular 35 sets forth similar rules that non-resident enterprises and their withholding agents shall enjoy treaty benefit by means of "self-judgment of eligibility, declaration of entitlement, and retention of relevant materials for future reference." Accordingly, YouRace HK, our Hong Kong subsidiary, may be able to enjoy the 5% withholding tax rate for the dividends they receive from YouRace Hengchuang and Hengyuda, our PRC subsidiaries, if they satisfy the conditions prescribed under Circular 81 and other relevant tax rules and regulations. However, according to Circular 81 and Circular 35, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future. According to the Circular on Several Issues regarding the "Beneficial Owner" in Tax Treaties, which was issued on February 3, 2018 by the SAT and has taken effect from April 1, 2018, or Circular 9, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in a third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties levies any tax or grants tax exemption on relevant incomes or levies tax at an extremely low rate, will be taken into account, and such determination will be analyzed according to the actual circumstances of the specific cases. Circular 9 further provides that applicants who intend to prove his or her status of the "beneficial owner" shall submit the relevant documents to the relevant tax authority according to Circular 35. However, if a competent tax authority finds out that it is necessary to apply the general anti-tax avoidance rules, it may start general investigation procedures for anti-tax avoidance and adopt corresponding measures for subsequent administration.

***Regulations on Overseas Offering and Listing***

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On December 27, 2021, the NDRC and the MOC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Version), or the 2021 Negative List, which became effective on January 1, 2022. Pursuant to such Special Administrative Measures, if a domestic company engaging in the prohibited business stipulated in the 2021 Negative List seeks an overseas offering and listing, it shall obtain the approval from the competent governmental authorities. Besides, the foreign investors of the company shall not be involved in the company's operation and management, and their shareholding percentage shall be subject, mutatis mutandis, to the relevant regulations on the domestic securities investments by foreign investors.

On February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Regulations, and five supporting guidelines, which became effective on March 31, 2023. Pursuant to the Overseas Listing Regulations, companies in China that directly or indirectly offer or list their securities in an overseas market, including a company in China limited by shares and an offshore company whose main business operations are in China and intends to offer shares or be listed in an overseas market based on its equities, assets or similar interests in China are required to file with the CSRC within three business days after submitting their listing application documents to the regulator in the place of intended listing. If the company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, it may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. The Overseas Listing Regulations also provide that a company in China must file with the CSRC within three business days for its follow on offering of securities after it is listed in an overseas market. On February 17, 2023, the CSRC also issued the Notice on Administration of the Filing of Overseas Offering and Listing by Domestic Companies and held a press conference for the release of the Overseas Listing Regulations, which, among others, clarified that the companies in China that have been listed overseas before March 31, 2023 are not required to file with the CSRC immediately, but these companies should complete filing with the CSRC for their refinancing activities in accordance with the Overseas Listing Regulations. Based on the foregoing, we are not required to complete filing with the CSRC for our prior offshore offerings at this stage, but we may be subject to the filing requirements for our refinancing activities under the Overseas Listing Regulations.

On February 24, 2023, the CSRC, Ministry of Finance of the PRC, National Administration of State Secrets Protection and National Archives Administration of China jointly published the Provisions on Strengthening Confidentiality and Archives Management of Overseas Securities Issuance and Listing by Domestic Enterprises, or the Confidentiality and Archives Management Provisions, which became effective on March 31, 2023. Pursuant to the Confidentiality and Archives Management Provisions, China-based companies that offer and list securities in overseas markets shall establish confidentiality and archives system. The "China-based companies" refer to companies in China limited by shares which are directly listed on a foreign stock exchange and the domestic operating entities of an offshore company being indirectly listed on a foreign stock exchange. These China-based companies shall obtain the approvals from relevant authorities and file with the competent confidential administration authorities when providing or publicly filing documents and materials related to state secrets or secrets of the government authorities to the relevant securities companies, securities service agencies or the offshore regulatory authorities, or providing or publicly filing such documents and materials through its offshore listing entity. In addition, the China-based companies shall complete corresponding procedures when (i) providing or publicly filing documents and materials which may adversely affect national security and public interests to the relevant securities companies, securities service agencies or the offshore regulatory authorities, (ii) providing or publicly filing such documents and materials through its offshore listing entity, or (iii) providing accounting files or copies to relevant securities companies, securities service institutions, overseas regulators and individuals. These China-based companies are also required to provide written statements as to whether they have completed the approval or filing procedures as above when providing documents and materials to securities companies and securities service providers, and the securities companies and securities service providers should properly retain such written statements for inspection. If a China-based company finds that the documents and materials related to state secrets or secrets of the government authorities or other materials, which may adversely affect national security and public interests, have been leaked or have leakage risks, it should take remedial measures immediately and report to the relevant authorities.

***Regulations Relating to Foreign Exchange***

*Regulations on Foreign Currency Exchange*

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as 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. By contrast, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

In November 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, most recently amended in December 2019, which substantially amends and simplifies the current foreign exchange procedure. Pursuant to this circular, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In addition, SAFE promulgated another circular in May 2013, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment, or SAFE Notice 13. After SAFE Notice 13 became effective on June 1, 2015, instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration.

On March 30, 2015, SAFE promulgated Circular 19, which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. On June 9, 2016, SAFE promulgated Circular 16 to further expand and strengthen such reform. Circular 16 was partly amended on December 4, 2023. Under Circular 19 and Circular 16, foreign-invested enterprises in the PRC are allowed to use their foreign exchange funds under capital accounts and RMB funds from exchange settlement for expenditure under current accounts within its business scope or expenditure under capital accounts permitted by laws and regulations, except that such funds shall not be used for (i) expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations; (ii) securities investment or other investment and wealth management (except for wealth management products and structured deposits with risk rating results of not higher than Grade II) unless otherwise specified ; (iii) granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) purchasing residential real estate not for self-use (except for enterprises engaging in real estate development and leasing operation).

*Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents*

SAFE issued SAFE Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, that became effective in July 2014, replacing the previous SAFE Circular 75. SAFE Circular 37 regulates foreign exchange matters in relation to the use of special purpose vehicles, or SPVs, by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. Under SAFE Circular 37, a SPV refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate onshore or offshore assets or interests, while "round trip investment" refers to direct investment in China by PRC residents or entities through SPVs, namely, establishing foreign-invested enterprises to obtain the ownership, control rights and management rights. SAFE Circular 37 provides that, before making contribution into an SPV, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch. SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment in February 2015, which took effect on June 1, 2015. This notice has amended SAFE Circular 37 requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

PRC residents or entities who had contributed legitimate onshore or offshore interests or assets to SPVs but had not obtained registration as required before the implementation of the SAFE Circular 37 must register their ownership interests or control in the SPVs with qualified banks. An amendment to the registration is required if there is a material change with respect to the SPV registered, such as any change of basic information (including change of the PRC residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, and mergers or divisions. Failure to comply with the registration procedures set forth in SAFE Circular 37 and the subsequent notice, or making misrepresentation on or failure to disclose controllers of the foreign-invested enterprise that is established through round-trip investment, may result in restrictions being imposed on the foreign exchange activities of the relevant foreign-invested enterprise, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject relevant PRC residents or entities to penalties under PRC foreign exchange administration regulations.

*Regulations on Stock Incentive Plans*

SAFE promulgated the Stock Option Rules in February 2012, replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of the participants. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or other material changes. The PRC agent must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents.

We have adopted three share incentive plans, under which we have the discretion to grant a broad range of equity-based awards to eligible participants. See "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans." We plan to advise the recipients of awards under our share incentive plans to handle foreign exchange matters in accordance with the Stock Option Rules. However, we cannot assure you that they can successfully register with SAFE in full compliance with the Stock Option Rules. Any failure to complete their registration pursuant to the Stock Option Rules and other foreign exchange requirements may subject these PRC individuals to fines and legal sanctions, and may also limit our ability to contribute additional capital to our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute dividends to us or otherwise materially adversely affect our business.

***Regulations on Dividend Distribution***

Under our current corporate structure, our Cayman Islands holding company may rely on dividend payments from YouRace Hengchuang, which is a wholly foreign-owned enterprise incorporated in China, to fund any cash and financing requirements we may have. The principal regulations governing distribution of dividends of foreign-invested enterprises include the Company Law of PRC and the Foreign Investment Law. Under the current laws and regulations, wholly foreign-owned enterprises in China may pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, wholly foreign-owned enterprises in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprises.

***Regulations Relating to Employment***

The PRC Labor Law and the Labor Contract Law require that employers must execute written employment contracts with full-time employees. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. All employers must compensate their employees with wages equal to at least the local minimum wage standards. Violations of the PRC Labor Law and the Labor Contract Law may result in the imposition of fines and other administrative sanctions, and serious violations may result in criminal liabilities.

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. Failure to make adequate contributions to various employee benefit plans may be subject to fines and other administrative sanctions.

Certain entities we acquired in March 2019 as part of our business realignment with CreditEase did not make adequate employee benefits payment in the past. The probability that we may be subject to late penalties or fines in relation to the underpaid employee benefits is remote. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties."

## C. Organizational Structure

Yiren Digital Ltd. is not an operating company but a Cayman Islands holding company with operations conducted by (i) its subsidiaries and (ii) the consolidated variable interest entities with which its subsidiaries have maintained contractual arrangements. PRC laws and regulations restrict and impose conditions on foreign investment in internet culture business and certain value-added telecommunication services such as internet content provision services. Accordingly, these businesses are operated by the variable interest entities in China. Neither Yiren Digital Ltd. nor its subsidiaries own any equity interest or direct foreign investment in the variable interest entities. Instead, Yiren Digital Ltd. relies on contractual arrangements among its PRC subsidiaries, the variable interest entities and their shareholders, which allow Yiren Digital Ltd. to (i) direct the activities of the variable interest entities that most significantly impact their economic performance; (ii) receive substantially all of the economic benefits of the variable interest entities; and (iii) have an exclusive option to purchase all or part of the equity interests in the variable interest entities when and to the extent permitted by PRC law. As a result of these VIE agreements, Yiren Digital Ltd. is considered the primary beneficiary of the variable interest entities for accounting purposes and is able to consolidate the financial results of the variable interest entities in the consolidated financial statements in accordance with U.S. GAAP. Investors in our ADSs are not holding equity interest in the consolidated variable interest entities in China but instead are holding equity interest in a holding company incorporated in the Cayman Islands.

A series of contractual agreements, including loan agreements, exclusive purchase option agreements, exclusive technology consulting and services agreements or exclusive business cooperation agreements, as applicable, equity pledge agreements, powers of attorney and business operation agreements, have been entered into by and among our subsidiaries, the consolidated variable interest entities and their respective shareholders. Terms contained in each set of contractual arrangements with the consolidated variable interest entities and their respective shareholders are substantially similar. As a result of the contractual agreements, we are considered the primary beneficiary of the variable interest entities and have consolidated the financial results of these variable interest entities in our consolidated financial statements in accordance with U.S. GAAP.

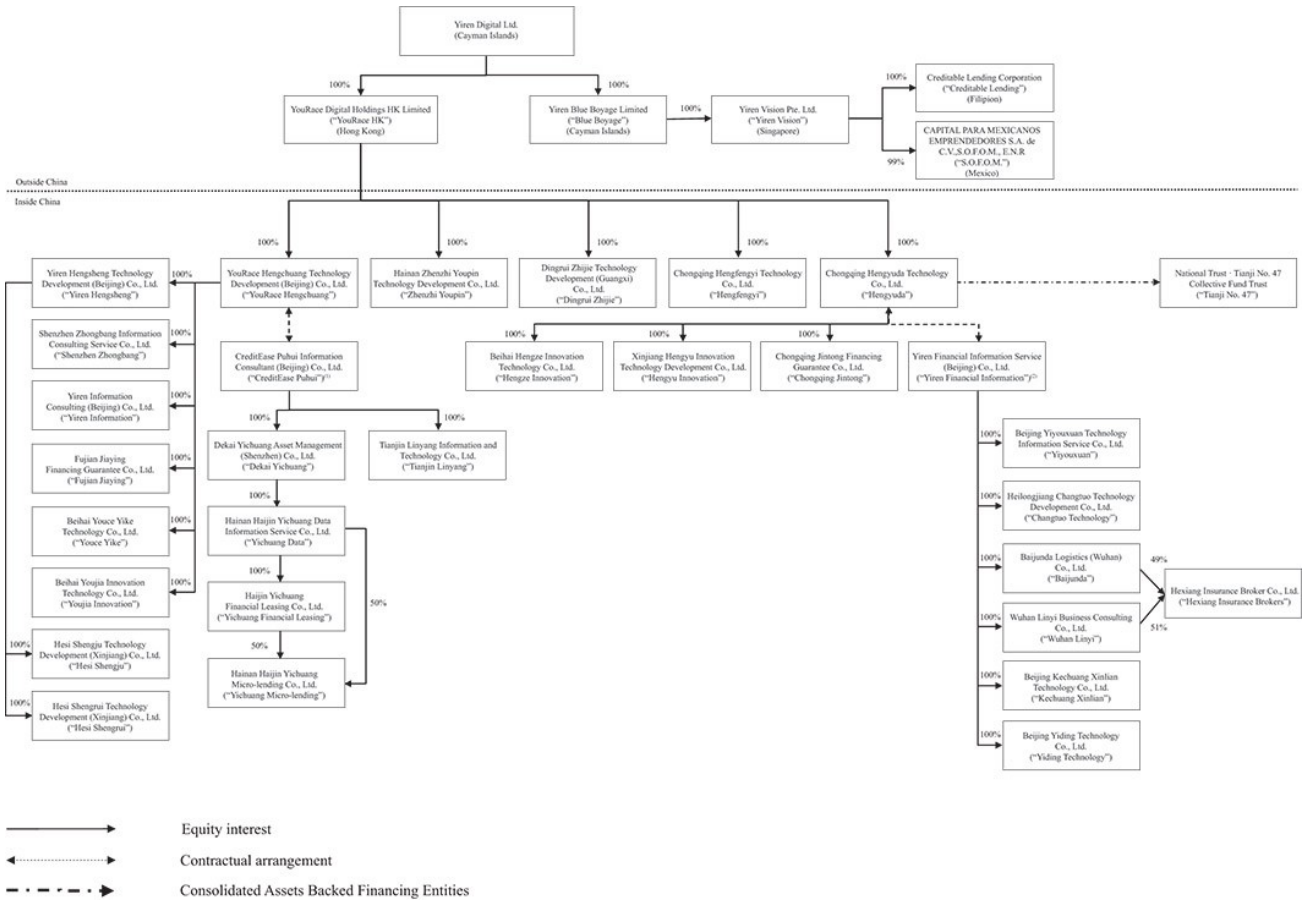
These contractual arrangements may not be as effective as direct ownership. Under the current contractual arrangements, we rely on the performance by such consolidated variable interest entities and their respective shareholders of their obligations under the contracts. The shareholders of such consolidated variable interest entities may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate our business through the contractual arrangements with such consolidated variable interest entities. Although we have the right to replace any shareholder of such consolidated variable interest entities under their respective contractual arrangements, if any shareholder of such consolidated variable interest entities is uncooperative or any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC laws and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system.

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

There are also substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules regarding the status of the rights of our Cayman Islands holding company with respect to its contractual arrangements with the consolidated variable interest entities and their shareholders. If the PRC government finds that the agreements that establish the structure for operating our online consumer finance marketplace business do not comply with PRC government restrictions on foreign investment in value-added telecommunications services businesses, such as internet content provision services, we could be subject to severe penalties, including being prohibited from continuing operations.

In addition, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. There are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC laws. There remain significant uncertainties regarding the ultimate outcome of the arbitration should legal action become necessary. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to conduct the business operations of the consolidated variable interest entities, and our ability to conduct our business may be negatively affected. For more details of these potential risks, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the consolidated variable interest entities, and their respective shareholders for certain business operations in China, which may not be as effective as direct ownership," "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—The shareholders of the consolidated variable interest entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition," "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—Any failure by the consolidated variable interest entities or their respective shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business," and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government deems that the contractual arrangements in relation to the consolidated variable interest entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations."

The following diagram illustrates our corporate structure, including our subsidiaries, the consolidated variable interest entities, and our consolidated assets backed financing entities, as of the date of this annual report:




Notes:

(1) The shareholders of CreditEase Puhui are Mr. Ning Tang and Ms. Mei Zhao, each holding 99% and 1% of CreditEase Puhui's equity interest, respectively. Mr. Ning Tang is our executive chairman and Ms. Mei Zhao is one of our employees.

(2) The shareholders of Yiren Financial Information are Pucheng Credit Assessment and Management (Beijing) Co., Ltd., Mr. Ning Tang and Ms. Yan Tian, each owning 95%, 3.8% and 1.2% of Yiren Financial Information's equity interest, respectively. The shareholders of Pucheng Credit Assessment and Management (Beijing) Co., Ltd. are Mr. Ning Tang and Ms. Yan Tian, ultimately owning 95% and 5% of its equity interest, respectively. Mr. Ning Tang is our executive chairman and Ms. Yan Tian is a third-party individual designated by CreditEase.

**Contractual Arrangements with the Consolidated Variable Interest Entities**

Due to PRC legal restrictions on foreign ownership and investment in value-added telecommunications services, and internet content provision services in particular, we currently conduct these activities through Yiren Financial Information and CreditEase Puhui, which we conduct the business operations through a series of contractual arrangements. These contractual arrangements allow us to:

- conduct the business operations of Yiren Financial Information and CreditEase Puhui;
- receive substantially all of the economic benefits of Yiren Financial Information and CreditEase Puhui; and
- have an exclusive option to purchase all or part of the equity interests in Yiren Financial Information and CreditEase Puhui when and to the extent permitted by PRC law.

As a result of these contractual arrangements, we have become the primary beneficiary of Yiren Financial Information and CreditEase Puhui, and we treat Yiren Financial Information and CreditEase Puhui as the consolidated variable interest entities under U.S. GAAP. We have consolidated the financial results of Yiren Financial Information and CreditEase Puhui in our consolidated financial statements in accordance with U.S. GAAP.

Before our business restructuring with CreditEase in December 2020, we also conducted those activities through Hengcheng, which we conducted the business operations until December 31, 2020 through a series of contractual arrangements. These contractual arrangements allowed us to:

- conduct the business operations of Hengcheng;
- receive substantially all of the economic benefits of Hengcheng; and
- have an exclusive option to purchase all or part of the equity interests in Hengcheng when and to the extent permitted by PRC law.

As a result of these contractual arrangements, we were the primary beneficiary of Hengcheng and treated Hengcheng as the variable interest entity under U.S. GAAP before December 31, 2020. We consolidated the financial results of Hengcheng in our consolidated financial statements in accordance with U.S. GAAP before December 31, 2020. Our contractual arrangements with Hengcheng and its shareholders were terminated on December 31, 2020.

***Contractual Arrangements with Yiren Financial Information***

The following is a summary of the currently effective contractual arrangements by and among our wholly-owned subsidiary, Hengyuda, the variable interest entity, Yiren Financial Information, and the shareholders of Yiren Financial Information.

*Agreements that Allow Us to Conduct the Business Operations of Yiren Financial Information*

*Amended and Restated Equity Interest Pledge Agreements*. Pursuant to amended and restated the equity interest pledge agreements, each shareholder of Yiren Financial Information has pledged all of his or her equity interest in Yiren Financial Information to guarantee the shareholder's and Yiren Financial Information's performance of their obligations under the exclusive business cooperation agreement, exclusive option agreement, loan agreement (as applicable) and power of attorney. If Yiren Financial Information or any of its shareholders breaches their contractual obligations under these agreements, Hengyuda, as pledgee, will be entitled to certain rights regarding the pledged equity interests, including receiving proceeds from the auction or sale of all or part of the pledged equity interests of Yiren Financial Information in accordance with the law. Each of the shareholders of Yiren Financial Information agrees that, during the term of the equity interest pledge agreements, he or she will not dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests without the prior written consent of Hengyuda. The equity interest pledge agreements remain effective until Yiren Financial Information and its shareholders discharge all their obligations under the contractual arrangements. We have registered the equity pledge with the relevant office of the Administration for Market Regulation in accordance with the PRC Property Rights Law.

*Powers of Attorney*. Pursuant to the powers of attorney, each shareholder of Yiren Financial Information has irrevocably appointed Hengyuda to act as such shareholder's exclusive attorney-in-fact to exercise all shareholder rights, including, but not limited to, voting on all matters of Yiren Financial Information requiring shareholder approval, disposing of all or part of the shareholder's equity interest in Yiren Financial Information, and appointing directors and executive officers. Hengyuda is entitled to designate any person to act as such shareholder's exclusive attorney-in-fact without notifying or the approval of such shareholder, and if required by PRC law, Hengyuda shall designate a PRC citizen to exercise such right. Each power of attorney will remain in force as long as the shareholder remains a shareholder of Yiren Financial Information. Each shareholder has waived all the rights which have been authorized to Hengyuda and will not exercise such rights.

*Agreement that Allows us to Receive Economic Benefits from Yiren Financial Information*

*Exclusive Business Cooperation Agreement*. Under the exclusive business cooperation agreement between Hengyuda and Yiren Financial Information, Hengyuda has the exclusive right to provide Yiren Financial Information with technical support, consulting services and other services. Without Hengyuda's prior written consent, Yiren Financial Information agrees not to accept the same or any similar services provided by any third party. Hengyuda may designate other parties to provide services to Yiren Financial Information. Yiren Financial Information agrees to pay service fees on a monthly basis and at an amount determined by Hengyuda after taking into account multiple factors, such as the complexity and difficulty of the services provided, the time consumed, the content and commercial value of services provided and the market price of comparable services. Hengyuda owns the intellectual property rights arising out of the performance of this agreement. In addition, Yiren Financial Information has granted Hengyuda an irrevocable and exclusive option to purchase any or all of the assets and businesses of Yiren Financial Information at the lowest price permitted under PRC law. Unless terminated in accordance with the provision of the agreement or terminated by Hengyuda unilaterally in writing, this agreement will remain effective permanently.

*Agreements that Provide Us with the Option to Purchase the Equity Interest in Yiren Financial Information*

*Amended and Restated Exclusive Option Agreement*. Pursuant to the amended and restated exclusive option agreements, each shareholder of Yiren Financial Information has irrevocably granted Hengyuda an exclusive option to purchase, or have its designated person or persons to purchase, at its discretion, to the extent permitted under PRC law, all or part of the shareholder's equity interests in Yiren Financial Information. The purchase price shall be the higher of the amount equal to the registered capital contributed by the respective shareholders of Yiren Financial Information (or such other price then accepted by Hengyuda) or the minimum price required by PRC law, which purchase price could be paid by way of offset of the outstanding debts owed by the shareholders of Yiren Financial Information to Hengyuda (including without limitation the outstanding amount of the loan owed by the shareholders of Yiren Financial Information to Hengyuda and any interest thereon under the respective loan agreement). If Hengyuda exercises the option to purchase part of the equity interest held by a shareholder of Yiren Financial Information, the purchase price shall be calculated proportionally. Yiren Financial Information and each of its shareholders have agreed to appoint any persons designated by Hengyuda to act as Yiren Financial Information's directors. Without Hengyuda's prior written consent, Yiren Financial Information shall not amend its articles of association, increase or decrease the registered capital, sell or otherwise dispose of, or create or allow any encumbrance on its assets or beneficial interest with a value of more than RMB500,000, provide any loans to any third parties, enter into any material contract with a value of more than RMB500,000 (except those contracts entered into in the ordinary course of business), merge with or acquire any other persons or make any investments, or distribute dividends to the shareholders. The shareholders of Yiren Financial Information have agreed that, without Hengyuda's prior written consent, they will not dispose of their equity interests in Yiren Financial Information or create or allow any encumbrance on their equity interests. Moreover, without Hengyuda's prior written consent, no dividend will be distributed to Yiren Financial Information's shareholders, and if any of the shareholders receives any profit, interest, dividend or proceeds of share transfer or liquidation, the shareholder must give such profit, interest, dividend and proceeds to Hengyuda. These agreements will remain effective until all equity interests of Yiren Financial Information held by its shareholders have been transferred or assigned to Hengyuda or its designated person(s).

*Amended and Restated Loan Agreements*. Pursuant to the amended and restated loan agreements between Hengyuda and the shareholders of Yiren Financial Information, Hengyuda agreed to provide loans of RMB1.9 million, RMB0.6 million and RMB47.5 million to Mr. Ning Tang, Mr. Yan Tian and Pucheng Credit Assessment and Management (Beijing) Co., Ltd., respectively, solely for the capitalization of Yiren Financial Information. Pursuant to the loan agreement, the shareholders can only repay the loans by the sale of all their equity interest in Yiren Financial Information to Hengyuda or its designated person(s) pursuant to their respective exclusive option agreements. The shareholders must pay all of the proceeds from sale of such equity interests to Hengyuda. In the event that shareholders sell their equity interests to Hengyuda or its designated person(s) with a price equivalent to or less than the amount of the principal, the loans will be interest free. If the price is higher than the amount of the principal, the excess amount will be paid to Hengyuda as the loan interest. The loan must be repaid immediately under certain circumstances, including, among others, if a foreign investor is permitted to hold majority or 100% equity interest in Yiren Financial Information and Hengyuda elects to exercise its exclusive equity purchase option. The term of the loans is ten years and can be extended upon mutual written consent of the parties.

***Contractual Arrangements with CreditEase Puhui***

The following is a summary of the currently effective contractual arrangements by and among our wholly owned subsidiary, YouRace Hengchuang, the variable interest entity, CreditEase Puhui, and the shareholders of CreditEase Puhui.

*Agreements that Allow Us to Conduct the Business Operations of CreditEase Puhui*

*Equity Interest Pledge Agreements*. Pursuant to the equity interest pledge agreements, each shareholder of CreditEase Puhui has pledged all of his or her equity interest in CreditEase Puhui to guarantee the shareholder's and CreditEase Puhui's performance of their obligations under the exclusive business cooperation agreement, exclusive option agreement, loan agreement and power of attorney. If CreditEase Puhui or any of its shareholders breaches their contractual obligations under these agreements, YouRace Hengchuang, as pledgee, will be entitled to certain rights regarding the pledged equity interests, including receiving proceeds from the auction or sale of all or part of the pledged equity interests of CreditEase Puhui in accordance with the law. Each of the shareholders of CreditEase Puhui agrees that, during the term of the equity interest pledge agreements, he or she will not dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests without the prior written consent of YouRace Hengchuang. The equity interest pledge agreements remain effective until CreditEase Puhui and its shareholders discharge all their obligations under the contractual arrangements.

*Powers of Attorney*. Pursuant to the powers of attorney, each shareholder of CreditEase Puhui has irrevocably appointed YouRace Hengchuang to act as such shareholder's exclusive attorney-in-fact to exercise all shareholder rights, including, but not limited to, voting on all matters of CreditEase Puhui requiring shareholder approval, disposing of all or part of the shareholder's equity interest in CreditEase Puhui, and appointing directors and executive officers. YouRace Hengchuang is entitled to designate any person to act as such shareholder's exclusive attorney-in-fact without notifying or the approval of such shareholder, and if required by PRC law, YouRace Hengchuang shall designate a PRC citizen to exercise such right. Each power of attorney will remain in force as long as the shareholder remains a shareholder of CreditEase Puhui. Each shareholder has waived all the rights which have been authorized to YouRace Hengchuang and will not exercise such rights.

*Agreement that Allows us to Receive Economic Benefits from CreditEase Puhui*

*Exclusive Business Cooperation Agreement*. Under the exclusive business cooperation agreement between YouRace Hengchuang and CreditEase Puhui, YouRace Hengchuang has the exclusive right to provide CreditEase Puhui with technical support, consulting services and other services. Without YouRace Hengchuang's prior written consent, CreditEase Puhui agrees not to accept the same or any similar services provided by any third party. YouRace Hengchuang may designate other parties to provide services to CreditEase Puhui. CreditEase Puhui agrees to pay service fees on a monthly basis and at an amount determined by YouRace Hengchuang after taking into account multiple factors, such as the complexity and difficulty of the services provided, the time consumed, the content and commercial value of services provided and the market price of comparable services. YouRace Hengchuang owns the intellectual property rights arising out of the performance of this agreement. In addition, CreditEase Puhui has granted YouRace Hengchuang an irrevocable and exclusive option to purchase any or all of the assets and businesses of CreditEase Puhui at the lowest price permitted under PRC law. Unless otherwise agreed by the parties or terminated by YouRace Hengchuang unilaterally, this agreement will remain effective permanently.

*Agreements that Provide Us with the Option to Purchase the Equity Interest in CreditEase Puhui*

*Exclusive Option Agreement*. Pursuant to the exclusive option agreements, each shareholder of CreditEase Puhui has irrevocably granted YouRace Hengchuang an exclusive option to purchase, or have its designated person or persons to purchase, at its discretion, to the extent permitted under PRC law, all or part of the shareholder's equity interests in CreditEase Puhui. The purchase price is equal to the higher of the amount of registered capital contributed by each shareholder of CreditEase Puhui or the minimum price required by PRC law. If YouRace Hengchuang exercises the option to purchase part of the equity interest held by a shareholder of CreditEase Puhui, the purchase price shall be calculated proportionally. CreditEase Puhui and each of its shareholders have agreed to appoint any persons designated by YouRace Hengchuang to act as CreditEase Puhui's directors. Without YouRace Hengchuang's prior written consent, CreditEase Puhui shall not amend its articles of association, increase or decrease the registered capital, sell or otherwise dispose of, or create or allow any encumbrance on its assets or beneficial interest with a value of more than RMB100,000, provide any loans to any third parties, enter into any material contract with a value of more than RMB100,000 (except those contracts entered into in the ordinary course of business), merge with or acquire any other persons or make any investments, or distribute dividends to the shareholders. The shareholders of CreditEase Puhui have agreed that, without YouRace Hengchuang's prior written consent, they will not dispose of their equity interests in CreditEase Puhui or create or allow any encumbrance on their equity interests. Moreover, without YouRace Hengchuang's prior written consent, no dividend will be distributed to CreditEase Puhui's shareholders, and if any of the shareholders receives any profit, interest, dividend or proceeds of share transfer or liquidation, the shareholder must give such profit, interest, dividend and proceeds to YouRace Hengchuang. These agreements will remain effective until all equity interests of CreditEase Puhui held by its shareholders have been transferred or assigned to YouRace Hengchuang or its designated person(s).

*Loan Agreements*. Pursuant to the loan agreements between YouRace Hengchuang and the shareholders of CreditEase Puhui, YouRace Hengchuang agreed to provide loans in an aggregate amount of RMB30.0 million to the shareholders of CreditEase Puhui solely for the capitalization of CreditEase Puhui. Pursuant to the loan agreement, the shareholders can only repay the loans by the sale of all their equity interest in CreditEase Puhui to YouRace Hengchuang or its designated person(s) pursuant to their respective exclusive option agreements. The shareholders must pay all of the proceeds from sale of such equity interests to YouRace Hengchuang. In the event that shareholders sell their equity interests to YouRace Hengchuang or its designated person(s) with a price equivalent to or less than the amount of the principal, the loans will be interest free. If the price is higher than the amount of the principal, the excess amount will be paid to YouRace Hengchuang as the loan interest. The loan must be repaid immediately under certain circumstances, including, among others, if a foreign investor is permitted to hold majority or 100% equity interest in CreditEase Puhui and YouRace Hengchuang elects to exercise its exclusive equity purchase option. The term of the loans is ten years and can be extended upon mutual written consent of the parties.

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

- the ownership structures of our subsidiaries, YouRace Hengchuang and Hengyuda, and the consolidated variable interest entities, Yiren Financial Information and CreditEase Puhui, will not result in any violation of PRC laws or regulations currently in effect; and

- the contractual agreements relating to Yiren Financial Information and CreditEase Puhui, the consolidated variable interest entities, as described in "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the Consolidated Variable Interest Entities," governed by PRC law are valid, binding and enforceable, and do not and will not result in any violation of PRC laws or regulations currently in effect. The equity pledge under each equity pledge agreement has been registered with the competent office of the State Administration for Market Regulation in accordance with the PRC laws.

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. On March 15, 2019, the National People's Congress approved the Foreign Investment Law, which has become effective on January 1, 2020. Under the Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. Although it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activity under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. If the PRC government finds that the agreements that establish the structure for operating our online consumer finance marketplace business do not comply with PRC government restrictions on foreign investment in value-added telecommunications services businesses, such as internet content provision services, we could be subject to severe penalties, including being prohibited from continuing operations. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government deems that the contractual arrangements in relation to the consolidated variable interest entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations," "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—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," "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the legal system in Chinese mainland could adversely affect us. Certain laws and regulations in Chinese mainland can evolve quickly, which bring risks and uncertainties to their interpretation and enforcement. Administrative and court proceedings in Chinese mainland may be protracted. Some government policies and internal rules may not be published on a timely manner. These risks and uncertainties may make it difficult for us to meet or comply with requirements under the applicable laws and regulations" and "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations."

### D. Property, Plant and Equipment

Our principal executive offices are located on leased premises comprising 1,935.6 square meters in Beijing, China. Our company and the VIEs have leased additional office spaces of 4,396.4 and 4,466.6 square meters in Beijing and other cities in China, respectively. We lease our premises from unrelated third parties under operating lease agreements. The lease for our principal executive offices will expire in April 2028. Our servers are primarily hosted at internet data centers owned by major domestic internet data center providers. The hosting services agreements typically have a three-year term. 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

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

### A. Operating Results

#### Overview

We are an advanced, AI-powered platform providing a comprehensive suite of financial and lifestyle services in China. Our mission is to elevate customers' financial well-being and enhance their quality of life by delivering digital financial services, tailor-made insurance solutions, and premium lifestyle services. We support clients at various growth stages, addressing financing needs arising from consumption and production activities, while aiming to augment the overall well-being and security of individuals, families, and businesses.

We are currently primarily engaged in the operation of our financial services business, insurance brokerage business and consumption and lifestyle business in China. In 2024, the majority of our revenues were generated from our financial services business, which included (i) loan facilitation service fees paid by institutional partners for our technology-enabled borrower acquisition services; (ii) post origination service fees paid by institutional partners for our post-origination loan management and collection services; (iii) financing service fees paid by borrowers for loans funded by our subsidiaries; (iv) guarantee service fees paid by borrowers for loans guaranteed by our subsidiaries; and (v) revenue from other financial services, such as referral services related to borrower referral for other loan platforms. Our insurance brokerage business generates revenues primarily from insurance commission fees paid by insurance companies when clients purchase insurance products through Hexiang Insurance Brokers. Our consumption and lifestyle business generates revenues primarily from sales of non-financial products and services on e-commerce platforms such as Yixianghua and Yiren Select.

#### Basis of Management's Discussion of Operating Results

On December 31, 2020, we consummated another business restructuring with CreditEase to streamline our service lines and reposition us as a comprehensive digital personal financial management platform in China. In connection with the business restructuring, we disposed of the online consumer lending platform targeting individual investors as the funding source (the "Disposed Business"). The Disposed Business was operated by Hengcheng, and CreditEase, through its subsidiaries and affiliates, paid the designated subsidiaries of our company an aggregate amount of RMB67.0 million in cash.

#### Major Factors Affecting Our Results of Operations

Major factors affecting our results of operations include the following:

***Economic Conditions in China***

The demand for online consumer finance from borrowers is dependent upon overall economic conditions in China. General economic factors, including the interest rate environment and unemployment rates, may affect borrowers' willingness to seek loans. For example, significant increases in interest rates could cause potential borrowers to defer obtaining loans as they wait for interest rates to become stable or decrease. Additionally, a slowdown in the economy, such as from a rise in the unemployment rate and a decrease in real income, may affect individuals' level of disposable income. This may negatively affect borrowers' repayment capability, which in turn may decrease their willingness to seek loans and potentially cause an increase in default rates.

***Ability to Acquire Borrowers and Clients Effectively***

Our ability to increase the loan volume facilitated through our marketplace largely depends on our ability to serve our existing borrowers and to attract potential new borrowers through sales and marketing efforts. Our sales and marketing efforts include those related to borrower acquisition and retention and general marketing. We intend to continue to dedicate significant resources to our sales and marketing efforts and constantly seek to improve the effectiveness of these efforts, in particular with regard to borrower acquisition.

For our financial services business, our company and the VIEs attract borrowers through online channels, such as social media platforms, search engine marketing, search engine optimization, mobile application downloads through major application stores, as well as various marketing campaigns and membership services. For our insurance brokerage business, we acquire clients through a variety of sources, such as online direct marketing, CreditEase ecosystem, member referral, channel partnership and social media platforms. For our consumption and lifestyle service business, we primarily serve our existing customers from other business lines.

***Effectiveness of Risk Management***

Our ability to effectively segment borrowers into appropriate risk profiles affects our ability to offer attractive pricing to borrowers as well as our ability to refer qualified borrowers to our institutional funding partners, both of which directly relate to the level of user confidence in our marketplace. Our proprietary risk management system is built upon data accumulated through our operations, and is further supported by an extensive database accumulated by CreditEase over the past ten years. Our risk management model utilizes big data capabilities to automatically evaluate a borrower's credit characteristics. At the same time, we use automated verification and fraud detection tools to ensure the quality of the loans facilitated on our marketplace, and supplement these technology-driven tools with manual processes when necessary. Furthermore, our ability to effectively evaluate a borrower's risk profile and likelihood of default may directly affect our results of operations.

We have provided guarantee services in connection with some of the loans facilitated on our marketplace by institutional funding partners, through two of our wholly owned subsidiaries, Fujian Jiaying and Chongqing Jintong. We also provide back-to-back guarantee services to Chongqing Jintong and third party guarantee companies for some loans facilitated under our risk-taking model.

***Product Mix and Pricing***

Our ability to maintain profitability largely depends on our ability to continually optimize our product mix and to accurately price the loans facilitated through our platform. The expected net charge-off rate and actual observed results for each of these customer groups divide potential borrowers into distinctively different credit segments. See "Item 4. Information on the Company—B. Business Overview—Risk Management—Proprietary Credit Scoring Model and Loan Qualification System." In response to market competition or further developments, we may spend more effort promoting certain loan products, managing the growth in volume of other loan products, introducing new products with new risk grades or adjusting the pricing of our existing products. Any material change in the product mix could have a significant impact on our profitability and net income margin.

***Ability to Innovate***

Our success to date has depended on, and our future success will depend in part on, successfully meeting borrower demand with new and innovative loan products. Our company and the VIEs have made and intend to continue to make efforts to develop loan products for borrowers. We constantly evaluate the popularity of our existing product offerings and develop new products and services that cater to the ever evolving needs of our borrowers.

From a financial services perspective, as we continue to optimize our product offerings, we are developing a more diversified range of credit products tailored to meet the specific needs of our target borrowers and institutional funding partners, all at competitive prices in line with updated regulatory guidelines. As our marketplace grows, we have enhanced our ability to offer risk-based loan pricing. For instance, we have introduced lower-priced loan products and regularly adjust our pricing strategy as we shift towards serving a higher-quality customer segment in response to regulatory directives. Moving forward, we will continue to diversify our product offerings and strengthen synergies across our various business lines.

In the insurance brokerage business, we remain committed to driving innovation and customization in our product offerings as we expand our client base and strengthen partnerships with external stakeholders. We closely monitor both domestic and international markets, continually introducing new insurance products that target low-penetration segments with high growth potential. For example, since the second half of 2022, we have been offering overseas engineering liability insurance services to address the growing security needs of engineering projects in Belt and Road countries. Additionally, since 2022, we have introduced "New Citizen" insurance services, designed to meet the protection needs of flexible workforce members and part-time workers who are not covered by traditional social security systems. In 2024, we expanded our reach by launching online channels, including social media platforms, to offer more flexible insurance products, such as healthcare and retirement plans.

In the consumption and lifestyle business, we continue to enhance our product and service offerings to better meet the diverse needs of our customers across various life scenarios. As we refine our customer segmentation and optimize our customer mix, we are strategically scaling back the offering of historical and existing products. This shift allows us to focus on studying and analyzing the profiles and needs of our newly upgraded customer group, enabling us to develop tailored products that more effectively address their requirements.

Failure to continue to successfully develop and offer innovative products and for such products to gain broad customer acceptance could adversely affect our operating results and we may not recoup the costs of launching and marketing new products.

***Ability to Compete Effectively***

Our business and results of operations depend on our ability to compete effectively in the markets in which we operate. For our financial services business, we compete with other consumer finance marketplaces and loan facilitation platforms in China. The industry was intensely competitive before the year 2018. However, as the domestic regulations on the industry evolve and entry barriers continue to increase in recent years, fewer national-level players like us remain in the market while smaller platforms cease their operations, leaving more market share opportunities for us. Meanwhile, as we expand our financial service businesses overseas, such as in the Philippines, we are facing competition from regional peers.

For our insurance brokerage business, we compete with other insurance brokerage companies in China. Given the overall low penetration rate of insurance services in China compared with the US and the Europe, we believe that our strategic deployment in insurance business has navigated us towards a large market with high growth potential. In light of a tightening regulatory landscape domestically, our ability to customize and innovate products, coupled with robust channel partnerships, will play a vital role in maintaining our competitiveness.

For our consumption and lifestyle business, we fully embrace AI to offer selected high-quality products and services that align with our customers' preferences. Our primary goal in this segment is to enhance user experience and engagement, thereby increasing the long-term value of our existing customers through enriched products and upgraded services. We are currently scaling back product offerings in our consumption and lifestyle business and conducting a strategic review on how to better serve customers following the upgrade of our borrower segment and optimization of borrower profiles.

If we are unable to compete effectively, the demand for our marketplace could stagnate or substantially decline, we could experience reduced revenues or our marketplace could fail to maintain or achieve more widespread market acceptance, any of which could harm our business and results of operations.

***Regulatory Environment in China***

The regulatory environment for the online consumer finance industry in China is developing and evolving, creating both challenges and opportunities that could affect our financial performance. The Chinese government has been putting the pieces in place for a more mature regulatory framework covering all aspects of our business. New regulations may result in both opportunities and challenges for us by weeding out weaker players, triggering consolidation within the industry and increasing compliance risk. We will continue to make efforts to ensure that we are compliant with the existing laws, regulations and governmental policies relating to our industry and to comply with new laws and regulations or changes under existing PRC laws and regulations that may arise in the future. While new laws and regulations or changes to existing laws and regulations could make products more difficult to be accepted by clients on terms favorable to us, or at all, these events could also provide new product and market opportunities. We will continue to diversify funding sources, expand our loan product mix and enhance our risk management to support our business growth.

**Loan Performance Data**

***Delinquency Rates***

As of December 31, 2024, the delinquency rates for loans under our loan facilitation model, except loans originating outside mainland China, that are past due for 1-30 days, 31-60 days and 61-90 days are set forth below:

| | Delinquent for | | |
|---|---|---|---|
| | 1-30 days | 31-60 days | 61-90 days |
| **All Loans** | | | |
| December 31, 2022 | 1.7 % | 1.2 % | 1.1 % |
| December 31, 2023 | 2.0 % | 1.4 % | 1.2 % |
| December 31, 2024 | 1.6 % | 1.2 % | 1.1 % |

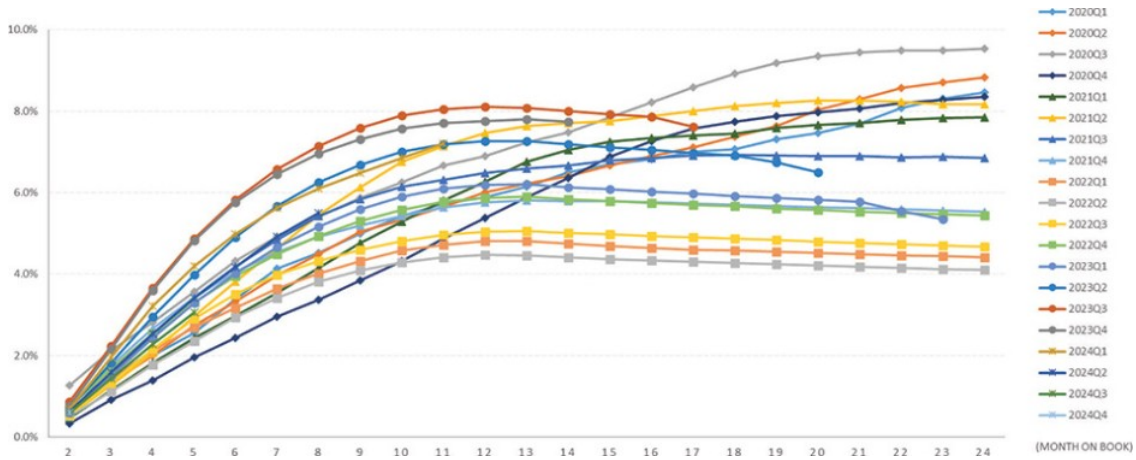
**30+ Days Delinquency Rates**

To more effectively capture fluctuations in the credit risk profiles of borrowers on our platform, we have utilized the 30+ delinquency rate as a key metric since the second quarter of 2024. This measure provides earlier visibility into emerging risks associated with borrower performance.

The 30+ days delinquency rate by vintage refers to the outstanding principal balance of loans facilitated over a specified period that are more than 30 days past due, as a percentage of the total loans facilitated during that same period.

The following chart displays the 30+ Days Delinquency Rates by vintage as of December 31, 2024, for loans facilitated under our loan facilitation model, except loans originating outside mainland China, for each of the months shown:

**30+ Days Delinquency Rates**

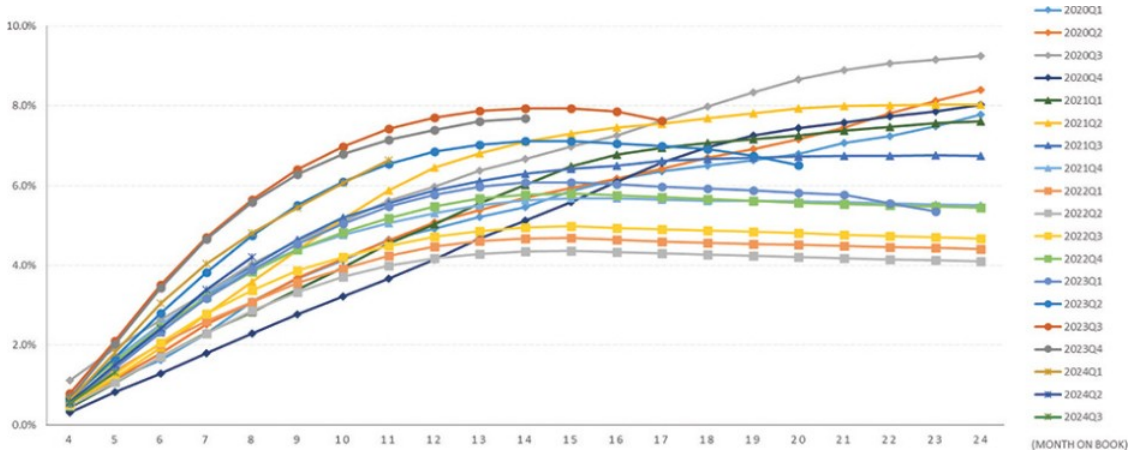



***M3+ Net Charge-off Rates***

We currently define M3+ Net Charge-off Rate, with respect to loans facilitated during a specified time period, which we refer to as a vintage, as the difference between (i) the total balance of outstanding principal of loans that become over three months delinquent during a specified period and (ii) the total principal of recovered past due payments in the same period with respect to all loans in the same vintage that have ever become over three months delinquent, divided by (iii) the total initial principal of the loans facilitated in such vintage.

The following chart displays the historical lifetime cumulative M3+ Net Charge-off Rates by vintage as of December 31, 2024, for loans facilitated under our loan facilitation model, except loans originating outside mainland China, for each of the months shown:

**Cumulative M3+ Net Charge Off Rates**




The expected M3+ Net Charge-off Rates and actual observed results for each of these customer groups divide potential borrowers into distinctively different credit segments. See "Item 4. Information on the Company—B. Business Overview—Risk Management—Proprietary Credit Scoring Model and Loan Qualification System."

Our business and financial performance depend on our ability to manage and forecast net charge-off rates. However, given our limited operating history, we have limited information on historical charge-off rates, and as a result, we may not be able to conduct an accurate charge-off forecast for our target borrower group. In addition, due to the uncertainty of industry regulations, we expect borrower credit performance may be volatile in the foreseeable future, which may lead to higher default rates and adverse impacts on our reputation, business, results of operations and financial position. See "Item 4. Information on the Company—B. Business Overview—Risk Management."

**Selected Statements of Operations Items**

***Net revenue***

Our net revenue consists of revenue from loan facilitation services, post-origination services and guarantee services in connection with loans funded by third-party institutions, financing services in connection with loans funded by our subsidiaries (and consolidated entities in 2022), insurance brokerage services, electronic commerce services, and others. The following table sets forth the breakdown of our net revenue, both in an absolute amount and as a percentage of our total net revenue, for the periods presented:

| | For the Year Ended December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | |
| | RMB | % | RMB | % | RMB | US$ | % |
| | (in thousands, except for percentages) | | | | | | |
| **Net revenue:** | | | | | | | |
| Loan facilitation services | 1,362,685 | 39.7 | 2,240,852 | 45.8 | 2,721,389 | 372,829 | 46.9 |
| Post-origination services | 204,336 | 5.9 | 17,203 | 0.4 | 5,957 | 816 | 0.1 |
| Guarantee services | 10,999 | 0.3 | 50,865 | 1.0 | 429,299 | 58,814 | 7.4 |
| Financing services | 278,783 | 8.1 | 55,974 | 1.1 | 93,239 | 12,774 | 1.6 |
| Insurance brokerage services | 731,797 | 21.3 | 963,822 | 19.7 | 408,369 | 55,946 | 7.0 |
| Electronic commerce services | 302,896 | 8.8 | 1,267,104 | 25.9 | 1,865,621 | 255,589 | 32.1 |
| Others | 543,124 | 15.9 | 299,813 | 6.1 | 282,027 | 38,637 | 4.9 |
| **Total net revenue** | **3,434,620** | **100.0** | **4,895,633** | **100.0** | **5,805,901** | **795,405** | **100.0** |

*Loan facilitation, post-origination and guarantee service fees*

We provide loan facilitation services to third-party institutional funding partners and borrowers. The loans funded by these third parties are primarily unsecured small revolving loans and small business loans. For more details of these loan products, please see "Item 4. Information on the Company—B. Business Overview—Financial Services Business—Our Loan Products." For these loans, we receive from the third-party funding partners, guarantee companies, and borrowers if any, (i) the loan facilitation service fees for our technology-enabled borrower acquisition services, (ii) the post-origination service fees for our post-origination loan management and collection services, including payment reminder services, payment collection services, overdue payment monitoring services, and lawsuit filing services under certain circumstances, among others, and (iii) the guarantee service fees for guarantee services provided to borrowers, if any.

All of the loan products facilitated by us feature fixed monthly payments. After our third-party funding partners, and guarantee companies if any, receive the principals, interests and guarantee service fees from the borrowers in monthly installments, they will in turn pay us the service fees according to the settlement agreed period.

We recognize revenue when (or as) we satisfy the service performance obligation by transferring a promised service to a customer. Revenues from loan facilitation services are recognized at the time a loan is originated between the investor and the borrower and the loan principal is transferred to the borrower, at which time the loan facilitation service is considered completed. Revenues from post-origination services are recognized on a straight-line basis over the term of the underlying loans as the services are provided. Revenue from guarantee services is recognized on a straight-line basis over the term of the guarantee liability. As these services are provided in respect of loans funded by third parties, we only recognize such service fees as revenue, and do not record the principal and interest amounts of loans provided by such third-party funding partners on our consolidated balance sheet.

The respective rate of loan facilitation service fees and post-origination service fees that we charge varies mainly depending on the different risk grade of the loans facilitated. For loans within the same risk grade, the fee rate also varies depending on the different terms of the loans and different repayment schedules. In 2022, 2023 and 2024, our weighted average service fee rate for our loan facilitation services and post-origination services was 7.0%, 7.5% and 7.9%, respectively. The increase in the weighted average fee rate from 2022 to 2024 was primarily due to a longer average maturity term.

We have implemented and will continue to implement a tighter risk policy to proactively control our business growth in order to improve the asset quality of new loans facilitated through our marketplace.

*Financing service fees*

We also offer loans funded by our subsidiaries and charge financing service fees that consist of interest income charged from borrowers. In 2022, subsidiaries of the consolidated variable interest entities, such as microloan companies and financial leasing companies, also provided loans to borrowers using their own capital. The loans funded by these entities were primarily auto-secured loans and property-secured loans. We recognize the financing services revenue over the lifetime of the loans using the effective interest method. The principal and interests of such loans are recorded on our consolidated balance sheet.

*Insurance brokerage commissions*

We provide insurance brokerage services and sell various health and life insurance products and property and casualty insurance products on behalf of insurance companies. The terms of health and life insurance products vary and are typically five to ten years. We earn brokerage commissions on health and life insurance products from both the first-year initial premium and the renewal premiums for each subsequent year throughout the policy term, as calculated based on pre-agreed percentages of the premiums paid by the policy holder.

The term of property and casualty insurance products is typically one year, and we receive a pre-agreed percentage of the premiums paid by the policy holder for such year as the commission. The range of commission rates of these insurance products varies significantly depending on the different types of insurance products. For example, commissions from certain property and casualty insurance products may be less than 1%, while a five-year term health and life insurance products may yield commissions of over 50% for the first year, 5% for the second year, and 1.5% for the third year.

We have identified our promise to sell insurance policies on behalf of the insurance companies as the performance obligation in our contracts with the insurance companies. Our performance obligation to the insurance companies is satisfied and commission revenue, including renewal commission revenue, is recognized at the point in time when an insurance policy becomes effective. The renewal commission revenue is recognized based on the projected renewal rate.

*Electronic commerce services fees*.

We generate revenue from sales of products and services provided on our comprehensive life service platform.

*Others*.

We also charge referral service fees, penalty fees for loan prepayment and late payment, and other service fees, such as technical support services provided to the third party companies. We refer potential borrowers to third-party companies and related parties and charge them a fixed rate on certain criteria (principal amount, investment amount, click amount, etc.). Revenue from referral services is recognized when successful referrals are completed. Penalty fees are calculated as a certain percentage of past due amounts in the case of late payment, or a certain percentage of the contract amounts in case of prepayment, and we recognize the relevant revenue when the fees are received. We provide technical support services to the third party companies by authorizing the use of our proprietary software systems and the technical service revenue is recognized at a fixed rate based on usage volume.

***Operating Costs and Expenses***

Our operating costs and expenses consist of sales and marketing expenses, origination, servicing and other operating costs, research and development expenses, general and administrative expenses, provision for contingent liabilities and allowance for contract assets, receivables and others.

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

| | For the Year Ended December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | |
| | RMB | % | RMB | % | RMB | US$ | % |
| | (in thousands, except for percentages) | | | | | | |
| **Operating costs and expenses:** | | | | | | | |
| Sales and marketing | 573,974 | 29.2 | 656,603 | 28.5 | 1,196,429 | 163,910 | 28.8 |
| Origination, servicing and other operating costs | 776,841 | 39.6 | 976,172 | 42.5 | 882,957 | 120,965 | 21.2 |
| Research and development | 151,924 | 7.8 | 148,754 | 6.5 | 411,876 | 56,427 | 9.9 |
| General and administrative | 271,794 | 13.8 | 231,135 | 10.0 | 274,673 | 37,629 | 6.6 |
| Provision for contingent liabilities | 21,501 | 1.1 | 27,035 | 1.2 | 869,280 | 119,091 | 20.9 |
| Allowance for contract assets, receivables and others | 166,722 | 8.5 | 261,152 | 11.3 | 523,622 | 71,736 | 12.6 |
| **Total operating costs and expenses** | **1,962,756** | **100.0** | **2,300,851** | **100.0** | **4,158,837** | **569,758** | **100.0** |

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

The following table presents the sales and marketing expenses allocated to each business segment, both in an absolute amount and as a percentage of total sales and marketing expenses, during the periods indicated:

| | For the Year Ended December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | |
| | RMB | % | RMB | % | RMB | US$ | % |
| | (in thousands, except for percentages) | | | | | | |
| **Sales and marketing expenses:** | | | | | | | |
| Financial services business | 383,950 | 66.9 | 498,055 | 75.8 | 1,102,737 | 151,074 | 92.2 |
| Insurance brokerage business | 17,417 | 3.0 | 12,887 | 2.0 | 13,706 | 1,878 | 1.1 |
| Consumption & lifestyle business and others | 172,607 | 30.1 | 145,661 | 22.2 | 79,986 | 10,958 | 6.7 |
| **Total sales and marketing expenses** | **573,974** | **100.0** | **656,603** | **100.0** | **1,196,429** | **163,910** | **100.0** |

*Origination, servicing and other operating costs*. Origination, servicing and other operating costs consist primarily of variable expenses and vendor costs, including costs related to credit assessment, customer and system support, payment processing services and collection associated with facilitating and servicing loans. It also consists of costs in connection with the distribution of insurance products, including payroll and related expenses for insurance agents and transaction fees charged by third-party payment platforms.

*Research and development expenses*. Research and development expenses consist primarily of salaries and benefits related to technology and technological innovations.

*General and administrative expenses*. General and administrative expenses consist primarily of salaries and benefits related to accounting and finance, business development, legal, human resources and other personnel.

*Provision for contingent liabilities.* Provision for contingent liabilities is the expected future net-payout for loans facilitated under our risk-taking model where we reimburse the loan principal and interest to the financial institution partners upon borrower's default.

*Allowance for contract assets, receivables and others*. Allowance for contract assets, receivables and others is the credit loss of contact assets, which represents our right to consideration in exchange for services that we had transferred to the customer before payment was due.

**Taxation**

***Cayman Islands***

We are incorporated in the Cayman Islands. 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. In addition, the Cayman Islands does not impose withholding tax on payments of dividends to shareholders.

***Hong Kong***

Our subsidiaries incorporated in Hong Kong are subject to 16.5% Hong Kong profit tax on their taxable income generated from operations in Hong Kong for the years of assessment 2015/2016, 2016/2017 and 2017/2018. Commencing from the year of assessment 2018/2019, the first HK$2 million of profits earned by our subsidiaries incorporated in Hong Kong will be taxed at half the current tax rate (i.e., 8.25%) while the remaining profits will continue to be taxed at the existing 16.5% tax rate. 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 subsidiaries incorporated in Hong Kong to us are not subject to any Hong Kong withholding tax.

***China***

Generally, our subsidiaries and the consolidated variable interest entities in China are subject to enterprise income tax on their taxable income in China at a rate of 25%. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards. YouRace Hengchuang, one of our PRC subsidiaries, was qualified as a "high and new technology enterprise" in November 2018 and the status was reaffirmed in 2024. Accordingly, it has been eligible for a preferential income tax rate of 15%. However, YouRace Hengchuang's qualification as a "high and new technology enterprise" is subject to evaluation by the relevant authorities in China every three years. If YouRace Hengchuang fails to maintain its "high and new technology enterprise" qualification, its applicable corporate income tax rate would increase to 25%, which could have adverse effects on our financial condition and results of operations. Yiren Hengsheng, one of our PRC subsidiaries, was qualified as a "software enterprise" in March 2021 and the status was reevaluated in 2024, and accordingly has been eligible for an exemption of enterprise income tax for 2020 and 2021 and a reduced enterprise income tax at the rate of 12.5% from 2022 through 2025. However, Yiren Hengsheng's qualification as a "software enterprise" is subject to annual evaluation by the relevant authorities in China. If Yiren Hengsheng fails to maintain its "software enterprise" qualification, its applicable corporate income tax rate would increase to 25%, which could have adverse effects on our financial condition and results of operations. Dingrui Zhijie Technology Development (Guangxi) Co., Ltd., one of our PRC subsidiaries, is a small-scale VAT taxpayer and accordingly is eligible for a reduced enterprise income tax rate of 5%. In addition, Hengyuda, one of our PRC subsidiaries, has been eligible for a reduced enterprise income tax rate of 15% since 2017 pursuant to the Catalogue of Encouraged Industries in Western Regions, the Catalogue of Industries for Guiding Foreign Investment, Announcement on Renewing the Enterprise Income Tax Policy for Great Western Development, and the related rules granting favorable tax treatment to companies in specified industries in western China under the PRC government's policy initiative to promote the development of the western region of China. However, the favorable tax treatments for Hengyuda are subject to an annual filing requirement. Besides, Chongqing Hengfengyi Technology Co., Ltd., Beihai Youce Yike Technology Co., Ltd., Beihai Hengze Innovation Technology Co., Ltd., and Beihai Youjia Innovation Technology Co., Ltd., as newly setup PRC subsidiaries are also eligible for a reduced enterprise income tax rate of 15% pursuant to the same set of policies and regulations applicable to Hengyuda. Beihai Youce Yike Technology Co., Ltd., Beihai Hengze Innovation Technology Co., Ltd., and Beihai Youjia Innovation Technology Co., Ltd. are also eligible for an exemption of local portion of enterprise income tax for five years since the tax year they generate their first sum of main business revenue according to the Notice on Several Policies to Promote High-Level Opening-Up and High-Quality Development of the Beibu Gulf Economic Zone in the New Era. In addition, Xinjiang Hengyu Innovation Technology Development Co., Ltd., Hesi Shengju Technology Development (Xinjiang) Co., Ltd., and Hesi Shengrui Technology Development (Xinjiang) Co., Ltd., as newly setup PRC subsidiaries are eligible for an exemption of enterprise tax for five years since the tax year they generate their first sum of production and business revenue according to the Notice on Corporate Income Tax Incentives for Newly Established Enterprises in Xinjiang's Difficult Areas and the Kashgar and Khorgos Special Economic Development Zones. However, the relevant rules and policy initiative may change, and the favorable tax treatment under these rules is available only to companies meeting certain qualifications.

We are subject to VAT at a rate of 6% on the services we provide to borrowers and clients, less any deductible VAT we have already paid or borne. We are also subject to surcharges on VAT payments in accordance with PRC law.

Dividends paid by our wholly foreign-owned subsidiaries in China to our intermediary holding company in Hong Kong will be subject to a withholding tax rate of 10%, unless the relevant Hong Kong entity satisfies all the requirements under the Arrangement between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income and Capital and receives approval from the relevant tax authority. If our Hong Kong subsidiary satisfies all the requirements under the tax arrangement, then the dividends paid to the Hong Kong subsidiary would be subject to withholding tax at the standard rate of 5% by filing necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business."

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—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."

**Results of Operations**

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

| | For the Year Ended December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | |
| | RMB | % | RMB | % | RMB | US$ | % |
| | (in thousands, except for percentages) | | | | | | |
| Net revenue (including revenue from related parties of RMB411,010, RMB141,595 and RMB32,192 for the years ended December 31, 2022, 2023 and 2024, respectively)[1] | 3,434,620 | 100.0 | 4,895,633 | 100.0 | 5,805,901 | 795,405 | 100.0 |
| Operating costs and expenses: | | | | | | | |
| Sales and marketing (including expenses from related parties of RMB38, RMB24 and nil for the years ended December 31, 2022, 2023 and 2024, respectively) | (573,974) | (16.7) | (656,603) | (13.4) | (1,196,429) | (163,910) | (20.6) |
| Origination, servicing and other operating costs (including costs from related parties of RMB350,311, RMB324,854 and RMB283,907 for the years ended December 31, 2022, 2023 and 2024, respectively) | (776,841) | (22.6) | (976,172) | (19.9) | (882,957) | (120,965) | (15.2) |
| Research and development (including expenses from related parties of RMB65,268, RMB52,468 and RMB252,802 for the years ended December 31, 2022, 2023 and 2024, respectively) | (151,924) | (4.4) | (148,754) | (3.0) | (411,876) | (56,427) | (7.1) |
| General and administrative (including expenses from related parties of RMB35,368, RMB19,567 and RMB27,339 for the years ended December 31, 2022, 2023 and 2024, respectively) | (271,794) | (7.9) | (231,135) | (4.7) | (274,673) | (37,629) | (4.7) |
| Provision for contingent liabilities | (21,501) | (0.6) | (27,035) | (0.6) | (869,280) | (119,091) | (15.0) |
| Allowance for contract assets, receivables and others | (166,722) | (4.9) | (261,152) | (5.4) | (523,622) | (71,736) | (9.0) |
| Total operating costs and expenses | (1,962,756) | (57.1) | (2,300,851) | (47.0) | (4,158,837) | (569,758) | (71.6) |
| Interest (expense)/income, net | (26,302) | (0.8) | 80,749 | 1.6 | 105,477 | 14,450 | 1.8 |
| Fair value adjustments related to the Consolidated ABFE [2] | 18,900 | 0.6 | (50,171) | (1.0) | 107,532 | 14,732 | 1.9 |
| Other income, net (including expenses from related parties of nil, nil and RMB1,003 for the years ended December 31, 2022, 2023 and 2024, respectively) | 30,921 | 0.9 | 20,000 | 0.4 | 1,848 | 253 | — |
| Total other income, net | 23,519 | 0.7 | 50,578 | 1.0 | 214,857 | 29,435 | 3.7 |
| Income before provision for income taxes | 1,495,383 | 43.6 | 2,645,360 | 54.0 | 1,861,921 | 255,082 | 32.1 |
| Income tax expenses | (300,512) | (8.8) | (565,163) | (11.5) | (279,182) | (38,248) | (4.8) |
| Share of results of equity investees | — | — | — | — | (440) | (60) | — |
| Net income | 1,194,871 | 34.8 | 2,080,197 | 42.5 | 1,582,299 | 216,774 | 27.3 |

Notes:

(1) Net revenue is broken down as follows:

| | For the Year Ended December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | |
| | RMB | % | RMB | % | RMB | US$ | % |
| | (in thousands, except for percentages) | | | | | | |
| **Net revenue:** | | | | | | | |
| Loan facilitation services | 1,362,685 | 39.7 | 2,240,852 | 45.8 | 2,721,389 | 372,829 | 46.9 |
| Post-origination services | 204,336 | 5.9 | 17,203 | 0.4 | 5,957 | 816 | 0.1 |
| Insurance brokerage services | 731,797 | 21.3 | 963,822 | 19.7 | 408,369 | 55,946 | 7.0 |
| Financing services | 278,783 | 8.1 | 55,974 | 1.1 | 93,239 | 12,774 | 1.6 |
| Electronic commerce services | 302,896 | 8.8 | 1,267,104 | 25.9 | 1,865,621 | 255,589 | 32.1 |
| Guarantee services | 10,999 | 0.3 | 50,865 | 1.0 | 429,299 | 58,814 | 7.4 |
| Others | 543,124 | 15.9 | 299,813 | 6.1 | 282,027 | 38,637 | 4.9 |
| Total net revenue | 3,434,620 | 100.0 | 4,895,633 | 100.0 | 5,805,901 | 795,405 | 100.0 |

(2) We consolidated certain trusts or asset backed special plan ("ABS plan") as a whole, which we refer to in this annual report collectively as "consolidated assets backed financing entities" or the "Consolidated ABFE." For more information about the Consolidated ABFE, please see "Note 2—Summary of Significant Accounting Policies—Basis of consolidation" appearing in Item 18 of this annual report.

***Segment Information***

In 2023, we adjusted the categorization of our business segments to more accurately reflect the nature of each segment's operations. Following this adjustment, our business is organized into three segments: the financial services business, the insurance brokerage business, and the consumption and lifestyle business and others.

- The financial services business, formerly known as the "credit-tech business," continues to offer loan facilitation services and self-funded financing services with no significant changes in product and service offerings.

- The insurance brokerage business is now recognized as a stand-alone segment, which was previously part of the broader "holistic wealth business" segment.

- The consumption and lifestyle business and others consolidate non-financial product and service offerings from Yixianghua and Yiren Select, previously categorized under the "others" segment, and wealth products and services provided through Yiren Select, previously part of the "holistic wealth business."

We believe this reclassification allows for a clearer understanding and representation of our diverse operations and strategic focus. For details on each business segment, see "Item 4. Information on the Company—B. Business Overview."

The table below provides a summary of our operating segment results for the years ended December 31, 2022, 2023 and 2024:

| | For the Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | |
| | RMB | RMB | RMB | US$ |
| | (in thousands) | | | |
| Financial services business | 1,959,732 | 2,515,119 | 3,473,109 | 475,814 |
| Insurance brokerage business | 731,797 | 963,822 | 408,369 | 55,946 |
| Consumption & lifestyle business and others | 743,091 | 1,416,692 | 1,924,423 | 263,645 |
| **Total net revenue** | **3,434,620** | **4,895,633** | **5,805,901** | **795,405** |
| **Operating costs and expenses:** | | | | |
| Financial services business | (878,375) | (1,108,663) | (3,384,367) | (463,657) |
| Insurance brokerage business | (566,538) | (724,652) | (436,636) | (59,819) |
| Consumption & lifestyle business and others | (370,268) | (283,948) | (154,489) | (21,163) |
| **Income from operations:** | | | | |
| Financial services business | 1,081,357 | 1,406,456 | 88,742 | 12,157 |
| Insurance brokerage business | 165,259 | 239,170 | (28,267) | (3,873) |
| Consumption & lifestyle business and others | 372,823 | 1,132,744 | 1,769,934 | 242,482 |
| **Total segment income from operations** | **1,619,439** | **2,778,370** | **1,830,409** | **250,766** |
| Unallocated expenses | (147,575) | (183,588) | (183,345) | (25,119) |
| Other (expenses)/income | 23,519 | 50,578 | 214,857 | 29,435 |
| **Income before provision for income taxes** | **1,495,383** | **2,645,360** | **1,861,921** | **255,082** |

Set forth below is a breakdown of net revenue for each segment, both in an absolute amount and as a percentage of total net revenue:

| | For the Year Ended December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | |
| | RMB | % | RMB | % | RMB | US$ | % |
| | (in thousands, except for percentages) | | | | | | |
| **Financial services business:** | | | | | | | |
| Loan facilitation services | 1,362,685 | 39.7 | 2,240,852 | 45.8 | 2,721,389 | 372,829 | 47.0 |
| Post-origination services | 204,336 | 5.9 | 17,203 | 0.4 | 5,957 | 816 | 0.1 |
| Financing services | 278,783 | 8.1 | 55,974 | 1.1 | 93,239 | 12,774 | 1.6 |
| Guarantee services | 10,999 | 0.3 | 50,865 | 1.0 | 429,299 | 58,814 | 7.4 |
| Others | 102,929 | 3.1 | 150,225 | 3.1 | 223,225 | 30,581 | 3.8 |
| **Subtotal** | **1,959,732** | **57.1** | **2,515,119** | **51.4** | **3,473,109** | **475,814** | **59.9** |
| **Insurance brokerage business:** | | | | | | | |
| Insurance brokerage services | 731,797 | 21.3 | 963,822 | 19.7 | 408,369 | 55,946 | 7.0 |
| **Subtotal** | **731,797** | **21.3** | **963,822** | **19.7** | **408,369** | **55,946** | **7.0** |
| **Consumption & lifestyle business and others:** | | | | | | | |
| Electronic commerce services | 302,896 | 8.8 | 1,267,104 | 25.9 | 1,865,621 | 255,589 | 32.1 |
| Others | 440,195 | 12.8 | 149,588 | 3.0 | 58,802 | 8,056 | 1.0 |
| **Subtotal** | **743,091** | **21.6** | **1,416,692** | **28.9** | **1,924,423** | **263,645** | **33.1** |
| **Total net revenue** | **3,434,620** | **100.0** | **4,895,633** | **100.0** | **5,805,901** | **795,405** | **100.0** |

*Financial Services Business (formerly known as consumer credit segment)*

The revenue from our financial services business increased by 38.1% from RMB2,515.1 million in 2023 to RMB3,473.1 million (US$475.8 million) in 2024, primarily due to the growing demand for our small revolving loan products. In particular, the revenue from our loan facilitation services increased by 21.4% from RMB2,240.9 million in 2023 to RMB2,721.4 million (US$372.8 million) in 2024, primarily due to the growing loan volume. The revenue from our guarantee services increased by 744.0% from RMB50.9 million in 2023 to RMB429.3 million (US$58.8 million), primarily due to the increasing loan volume guaranteed by our subsidiaries. The revenue from others increased by 48.6% from RMB150.2 million to RMB223.2 million (US$30.6 million), primarily due to an increase in referral services. The revenue from our financing services increased by 66.6% from RMB56.0 million to RMB93.2 million (US$12.8 million), primarily due to an increase in self-funded loans. The increases were partially offset by a decrease in the revenue from our post-origination services of 65.4% from RMB17.2 million in 2023 to RMB6.0 million (US$0.8 million) in 2024, primarily due to the reduced demand from institutional funding partners for such services.

The revenue from our financial services business increased by 28.3% from RMB1,959.7 million in 2022 to RMB2,515.1 million in 2023, primarily due to the growing demand for our small revolving loan products. In particular, the revenue from our loan facilitation services increased by 64.4% from RMB1,362.7 million in 2022 to RMB2,240.9 million in 2023, mainly due to the growing loan volume. The revenue from guarantee services increased by 362.4% from RMB11.0 million in 2022 to RMB50.9 million in 2023, primarily as we gradually expand guarantee business. The revenue from others increased by 46.0% from RMB102.9 million in 2022 to RMB150.2 million in 2023, mainly as a result of the increase in referral services. The increases were partially offset by a decrease in revenue from post-origination services of 91.6% from RMB204.3 million in 2022 to RMB17.2 million in 2023, primarily due to the reduced demand from institutional funding partners for such services in 2023, as well as a decrease in the revenue from financing services of 79.9% from RMB278.8 million in 2022 to RMB56.0 million in 2023, primarily as the secured loan facilitation was discontinued in 2022.

The following table provides a breakdown of others in financial services business:

| | For the Year Ended December 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | |
| | RMB | % | RMB | % | RMB | US$ | % |
| | (in thousands, except for percentages) | | | | | | |
| **Others** | | | | | | | |
| Referral service | 64,892 | 63.0 | 120,216 | 80.0 | 205,187 | 28,111 | 91.9 |
| Penalty fees | 25,694 | 25.0 | 11,196 | 7.5 | 2,825 | 387 | 1.3 |
| Technical support service | 12,194 | 11.9 | 18,682 | 12.4 | 15,142 | 2,074 | 6.8 |
| Others | 149 | 0.1 | 131 | 0.1 | 71 | 9 | — |
| **Total** | **102,929** | **100.0** | **150,225** | **100.0** | **223,225** | **30,581** | **100.0** |

Others in financial services business mainly include referral services related to borrower referral for other loan platforms, penalty fees and technical support service.

The revenue generated from other financial services business increased by 48.6% from RMB150.2 million in 2023 to RMB223.2 million (US$30.6 million) in 2024. The increase was primarily attributable to an increase in the revenue from referral services of 70.7% from RMB120.2 million in 2023 to RMB205.2 million (US$28.1 million) in 2024, which was primarily due to the growing number of borrowers referred. Conversely, the revenue from penalty fees decreased by 74.8% from RMB11.2 million in 2023 to RMB2.8 million (RMB0.4 million) in 2024, as a result of the discontinued secured loan facilitation in 2022. The revenue from technical support services decreased by 18.9% from RMB18.7 million in 2023 to RMB15.1 million (US$2.1 million) in 2024, as a result of a decrease in intellectual property franchising.

The revenue generated from other financial services business increased by 46.0% from RMB102.9 million in 2022 to RMB150.2 million in 2023. The increase was primarily attributable to an increase in the revenue from referral services of 85.3% from RMB64.9 million in 2022 to RMB120.2 million in 2023, which was primarily due to the growing number of borrowers referred. The revenue from technical support services increased by 53.2% from RMB12.2 million in 2022 to RMB18.7 million in 2023, driven by the growth in intellectual property franchising. Conversely, the revenue from penalty fees decreased by 56.4% from RMB25.7 million in 2022 to RMB11.2 million in 2023, as a result of the discontinued secured loan facilitation in 2022.

*Insurance Brokerage Business (part of historical holistic wealth segment)*

The revenue from our insurance brokerage business decreased by 57.6% from RMB963.8 million in 2023 to RMB408.4 million (US$55.9 million) in 2024, primarily due to the ongoing impacts from regulatory changes. The revenue from our insurance brokerage business increased by 31.7% from RMB731.8 million in 2022 to RMB963.8 million in 2023, primarily due to our improved customer acquisition and serving capabilities.

*Consumption and Lifestyle Business and Others (consolidation of historical others segment and part of holistic wealth segment)*

The revenue from our consumption and lifestyle business and others increased by 35.8% from RMB1,416.7 million in 2023 to RMB1,924.4 million (US$263.6 million) in 2024, primarily due to the continuous growth of this segment in the first half of the year, followed by a strategic scale-back in the second half.

The revenue from our consumption and lifestyle business and others increased by 90.6% from RMB743.1 million in 2022 to RMB1,416.7 million in 2023. The revenue from electronic commerce services increased by 318.3% from RMB302.9 million in 2022 to RMB1,267.1 million in 2023, primarily due to the continuous growth of paying customers on our e-commerce platform. The increase was offset by a decrease in revenue from others of 66.0% from RMB440.2 million in 2022 to RMB149.6 million in 2023, primarily due to the strategic shift towards focusing on offering consumption and lifestyle products and services, which resulted in an increased revenue contribution from the e-commerce business and decreased revenue contribution from the Yiren Select wealth business since the second half of 2023.

Our revenue was predominately generated from the PRC and all of our long-lived assets were located in the PRC. Depreciation and amortization expenses of financial services business in 2022, 2023 and 2024 were RMB19.0 million, RMB1.0 million and RMB1.9 million (US$0.3 million), respectively. Depreciation and amortization expenses of insurance brokerage business in 2022, 2023 and 2024 were RMB0.1 million, RMB0.1 million and RMB0.4 million (US$49.2 thousand), respectively. Depreciation and amortization expenses of consumption and lifestyle business and other segment in 2022, 2023 and 2024 were RMB1.8 million, RMB1.5 million and RMB1.0 million (US$0.1million), respectively.

***Year Ended December 31, 2024 Compared to Year Ended December 31, 2023***

*Net revenue*. Our net revenue increased by 18.6% from RMB4,895.6 million in 2023 to RMB5,805.9 million (US$795.4 million) in 2024, primarily due to (i) an increase of 21.4% in the revenue from our loan facilitation services from RMB2,240.9 million in 2023 to RMB2,721.4 million (US$372.8 million) in 2024, mainly due to the growing demand for our small revolving loan products, and (ii) an increase of 744.0% in the revenue from our guarantee services from RMB50.9 million in 2023 to RMB429.3 million (US$58.8 million), primarily due to the increasing loan volume guaranteed by our subsidiaries. The revenue from our insurance brokerage business decreased by 57.6% from RMB963.8 million in 2023 to RMB408.4 million (US$55.9 million) in 2024, mainly due to the ongoing impacts from regulatory changes. The revenue from our consumption and lifestyle business and others increased by 35.8% from RMB1,416.7 million in 2023 to RMB1,924.4 million (US$263.6 million) in 2024, mainly due to the continuous growth of this segment in the first half of the year, followed by a strategic scale-back in the second half.

*Operating costs and expenses*. Our total operating costs and expenses increased by 80.8% from RMB2,300.9 million in 2023 to RMB4,158.8 million (US$569.8 million) in 2024, primarily attributable to increases in sales and marketing expenses and provision for contingent liabilities.

*Sales and marketing expenses*. Our sales and marketing expenses increased by 82.2% from RMB656.6 million in 2023 to RMB1,196.4 million (US$164.0 million) in 2024, mainly due to an increase of 121.4% in sales and marketing expenses for the financial services business from RMB498.1 million in 2023 to RMB1,102.7 million (US$151.1 million) in 2024, mainly attributable to our efforts to attract new, higher-quality borrowers and the growth of our financial services business volume. The increase was partially offset by a decrease of 45.1% in sales and marketing expenses for our consumption and lifestyle business and others from RMB145.7 million in 2023 to RMB80.0 million (US$11.0 million) in 2024, mainly due to our strategic scaling back of holistic wealth business. Our sales and marketing expenses as a percentage of our total revenues increased from 13.4% to 20.6% during the same period.

*Origination, servicing and other operating costs*. Our origination, servicing and other operating costs decreased 9.5% from RMB976.2 million in 2023 to RMB883.0 million (US$121.0 million) in 2024, mainly due to the AI-driven improvement of operational efficiency as well as the decline of our insurance product sales. Our origination, servicing and other operating costs as a percentage of our total revenue decreased from 19.9% to 15.2% during the same period.

*Research and development expenses*. Our research and development expenses increased from RMB148.8 million in 2023 to RMB411.9 million (US$56.4 million) in 2024, mainly due to our ongoing investment in AI development and the expansion of our technical team. Our research and development expenses as a percentage of our total revenue increased from 3.0% to 7.1% during the same period.

*General and administrative expenses*. Our general and administrative expenses in 2024 were RMB274.7 million, which remained relatively stable compared to RMB231.1 million in 2023. Our general and administrative expenses as a percentage of our total revenue remained stable at 4.7% in 2023 and 2024.

*Provision for contingent liabilities.* Our provision for contingent liabilities increased significantly from RMB27.0 million in 2023 to RMB869.3 million (US$119.1 million) in 2024, which was mainly attributed to the growing loan volume facilitated under our risk-taking model with the upfront provision recognized at the loan's inception.

*Allowance for contract assets, receivables and others.* Our allowance for contract assets, receivables and others increased by 100.5% from RMB261.2 million in 2023 to RMB523.6 million (US$71.7 million) in 2024, which was primarily attributed to a higher allowance for accounts receivable and financing receivables, reflecting our prudent approach to the heightened uncertainties in future market conditions.

*Interest income/(expense), net*. Our net interest income increased from RMB80.7 million in 2023 to RMB105.5 million (US$14.5 million) in 2024, primarily due to improved diversification of our investments.

*Fair value adjustments gain/(loss).* We recorded a fair value gain of RMB107.5 million (US$14.7 million), as compared to a fair value loss of RMB50.2 million in 2023, as gains generated from loans issued by trusts increased in 2024, driven by a growing average outstanding loan balance of trusts.

*Other income, net.* Our net other income decreased by 90.8% from RMB20.0 million in 2023 to RMB1.8 million (US$0.3 million) in 2024, primarily due to reduced preferential tax treatments.

*Income tax expenses*. Our income tax expenses decreased by 50.6% from RMB565.2 million in 2023 to RMB279.2 million (US$38.2 million) in 2024, primarily due to a decrease in taxable income combined with preferential income tax rate enjoyed by our subsidiaries.

*Net income*. As a result of the foregoing, our net income decreased from RMB2,080.2 million to RMB1,582.3 million (US$216.8 million) in 2024.

***Year Ended December 31, 2023 Compared to Year Ended December 31, 2022***

*Net revenue*. Our net revenue increased from RMB3,434.6 million in 2022 to RMB4,895.6 million in 2023, primarily due to an increase of 28.3% in the revenue from our financial services business from RMB1,959.7 million in 2022 to RMB2,515.1 million in 2023. The increase was driven by the growing demand for our small revolving loan products. The revenue from our insurance brokerage business increased by 31.7% from RMB731.8 million in 2022 to RMB963.8 million in 2023, mainly due to our improved customer acquisition and serving capabilities for our insurance brokerage business. The revenue from our consumption and lifestyle business and others increased by 90.6% from RMB743.1 million in 2022 to RMB1,416.7 million in 2023, mainly due to the continuous growth of paying customers on our comprehensive life service platform.

*Operating costs and expenses*. Our total operating costs and expenses increased by 17.2% from RMB1,962.8 million in 2022 to RMB2,300.9 million in 2023, primarily attributable to increases in origination, servicing and other operating costs and sales and marketing expenses.

*Sales and marketing expenses*. Our sales and marketing expenses increased by 14.4% from RMB574.0 million in 2022 to RMB656.6 million in 2023, mainly due to an increase of 29.7% in sales and marketing expenses for the financial services business from RMB384.0 million in 2022 to RMB498.1 million in 2023, mainly as a result of the growth of our financial services business volume. The increase was partially offset by a decrease of 26.0% in our sales and marketing expenses for the insurance brokerage business from RMB17.4 million in 2022 to RMB12.9 million in 2023, and further offset by a decrease of 15.6% in our sales and marketing expenses in the consumption and lifestyle business and others from RMB172.6 million in 2022 to RMB145.7 million in 2023, mainly due to the decrease in general branding costs. Our sales and marketing expenses as a percentage of our total revenues decreased from 16.7% to 13.4% during the same period.

*Origination, servicing and other operating costs*. Our origination, servicing and other operating costs increased 25.7% from RMB776.8 million in 2022 to RMB976.2 million in 2023, mainly due to the rapid growth of our overall business scale compared to the year of 2022. Our origination, servicing and other operating costs as a percentage of our total revenue decreased from 22.6% to 19.9% during the same period.

*Research and development expenses*. Our research and development expenses decreased slightly from RMB151.9 million in 2022 to RMB148.8 million in 2023, mainly due to the optimization of personnel. Our research and development expenses as a percentage of our total revenue decreased from 4.4% to 3.0% during the same period.

*General and administrative expenses*. Our general and administrative expenses decreased by 15% from RMB271.8 million in 2022 to RMB231.1 million in 2023, due to the optimization of our offline business and the overall improvement of our cost efficiency. Our general and administrative expenses as a percentage of our total revenue decreased from 7.9% to 4.7% during the same period.

*Provision for contingent liabilities.* Our provision for contingent liabilities increased by 25.7% from RMB21.5 million in 2022 to RMB27.0 million in 2023, which was mainly attributed to the growing loan volume facilitated under our risk-taking model.

*Allowance for contract assets, receivables and others.* Our allowance for contract assets, receivables and others increased by 56.6% from RMB166.7 million in 2022 to RMB261.2 million in 2023, which was primarily attributed to the growing volume of loans facilitated on our platform.

*Interest income/(expense), net*. We recorded a net interest income of RMB80.7 million in 2023, as compared to a net interest expense of RMB26.3 million in 2022, primarily due to the repayment of secured borrowings and improved diversification of our investments.

*Fair value adjustments gain/(loss).* Our fair value adjustments decreased from a fair value gain of RMB18.9 million in 2022 to a fair value loss of RMB50.2 million in 2023, primarily due to the expected losses on loans issued by new trusts.

*Other income, net.* Our net other income decreased by 35.3% from RMB30.9 million in 2022 to RMB20.0 million in 2023, primarily due to reduced preferential tax treatments and governmental incentives.

*Income tax expenses*. We recorded income tax expenses of RMB565.2 million in 2023 as compared to income tax expenses of RMB300.5 million in 2022, which was mainly due to the increase in taxable income driven by the growing of our business volume.

*Net income*. As a result of the foregoing, our net income increased from RMB1,194.9 million in 2022 to RMB2,080.2 million.

**Discussion of Certain Balance Sheet Items**

The following selected consolidated balance sheet as of December 31, 2023 and 2024 has been derived from our audited consolidated financial statements included in this annual report beginning on page F-1. The following selected consolidated balance sheet as of December 31, 2022 has been derived from our audited consolidated financial statements not included in this annual report:

| | As of December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | |
| | RMB | RMB | RMB | US$ |
| | | (in thousands) | | |
| **Assets:** | | | | |
| Cash and cash equivalents | 4,271,899 | 5,791,333 | 3,841,284 | 526,254 |
| Restricted cash | 88,796 | 267,271 | 260,273 | 35,657 |
| Contract assets, net (net of allowance of RMB153,435, RMB164,141 and RMB117,716 as of December 31, 2022, 2023 and 2024, respectively) | 626,739 | 978,051 | 1,008,920 | 138,221 |
| Prepaid expenses and other assets | 318,390 | 423,621 | 2,361,585 | 323,536 |
| Loans at fair value | 54,049 | 677,835 | 421,922 | 57,803 |
| Financing receivables (net of allowance of RMB40,735, RMB51,858 and RMB119,185 as of December 31, 2022, 2023 and 2024, respectively) | 514,388 | 116,164 | 17,515 | 2,400 |
| Other financial investments | 972,738 | 438,084 | 353,190 | 48,387 |
| **Total assets** | **8,536,095** | **10,276,916** | **12,982,696** | **1,778,622** |
| **Liabilities:** | | | | |
| Guarantee liabilities-stand ready | 9,485 | 8,802 | 606,886 | 83,143 |
| Guarantee liabilities-contingent | 42,281 | 28,351 | 578,797 | 79,295 |
| Payable to investors at fair value | — | 445,762 | 368,022 | 50,419 |
| Accrued expenses and other liabilities | 1,263,240 | 1,463,369 | 1,622,050 | 222,220 |
| **Total liabilities** | **2,505,282** | **2,191,367** | **3,440,266** | **471,314** |
| Total equity | 6,030,813 | 8,085,549 | 9,542,430 | 1,307,308 |
| **Total liabilities and equity** | **8,536,095** | **10,276,916** | **12,982,696** | **1,778,622** |

***Cash and Cash Equivalents***

Our cash and cash equivalents decreased by 33.7% from RMB5,791.3 million as of December 31, 2023 to RMB3,841.3 million (US$526.3 million) as of December 31, 2024, primarily due to increases in equity investments and deposits for business cooperation.

Our cash and cash equivalents increased by 35.6% from RMB4,271.9 million as of December 31, 2022 to RMB5,791.3 million as of December 31, 2023, primarily due to the strong growth of our consumer loan business post the restructuring and overall improvement of our cost efficiency.

***Restricted Cash***

Our restricted cash represents cash held by the Consolidated ABFE through segregated bank accounts which is not available to fund our general liquidity needs, guarantee deposits in a restricted bank account, and frozen funds due to lawsuits.

The following table sets forth a breakdown of our restricted cash as of December 31, 2022, 2023 and 2024:

| | As of December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | |
| | RMB | RMB | RMB | US$ |
| | (in thousands) | | | |
| **Restricted cash:** | | | | |
| Consolidated ABFE | 88,796 | 267,271 | 108,142 | 14,815 |
| Guarantee deposit | — | — | 127,068 | 17,408 |
| Frozen funds | — | — | 25,063 | 3,434 |
| **Total restricted cash** | 88,796 | 267,271 | 260,273 | 35,657 |

Our restricted cash decreased by 2.6% from RMB267.3 million as of December 31, 2023 to RMB260.3 million (US$35.7 million) as of December 31, 2024, primarily due to the deployment of restricted cash as loans in the consolidated ABFE, partially offset by an increase in guarantee deposit.

Our restricted cash increased by 201.0% from RMB88.8 million as of December 31, 2022 to RMB267.3 million as of December 31, 2023, primarily due to new investments in trusts in 2023.

***Contract Assets, Net***

Our contract assets represent our rights to payments for services rendered to customers before the payments become due.

Our contract assets increased by 3.2% from RMB978.1 million, net of allowance of RMB164.1 million as of December 31, 2023 to RMB1,008.9 million (US$138.2 million), net of allowance of RMB117.7 million (US$16.1 million), as of December 31, 2024, primarily due to an increase in loans facilitated under our loan facilitation services.

Our contract assets increased by 56.1% from RMB626.7 million, net of allowance of RMB153.4 million as of December 31, 2022 to RMB978.1 million, net of allowance of RMB164.1 million as of December 31, 2023, primarily due to the growing demand for our small revolving loan products.

***Prepaid Expenses and Other Assets***

Our prepaid expenses and other assets primarily include funds receivable from external payment networks, funds receivable for disposal of financing receivables and deposits. The following table sets forth a breakdown of our prepaid expenses and other assets as of December 31, 2022, 2023 and 2024:

| | As of December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | |
| | RMB | RMB | RMB | US$ |
| | | (in thousands) | | |
| **Prepaid Expenses and Other Assets:** | | | | |
| Funds receivable from external payment network providers | 46,141 | 41,354 | 38,953 | 5,337 |
| Funds receivable for disposal of financing receivables | 62,444 | 1,989 | 1,274 | 175 |
| Prepayment of investment | — | — | 938,516 | 128,576 |
| Prepaid expenses | 4,976 | 17,247 | 57,102 | 7,823 |
| Deposits | 162,885 | 327,987 | 1,295,010 | 177,416 |
| Interest receivable | 9,537 | 14,905 | 10,065 | 1,379 |
| Others | 32,407 | 20,139 | 20,665 | 2,830 |
| **Total prepaid expenses and other assets** | **318,390** | **423,621** | **2,361,585** | **323,536** |

Our prepaid expenses and other assets increased by 457.5% from RMB423.6 million as of December 31, 2023 to RMB2,361.6 million (US$323.5 million) as of December 31, 2024, primarily due to an increase in prepayment of investment and deposits for business cooperation.

Our prepaid expenses and other assets increased by 33.1% from RMB318.4 million as of December 31, 2022 to RMB423.6 million as of December 31, 2023, primarily due to an increase in deposits for business cooperation.

***Loans at Fair Value***

Loans at fair value represented the fair value of loans invested by the Consolidated ABFE.

Loans at fair value decreased by 37.8% from RMB677.8 million as of December 31, 2023 to RMB421.9 million (US$57.8 million) as of December 31, 2024, primarily due to a decrease in the balance of loans invested by the Consolidated ABFE.

Loans at fair value increased by 1,154.1% from RMB54.0 million as of December 31, 2022 to RMB677.8 million as of December 31, 2023, primarily due to an increase in the balance of loans invested by the Consolidated ABFE.

***Financing Receivables***

Financing receivables mainly represent loans issued by our overseas subsidiary and Yichuang Micro-lending and lease receivables arising from direct financing leases issued by Yichuang Financial Leasing.

Financing receivables decreased by 84.9% from RMB116.2 million, net of allowance of RMB51.9 million as of December 31, 2023 to RMB17.5 million (US$2.4 million), net of allowance of RMB119.2 million (US$16.3 million), as of December 31, 2024, primarily due to an increase in self-funded loans.

Financing receivables decreased by 77.4% from RMB514.4 million, net of allowance of RMB40.7 million as of December 31, 2022 to RMB116.2 million, net of allowance of RMB51.9 million as of December 31, 2023, primarily because the secured loan facilitation was discontinued in 2022.

***Other Financial Investments (formerly known as available-for-sale investments)***

Other financial investments primarily include debt securities, bank wealth management products and private funds.

Other financial investments decreased by 19.4% from RMB438.1 million as of December 31, 2023 to RMB353.2 million (US$48.4 million) as of December 31, 2024, primarily due to the improved diversification of our investments.

Other financial investments decreased by 55.0% from RMB972.7 million as of December 31, 2022 to RMB438.1 million as of December 31, 2023, primarily due to improved diversification of our investments.

***Guarantee liabilities-stand ready***

Guarantee liabilities-stand ready represents the transaction fees allocated to guarantee services which will be released to "revenue from guarantee services" over the guarantee term.

Guarantee liabilities-stand ready increased by 6794.9% from RMB8.8 million as of December 31, 2023 to RMB606.9 million (US$83.1 million) as of December 31, 2024, primarily due to the growing loan volume facilitated under our risk-taking model.

Guarantee liabilities-stand ready decreased by 7.2% from RMB9.5 million as of December 31, 2022 to RMB8.8 million as of December 31, 2023, primarily due to the increase in amortization of guarantee revenue.

***Guarantee liabilities-contingent***

Guarantee liabilities-contingent represents the expected future net-payout for loans facilitated under our risk-taking model upon borrower's default.

Guarantee liabilities-contingent increased by 1941.5% from RMB28.4 million as of December 31, 2023 to RMB578.8 million (US$79.3 million) as of December 31, 2024, primarily due to the growing loan volume facilitated under our risk-taking model.

Guarantee liabilities-contingent decreased by 32.9% from RMB42.3 million as of December 31, 2022 to RMB28.4 million as of December 31, 2023, primarily due to the increase in net-payout of past-due loans under our risk-taking model.

***Payable to Investors at Fair Value***

Payable to investors at fair value represents the amount payable by the Consolidated ABFE to its investors.

Payable to investors at fair value decreased by 17.4% from RMB445.8 million as of December 31, 2023 to RMB368.0 million (US$50.4 million) as of December 31, 2024, primarily due to an increase in principals paid to investors of the Consolidated ABFE.

Payable to investors at fair value increased from nil as of December 31, 2022 to RMB445.8 million as of December 31, 2023, primarily due to an increase in the external contribution to the Consolidated ABFE.

***Accrued Expenses and Other Liabilities***

Our accrued expenses and other liabilities include primarily accrued payroll and welfare, tax payable, payable to investors and accrued advertisement expenses.

The following table sets forth a breakdown of our accrued expenses and other liabilities as of December 31, 2022, 2023 and 2024:

| | As of December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | |
| | RMB | RMB | RMB | US$ |
| | | (in thousands) | | |
| **Accrued Expenses and Other Liabilities:** | | | | |
| Accrued payroll and welfare | 403,104 | 153,554 | 206,225 | 28,253 |
| Tax payable | 562,839 | 931,191 | 1,152,314 | 157,867 |
| Funds collected on behalf of third-party guarantee companies | 18,766 | 11,387 | 6,264 | 858 |
| Accrued customer incentives | 5,024 | 3,263 | 1,354 | 185 |
| Accrued advertisement expenses | 58,707 | 134,601 | 168,378 | 23,068 |
| Payable to investors | 147,864 | 145,655 | 9,828 | 1,346 |
| Others | 66,936 | 83,718 | 77,687 | 10,643 |
| **Total accrued expenses and other liabilities** | **1,263,240** | **1,463,369** | **1,622,050** | **222,220** |

Accrued expenses and other liabilities increased by 10.8% from RMB1,463.4 million as of December 31, 2023 to RMB1,622.1 million (US$222.2 million) as of December 31, 2024, primarily due to an increase in tax payable as a result of the growing difference between accrued taxes with paid taxes.

Accrued expenses and other liabilities increased from RMB1,263.2 million as of December 31, 2022 to RMB1,463.4 million as of December 31, 2023, primarily due to the increase in tax payable as a result of profit growth in 2022.

**Off-Balance Sheet Arrangements**

We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

**Recent Accounting Pronouncements**

The recent accounting pronouncements that are relevant to us are included in note 2 to our audited consolidated financial statements, which are included in this Annual Report.

**Inflation**

Since our inception, inflation in China has not materially affected our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index were an increase of 1.8% for December 2022, a decrease of 0.3% for December 2023, and an increase of 0.1% for December 2024. Although we have not been materially affected by inflation in the past, we may be affected if China experiences higher rates of inflation in the future.

**B. Liquidity and Capital Resources**

**Cash Flows and Working Capital**

Our principal sources of liquidity have been cash generated from operating activities, proceeds from the issuance and sale of our shares, and proceeds from loans borrowed from third parties. In December 2015, we completed our initial public offering in which we issued and sold an aggregate of 7,500,000 ADSs, representing 15,000,000 ordinary shares, resulting in net proceeds to us of approximately US$64.9 million. Concurrently with our initial public offering, we sold 2,000,000 ordinary shares to Baidu Hong Kong in a private placement, resulting in net proceeds to us of approximately US$9.0 million.

As of December 31, 2024, we had cash and cash equivalents of RMB3,841.3 million (US$526.3 million) as compared to cash and cash equivalents of approximately RMB5,791.3 million as of December 31, 2023. As of December 31, 2024, we had restricted cash of RMB260.3 million (US$35.7 million) as compared to restricted cash of approximately RMB267.3 million as of December 31, 2023. The decrease in restricted cash was mainly due to decreased investments in trusts, partially offset by an increase in deposits for business cooperation. As of December 31, 2024, the restricted cash represents cash held by the Consolidated ABFE through segregated bank accounts which is not available to fund our general liquidity needs, guarantee deposits in a restricted bank account, and frozen funds due to lawsuits. Our material unused sources of liquidity include cash balances, unencumbered assets and our ability to sell encumbered assets to raise cash.

Unlike financial institutions, we are not subject to any capital adequacy requirement that is applicable to financial institutions in China. We believe that our cash on hand and anticipated cash flows from operating activities will be sufficient to meet our anticipated working capital requirements and capital expenditures in the ordinary course of business for the next 12 months. We may, however, need additional cash resources in the future if we experience changes in business conditions or other developments, or if we find and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We may need additional capital, and financing may not be available on terms acceptable to us, or at all."

Our ability to manage our working capital, including accounts receivable, prepaid expenses and other assets and accrued expenses and other liabilities, may materially affect our financial position and results of operations. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—Failure to manage our liquidity and cash flows may materially and adversely affect our financial position and results of operations."

Our accounts receivable primarily include the commission receivable from insurance brokerage services and service fees receivable from industry partners. As of December 31, 2022, 2023 and 2024, we had accounts receivable of RMB221.0 million, RMB499.0 million and RMB566.5 million (US$77.6 million), respectively. Our accounts receivable increased from 2022 to 2024 was primarily due to the increase in service fees receivable from industry partners driven by the growth in our financial services business volume. As of December 31, 2024, we had RMB474.5 million (US$65.0 million) in service fees receivable from industry partners and RMB47.1 million (US$6.5 million) in commission receivable from insurance brokerage services.

Our prepaid expenses and other assets primarily include funds receivable from external payment networks, funds receivable for disposal of financing receivables and deposits, and our accrued expenses and other liabilities include primarily accrued payroll and welfare, tax payable, payable to investors and accrued advertisement expenses.

Although we consolidated the results of operations of Yiren Financial Information and CreditEase Puhui, the consolidated variable interest entities, we only have access to the cash balances and the future earnings of Yiren Financial Information and CreditEase Puhui through our contractual arrangements with them. See "Item 4. Information on the Company—A. History and Development of Our Company." In addition, although we consolidate the cash flow of the Consolidated ABFE into our cash flow, the cash balance of the Consolidated ABFE is not available to fund our general liquidity needs. For more information about the Consolidated ABFE, please see "Note 2—Summary of Significant Accounting Policies—Basis of Consolidation" appearing in Item 18 of this annual report. For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see "—Holding Company Structure" below.

In utilizing the cash that we hold offshore, we may (i) make additional capital contributions to our PRC subsidiaries, (ii) establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, (iii) make loans to our PRC subsidiaries, or (iv) acquire offshore entities with business operations in China in offshore transactions. However, most of these uses are subject to PRC regulations and approvals. For example:

- capital contributions to our PRC subsidiaries, whether existing or newly established ones, must be reported to MOFCOM or its local counterparts; and

- loans by us to our PRC subsidiaries, which are foreign-invested enterprises, to finance their activities cannot exceed statutory limits, must be registered with SAFE or its local branches and must be registered with the NDRC if the term of such loan is more than one year.

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 delay or prevent us from using the proceeds of any offering outside China to make loans to or make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

Substantially all of our future revenues are likely to continue to be in the form of RMB. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our PRC subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated after-tax profits, if any, determined in accordance with Chinese accounting standards and regulations. Our PRC subsidiaries, when distributing its after-tax profits to shareholders, are 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. Such reserve is not distributable as cash dividends. Furthermore, capital account transactions, which include foreign direct investment and loans, must be approved by and/or registered with SAFE and its local branches. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Doing Business in China—Governmental control of currency conversion may limit our ability to utilize our net revenue effectively and affect the value of your investment."

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

| | As of December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | |
| | RMB | RMB | RMB | US$ |
| | (in thousands) | | | |
| **Summary Consolidated Cash Flow Data:** | | | | |
| Net cash provided by operating activities | 1,849,430 | 2,171,013 | 1,424,082 | 195,098 |
| Net cash provided by/(used in) investing activities | 52,559 | 100,045 | (3,113,115) | (426,495) |
| Net cash used in financing activities | (489,123) | (569,278) | (277,226) | (37,980) |
| Effect of foreign exchange rate changes | 2,486 | (3,871) | 9,212 | 1,263 |
| Net increase/(decrease) in cash, cash equivalents and restricted cash | 1,415,352 | 1,697,909 | (1,957,047) | (268,114) |
| Cash, cash equivalents and restricted cash, beginning of year | 2,945,343 | 4,360,695 | 6,058,604 | 830,025 |
| Cash, cash equivalents and restricted cash, end of year | 4,360,695 | 6,058,604 | 4,101,557 | 561,911 |

**Operating Activities**

Net cash provided by operating activities was RMB1,424.1 million (US$195.1 million) in 2024. The difference between our net income and our net cash provided by operating activities was primarily attributable to certain non-cash items, including provision for contingent liabilities of RMB869.3 million (US$119.1 million), allowance for contract assets, receivables and others of RMB523.6 million (US$71.7 million), partially offset by fair value adjustments loss of RMB107.5 million, and certain working capital items, including an increase in guarantee liabilities of RMB279.3 million (US$38.3 million) and an increase in accrued expenses and other liabilities of RMB159.9 million (US$21.9 million), partially offset by an increase in accounts receivable of RMB175.7 million (US$24.1 million), an increase in contract assets of RMB265.0 million (US$36.3 million), an increase in guarantee receivable of RMB537.0 million (US$73.6 million), and an increase in prepaid expenses and other assets of RMB991.8 million (US$135.9 million).

Net cash provided by operating activities was RMB2,171.0 million in 2023. The difference between our net income and our net cash provided by operating activities was primarily attributable to certain non-cash items, including allowance for contract assets, receivables and others of RMB261.2 million, and certain working capital items, including a decrease in amounts due from related parties of RMB431.6 million and an increase in accrued expenses and other liabilities of RMB200.0 million, partially offset by an increase in accounts receivable of RMB306.5 million, an increase in contract assets of RMB547.7 million and an increase in prepaid expenses and other assets of RMB168.7 million.

Net cash provided by operating activities was RMB1,849.4 million in 2022. The difference between our net income and our net cash provided by operating activities was primarily attributable to certain non-cash items, including allowance for contract assets, receivables and others of RMB166.7 million, and certain working capital items, including a decrease in contract assets of RMB369.1 million and an increase in accrued expenses and other liabilities of RMB123.2 million, partially offset by an increase in deferred tax assets or liabilities of RMB109.6 million.

**Investing Activities**

Net cash used in investing activities was RMB3,113.1 million (US$426.5 million) in 2024, which was primarily attributable to prepayment of investment of RMB2,399.2 million (US$328.7 million) and loan to related parties of RMB1,100.0 million (US$150.7 million).

Net cash provided by investing activities was RMB100.0 million in 2023, which was primarily attributable to collection of principals of loans at fair value of RMB772.4 million and repayments of financing receivables of RMB359.0 million, partially offset by investment in loans at fair value of RMB1,494.1 million.

Net cash provided by investing activities was RMB52.6 million in 2022, which was primarily attributable to repayments of financing receivables, partially offset by net outflow for other financial investments.

**Financing Activities**

Net cash provided by financing activities was RMB277.2 million (US$38.0 million) in 2024, which was mainly attributable to dividends paid to shareholders of RMB122.3 million (US$16.8 million).

Net cash used in financing activities was RMB569.3 million in 2023, which was mainly attributable to principal payments of loans from third parties of RMB767.9 million.

Net cash used in financing activities was RMB489.1 million in 2022, which was mainly attributable to principal payments of loans from related parties and third parties of RMB399.7 million.

**Capital Expenditures**

We made capital expenditures of RMB0.9 million, RMB4.4 million and RMB9.2 million (US$1.3 million) in 2022, 2023 and 2024, respectively. In these periods, our capital expenditures were mainly used for purchases of property, equipment and software. We will continue to make capital expenditures to meet the requirements of our business operations.

**Holding Company Structure**

Yiren Digital Ltd. is a holding company with no material operations of its own. We conduct our operations primarily through our subsidiaries and the consolidated variable interest entities in China. If our existing PRC subsidiaries or any newly formed ones incur debts on their own behalf in the future, the instruments governing their debts may restrict their ability to pay dividends to us. In addition, each of our wholly foreign-owned subsidiaries in China is permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital and may allocate a portion of its after-tax profits based on PRC accounting standards to a discretionary surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. In 2024, YouRace Hengchuang distributed cash dividends of RMB200.0 million to YouRace HK, and no subsidiaries paid any dividends or made other distributions to our holding company.

**Contractual Obligations**

The following table sets forth our contractual obligations as of December 31, 2024:

| | As of December 31, 2024 |
|---|---|
| | RMB (in thousands) |
| 2025 | 15,557 |
| 2026 | 13,389 |
| 2027 and thereafter | 13,965 |
| **Total lease liabilities** | **42,911** |

Our operating lease obligations relate to our leases of office premises. We lease our principal office premises under an operating lease with an expiration date in April 2028. Rental expenses under operating leases for 2022, 2023 and 2024 were RMB27.9 million, RMB19.4 million and RMB19.3 million (US$2.6 million), respectively.

Payables to investors related to the Consolidated ABFE have been excluded from the table above. We will make such payments to the investors related to the Consolidated ABFE if and when we receive the related loan payments from borrowers. We do not have any contractual obligations to make such payments out of our own liquidity resources.

Other than those shown above, we did not have any significant capital and other commitments, long-term obligations, or guarantees as of December 31, 2024.

**C. Product Development**

We had a dedicated product development team consisting of 26 full-time employees as of December 31, 2024. This team is responsible for developing and implementing new consumer finance products to introduce on to our marketplace.

Our company and the VIEs constantly evaluate the popularity of our existing product offerings and develop new products and services that can cater to the ever-evolving needs of our clients.

From a financial services perspective, as we continue to optimize our product offerings, we are developing a more diversified range of credit products tailored to meet the specific needs of our target borrowers and institutional funding partners, all at competitive prices in line with updated regulatory guidelines. As our marketplace grows, we have enhanced our ability to offer risk-based loan pricing. For instance, we have introduced lower-priced loan products and regularly adjust our pricing strategy as we shift towards serving a higher-quality customer segment in response to regulatory directives. Moving forward, we will continue to diversify our product offerings and strengthen synergies across our various business lines.

In the insurance brokerage business, we remain committed to driving innovation and customization in our product offerings as we expand our client base and strengthen partnerships with external stakeholders. We closely monitor both domestic and international markets, continually introducing new insurance products that target low-penetration segments with high growth potential. For example, since the second half of 2022, we have been offering overseas engineering liability insurance services to address the growing security needs of engineering projects in Belt and Road countries. Additionally, since 2022, we have introduced "New Citizen" insurance services, designed to meet the protection needs of flexible workforce members and part-time workers who are not covered by traditional social security systems. In 2024, we expanded our reach by launching online channels, including social media platforms, to offer more flexible insurance products, such as healthcare and retirement plans.

In the consumption and lifestyle business, we continue to enhance our product and service offerings to better meet the diverse needs of our customers across various life scenarios. As we refine our customer segmentation and optimize our customer mix, we are strategically scaling back the offering of historical and existing products. This shift allows us to focus on studying and analyzing the profiles and needs of our newly upgraded customer group, enabling us to develop tailored products that more effectively address their requirements.

**D. Trend Information**

Other than as disclosed elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2024 that are reasonably likely to have a material and adverse effect on our net revenue, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial condition.

**E. Critical Accounting Policies, Judgments and Estimates**

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

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

While our significant accounting policies are described in more detail in "Note 2—Summary of Significant Accounting Policies" to our consolidated financial statements appearing in Item 18 of this annual report, we believe the following critical accounting estimates used in the preparation of our consolidated financial statements require the most difficult, subjective and complex judgments and estimates and have had, or are reasonably likely to have a material impact on our financial condition or results of operations.

**Revenue from loan facilitation, post-origination and guarantee services**

We provide loan facilitation services, post-origination services and guarantee services under loan facilitation model. Revenues from loan facilitation are recognized at the time a loan is originated. Revenues from post-origination services are recognized on a straight-line basis over the term of the underlying loans as the services are provided. Revenues from guarantee services, if any, are recognized amortized during the guarantee term.

Significant management judgment is applied to the determination and allocation of the transaction price, including: (i) estimation of variable consideration, and (ii) determination of standalone selling price of each performance obligation.

We first allocate the transaction price to the guarantee liabilities, if any, in accordance with ASC 460, Guarantees, which requires the guarantee to be measured initially at fair value based on the stand ready obligation. The remaining considerations are then allocated to the loan facilitation services and post-origination services using their relative standalone selling prices consistent with the guidance in ASC 606. We do not have observable standalone selling price information for the loan facilitation services or post-origination services because it does not provide loan facilitation services or post-origination services on a standalone basis. There is no direct observable standalone selling price for similar services in the market that is reasonably available. As a result, the estimation of standalone selling price involves significant judgments. We use expected cost plus margin approach to estimate the standalone selling prices of loan facilitation services as the basis of revenue allocation. In estimating its standalone selling price for the loan facilitation services, we consider the cost incurred to deliver such services, profit margin for similar arrangements, customer demand, effect of competitors on our services, and other market factors. However, for post-origination services, given the main services are about loan collecting and cash processing, we can refer to other companies performing the same services, therefore a direct observable standalone selling price for similar services in the market is available. We estimate the standalone selling prices of loan facilitation services and post-facilitation services based on historical cost data adjusted by current service patterns such as tenure, which could change with the evolvement of our product mix. There has been no material change to the allocation ratio between the two performance obligations during the year ended December 31, 2024.

The transaction price includes variable consideration in the form of prepayment risk of the borrowers, and we estimate variable consideration for these contracts using the expected value approach on the basis of historical information and current trends of the prepayment percentage of the borrowers. A decrease in the amount of loans to be repaid in advance or an increase in tenure of early repayment would result in a greater amount of total transaction price than initially expected and vice versa. If the estimate of the prepayment rates suffers 0.5 percentage point increase/decrease, it would result in a decrease of RMB16.9 million (US$2.3 million) and an increase of RMB16.9 million (US$2.3 million) for revenue recognized for the year ended December 31, 2024. Revenue recognized for the year ended December 31, 2024 from performance obligations satisfied (or partially satisfied) in prior periods pertaining to adjustments to variable consideration due to the change of estimated prepayment rate and service fee allocation rate was immaterial.

**Allowance for guarantee receivable and contract assets**

Guarantee receivable and contract assets are stated at the historical carrying amount net of write offs and allowance for uncollectible accounts. Allowance for guarantee receivable and contract assets is based on net cumulative expected loss rates, taking the historical default rate of loans originated in the same vintage, as well as national or local economic conditions that correlate with defaults on loans into consideration. We regularly review the methodology and assumptions used for estimating the net cumulative expected loss rates.

As of December 31, 2024, allowance for guarantee receivable and contract assets is RMB63.7 million (US$8.7 million) and RMB117.7 million (US$16.1 million), respectively. If the estimate of the net cumulative expected loss rates suffers 0.5 percentage point increase/decrease, it would result in an increase of RMB19.2 million (US$2.6 million) and a decrease of RMB19.2 million (US$2.6 million) for allowance for guarantee receivable and contract assets.

**Provision for contingent liabilities**

We provide guarantee services in connection with some of the loans facilitated, and we recognize a separate contingent guarantee liability with an allowance for credit losses, which is an estimate of future net payouts upon borrowers' default. We estimate expected net payouts according to the product mix, default rates and loan terms, which are revalued at each period end to reflect updated estimation for future net payouts.

As of December 31, 2024, balance for contingent liabilities was RMB578.8 million (US$79.3 million). If the estimate of the net-payout rates suffers 0.5 percentage point increase/decrease, it would result in an increase of RMB59.2 million (US$8.1 million) and a decrease of RMB59.2 million (US$8.1 million) for provision for contingent liabilities.

## Item 6. Directors, Senior Management and Employees

### A. Directors and Senior Management

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

| Directors and Executive Officers* | Age | Position/Title |
|---|---|---|
| Ning Tang | 51 | Executive Chairman and Chief Executive Officer |
| Tina Ju | 60 | Director |
| Jingsheng Huang | 67 | Director |
| Sam Hanhui Sun | 52 | Independent Director |
| Hao Li | 46 | Independent Director |
| Hiu Fung Vincent Pang | 55 | Independent Director |
| Shuo Zheng | 55 | Independent Director |
| Yuning Feng | 39 | Chief Financial Officer |
| Bin Yang | 47 | Chief Human Resources Officer |

*Mr. Ning Tang* is our founder, and has served as our executive chairman of the board of directors since our inception and our chief executive officer since July 2019. He is also the founder of our parent company, CreditEase, and has served as the chairman of the board of directors and chief executive officer of CreditEase since its inception in 2006. In July 2011, Mr. Tang won the nomination of "Leader of the Year" in the "Global Microfinance Achievement Awards 2011," initiated by the London-based C5 Group to recognize the efforts, innovations and services that ensure maximum business and social returns in the microfinance sector. Mr. Tang is also a member of the advisory board to the Ministry of Industry and Information Technology with respect to small and medium-sized enterprises related policies, and a director at the China Microfinance Institution Association. Prior to founding CreditEase, Mr. Tang served as the director of strategic investments and acquisitions at AsiaInfo-Linkage, Inc., a leading provider of telecommunication software solutions and services in China then listed on Nasdaq, since July 2000. Prior to that, Mr. Tang served as an investment banker at Donaldson, Lufkin & Jenrette, a U.S. investment bank now owned by Credit Suisse, since July 1998. Mr. Tang is an active angel investor and has made several successful investments in the education and training, financial services, human resources services, internet, technology and media industries. Mr. Tang studied mathematics at Peking University and received his bachelor's degree in economics, summa cum laude, from the University of the South in Sewanee, Tennessee. He is also a member of the Phi Beta Kappa Society.

*Ms. Tina Ju* has served as our director since January 2015. Ms. Ju is a founding and managing partner of KPCB China and TDF Capital. She has more than 35 years of experience in venture capital, investment banking and operations. Ms. Ju began her venture capital career in 1999 and co-founded VTDF China in 2000 and KPCB China in 2007. Earlier in her career, Ms. Ju spent 10 years in investment banking at Deutsche Bank as the head of TMT and Transport Asia, Merrill Lynch as head of Asia Technology and Corporate Finance Team, and Goldman Sachs. Ms. Ju currently serves as a director on the board of various private companies. Ms. Ju received a bachelor's degree in industrial engineering and operations research from UC Berkeley and an MBA from Harvard Business School.

*Mr. Jingsheng Huang* has served as our director since December 17, 2015. Mr. Huang is a Senior Advisor to CreditEase on impact and private equity investment since January 1, 2020. Prior to that, he was the managing executive director at Harvard Center Shanghai. Mr. Huang has also served as an independent non-executive director and from September 2022 as Non-executive Chairman of the Board of SOHO China, a company listed on the Hong Kong Stock Exchange, since September 2022, and previously, an independent non-executive director of SOHO China since August 2018. Mr. Huang has served as a non-executive director of Gushengtang, a company listed on the Hong Kong Stock Exchange, since July 2021. Prior to that, he was a partner of TPG Growth and RMB Funds based in Shanghai, China. Before joining TPG, he was a managing director at Bain Capital LLC, where he set up and ran its Shanghai operations. Prior to that, Mr. Huang served multiple positions in the investment industry, including managing director in China at SOFTBANK Asia Infrastructure Fund, partner at SUNeVision Ventures and senior manager of strategic investment at Intel Capital. Before starting his investment career, Mr. Huang was the director of research operations at Gartner Group, a cofounder and vice president of marketing at Mtone Wireless and an English lecturer at Communication University of China. Before joining Harvard, Mr. Huang served as a member of the board of China Venture Capital Association and a deputy chairman of Shanghai Private Equity Association. Mr. Huang served as an independent director of Besunyen Holdings Company Limited, a company listed on the Hong Kong Stock Exchange, until June 2019. Mr. Huang received an M.B.A degree from Harvard Business School, an M.A. from Stanford University and a B.A. from Beijing Foreign Studies University.

*Mr. Sam Hanhui Sun* has served as our director since December 17, 2015. Mr. Sun currently serves as an independent director and audit committee chair of iQIYI Inc., a Nasdaq-listed company, an independent director and audit committee chair of Zhihu Inc., a NYSE-listed company, and an independent director of YSB Inc., a company listed on the Hong Kong Stock Exchange. From January 2010 to September 2015, Mr. Sun assumed a couple of positions at Qunar Cayman Islands Limited, a mobile and online travel platform then listed on Nasdaq, including serving as Qunar's president from May 2015 to September 2015 and its chief financial officer from January 2010 to April 2015. Prior to joining Qunar, Mr. Sun was the chief financial officer of KongZhong Corporation, an online game developer and operator then listed on a Nasdaq-listed company, from 2007 to 2009. Mr. Sun was also an independent director and audit committee member of KongZhong Corporation from July 2005 through January 2007. From 2004 to 2007, Mr. Sun served in several financial controller positions at Microsoft China R&D Group, Maersk China Co. Ltd. and SouFun.com. From 1995 to 2004, Mr. Sun worked in KPMG's auditing practice group, including eight years at the Beijing office of KPMG, where he was an audit senior manager, and two years at KPMG in Los Angeles, California. Mr. Sun received a B.E. in business administration from Beijing Institute of Technology in 1993. He is a Certified Public Accountant in China.

*Mr. Hao Li* has served as our director since January 1, 2020. Mr. Li is the founder and chairman of the board of CTG Group, a human resource services provider in China. As a well-regarded business pioneer, Mr. Li founded CTG Group in his early twenties in 2003 and developed the company into an industry giant that has served over 25,000 corporate clients covering 500 cities over the past 16 years. Mr. Li also established Anhui Ensan Charitable Foundation in 2013. Mr. Li is also the executive director of World Chinese Merchants Union Association and the vice president of Asia Pacific Chinese Entrepreneurial Leaders Association. During the past two decades, Mr. Li has been granted various of awards, including "Most Innovative Chinese Business Leader in Asia Pacific," "Top 10 Outstanding Figures in China's HR Industry," "Top 10 Innovator for China's New Economy," etc. Mr. Li received his bachelor's degree from Beijing Institution of Technology and an E.M.B.A. degree from China Europe International Business School.

*Mr. Hiu Fung Vincent Pang* has served as our director since November 22, 2022. Mr. Pang has over 30 years of experience in auditing, consulting and taxation. He served as a partner at KPMG Advisory (China) Limited for over 15 years until his retirement in December 2021, during which he served as the partner in charge of Northern China Tax department of KPMG Advisory (China) Limited from 2017 to 2020. Previously, Mr. Pang held various positions at Deloitte Beijing, Beijing Zhonggongxin Certified Public Accountants Co., Ltd., PricewaterhouseCoopers Beijing, KPMG Vancouver and Dyke & Howard Vancouver. Mr. Pang received a degree of Bachelor of Commerce from McGill University in Canada in 1991. Mr. Pang is also a Canadian Chartered Accountant.

*Ms. Shuo Zheng* has served as our director since June 17, 2024. Ms. Shuo Zheng has over 28 years of experience in financial control and regulatory compliance within both corporate and personal banking sectors. From June 2016 to July 2023, she had served as the Head of Regulatory Compliance and Branch Compliance at JPMorgan Chase Bank China. Prior to this, from August 2011 to June 2016, she was the Head of North Region Compliance and Approved Compliance Officer for Citibank Beijing branch. Ms. Zheng also held positions at China offices of Deutsche Bank, Standard Chartered Bank and HSBC from 1995 to 2011. Ms. Zheng holds a bachelor's degree in finance from the Financial and Banking Institution of China, now part of the University of International Business and Economics, which she obtained in 1992. She also holds ACCA Certificates (Chinese version) and the Insurance Agent Sales Certificate.

*Mr. Yuning Feng* has served as our chief financial officer since August 20, 2024. He possesses over a decade of experience in venture capital investment, investment banking and financial control. Before joining our company, he was a partner at CE Innovation Capital, from 2015 to 2018 and from 2021 to 2024. In this role, he led investments in fintech, enterprise solutions, and AI sectors, managed investment portfolios, and contributed to fundraising and fund management. From 2018 to 2021, Mr. Feng served as an investment banker at China Renaissance, specializing in corporate finance for fintech and enterprise solutions companies, where he established strong connections with a variety of companies and investors. Earlier in his career, Mr. Feng was a financial controller at Goldman Sachs and UBS from 2008 to 2012. He received a bachelor's degree from Beijing Foreign Studies University in 2008 and an MBA from the University of Warwick in 2014.

*Ms. Bin Yang* has served as our chief human resources officer since 2023. Ms. Yang initially joined the company in 2015 as the head of the human resources department and possesses over 10 years of experience in human resource management. Prior to joining the company, she previously worked at JUPITER, C2MICRO, and 360.

**B. Compensation**

In 2024, we paid an aggregate of approximately RMB10.1 million (US$1.4 million) in cash to our directors and officers. 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 the consolidated variable interest entities are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. For information regarding the share-based incentive awards that we have granted to our officers and directors, please refer to "—Share Incentive Plans."

**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 three-month 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 three-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.

We have entered into director agreements with each of our independent directors. These agreements set forth the services to be provided and compensation to be received by our independent directors, as well as the independent directors' obligations in terms of confidentiality, non-competition and non-solicitation. Pursuant to these agreements, the directorship of our independent directors will last until the earlier of (i) the date on which the director ceases to be a member of our board of directors for any reason or (ii) the date of termination of these agreements. Each party to a director agreement may terminate the agreement through a 30-day prior written notice or such shorter period as the parties may agree upon.

**Share Incentive Plans**

We have adopted three share incentive plans, namely, the 2015 Share Incentive Plan, 2017 Share Incentive Plan, and 2020 Share Incentive Plan, which allow us to offer a variety of share-based incentive awards to employees, officers, directors and individual consultants who render services to us. These three plans are referred to as the 2015 Plan, 2017 Plan and 2020 Plan, respectively. Pursuant to the 2015 Plan, the maximum number of shares that may be issued pursuant to all awards under the 2015 Plan is 3,939,100 ordinary shares. Pursuant to the 2017 Plan, the maximum aggregate number of shares which may be issued is 6,060,900. As of March 31, 2025, there was no restricted share unit outstanding under the 2015 Plan and the 2017 Plan. Pursuant to the 2020 Plan, the maximum number of shares that may be issued pursuant to all awards under the 2020 Plan is 18,560,000 ordinary shares. As of March 31, 2025, 1,424,264 restricted share units were outstanding under the 2020 Plan.

The following table summarizes, as of March 31, 2025, the outstanding restricted share units that we granted to our current directors and executive officers and to other individuals as a group under our 2020 Plan:

| Name | Ordinary Shares Underlying Restricted Share Units | Grant Date |
|---|---|---|
| Sam Hanhui Sun | * | July 1, 2022 and 2023 |
| Hao Li | * | July 1, 2022 and 2023 |
| Bin Yang | * | July 1, 2022 |
| Other Individuals as a Group | 1,225,924 | July 1, 2022, 2023 and 2024 and January 1, 2023, 2024 and 2025 |

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

The following paragraphs summarize the terms of the 2015 Plan, the 2017 Plan and the 2020 Plan:

*Plan Administration*. Our board of directors, or a committee designated by our board of 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, which may include the term of the award and the provisions applicable in the event of the grantee's employment or service terminates. 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 affiliates, which include our parent company, subsidiaries and any entities in which our parent company or a subsidiary of our company holds a substantial ownership interest.

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

*Acceleration of Awards upon Change in Control*. If a change-of-control corporate transaction occurs, the plan administrator may, in its sole discretion, provide for (i) all awards outstanding to terminate at a specific time in the future and give each participant the right to exercise the vested portion of such awards during a specific period of time, or (ii) the purchase of any award for an amount of cash equal to the amount that could have been attained upon the exercise of such award, or (iii) the replacement of such award with other rights or property selected by the plan administrator in its sole discretion, or (iv) payment of award in cash based on the value of ordinary shares on the date of the change-of-control corporate transaction plus reasonable interest.

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

*Transfer Restrictions*. Awards may not be transferred in any manner by the recipient other than by will, the laws of succession or other exceptions as set forth in the plan, except as otherwise provided by the plan administrator.

*Termination of the Plan*. Unless terminated earlier, each plan will have a term of ten years. 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.

**Clawback Policy**

On November 16, 2023, our board of directors adopted an Incentive Compensation Recoupment Policy (the "Clawback Policy") providing for the recoupment of certain incentive compensation from current and former executive officers of our company in the event the company is required to restate any of its financial statements filed with the SEC under the Exchange Act in order to correct an error that is material to the previously-issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. The adoption of the Clawback Policy was mandated by the New York Stock Exchange Listed Company Manual introduced pursuant to Exchange Act Rule 10D-1. A copy of the Clawback Policy has been filed herewith as Exhibit 97.1.

**C. Board Practices**

**Board of Directors**

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

**Committees of the Board of Directors**

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

*Audit Committee*. Our audit committee consists of Sam Hanhui Sun, Hiu Fung Vincent Pang, Hao Li and Shuo Zheng. Sam Hanhui Sun is the chairman of our audit committee. We have determined that Sam Hanhui Sun, Hiu Fung Vincent Pang, Hao Li and Shuo Zheng 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, including any transactions between us and CreditEase;
- 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 Sam Hanhui Sun, Hiu Fung Vincent Pang, Hao Li and Shuo Zheng. Sam Hanhui Sun is the chairman of our compensation committee. We have determined that Sam Hanhui Sun, Hiu Fung Vincent Pang, Hao Li and Shuo Zheng 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 Hiu Fung Vincent Pang, Sam Hanhui Sun, Hao Li and Shuo Zheng. Hiu Fung Vincent Pang is the chairman of our nominating and corporate governance committee. Hiu Fung Vincent Pang, Sam Hanhui Sun, Hao Li and Shuo Zheng 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:

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

*Cybersecurity Risk Management Committee*. We established our cybersecurity risk management committee in March 2024. Our cybersecurity risk management committee consists of Ning Tang, Sam Hanhui Sun and Hao Li. Ning Tang is the chairman of the committee. Sam Hanhui Sun and Hao Li satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the NYSE. The cybersecurity risk management committee assists the board of directors in fulfilling the board's oversight responsibility with respect to the risks related to our company's information technology use and data protection, including but not limited to cybersecurity and privacy. The cybersecurity risk management committee is responsible for, among other things:

- quality and effectiveness of the policies and procedures governing information technology and network systems, including relating to data governance, incident response procedures and disaster recovery capabilities, and product security;
- technology senior management teams' priorities for its information technology and engineering security functions;
- management of compliance risks and audits related to its information technology and network systems;

- internal access controls and audits relating to cyber and information security;
- disclosures in SEC filings related to its information technology and network systems; and
- cyber insurance policies and coverage.

*Environmental, Social, and Governance (ESG) Committee*. We established our ESG committee in June 2024. Our ESG committee consists of Ning Tang, Hao Li and Shuo Zheng. Ning Tang is the chairman of the committee. Hao Li and Shuo Zheng satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the NYSE. The ESG committee assists the board of directors in fulfilling its oversight responsibility with respect to our company's non-financial regulatory risks that may have a material impact on our company and especially its ability to sustain trust with customers, employees, and the public. The ESG committee is responsible for, among other things:

- identifying and evaluating ESG risks and opportunities that are relevant and material to our operations and that affect shareholders and other key stakeholders;
- oversight and internal management of ESG policies, strategies, goals, and implementations;
- identifying and engaging stakeholders to understand and respond to their expectations;
- monitoring, evaluating, and advising the board of directors on ESG-related legal, regulatory, and compliance developments and public policy trends; and
- reviewing our annual ESG report and other material public disclosure related to ESG matters.

**Duties of Directors**

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. 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. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in our name 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 Executive Officers**

Our directors may be elected by a resolution of our board of directors, or by an ordinary resolution of our shareholders. Each of our directors will hold office until the expiration of his or her term as provided in the written agreement with our company, if any, and until his or her successor has been elected or appointed. A director will cease to be a director if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found by our company to be or becomes of unsound mind, (iii) resigns his office by notice in writing to the company, (iv) without special leave of absence from our board, is absent from three consecutive board meetings and our directors resolve that his office be vacated, or (v) is removed from office pursuant to any other provision of our memorandum and articles of association. Our officers are elected by and serve at the discretion of the board of directors.

## D. Employees

As of December 31, 2022, 2023 and 2024, our company and the VIEs had a total of 1,064, 754, and 949 employees, respectively.

The following table sets forth the breakdown of our employees as of December 31, 2024 by function:

| | Number of Employees | % of Total |
|---|---|---|
| **Function** | | |
| Sales and Marketing | 404 | 42.6 |
| Operations | 117 | 12.3 |
| Technology | 234 | 24.7 |
| Risk Management | 38 | 4.0 |
| General and Administrative | 130 | 13.7 |
| Product Development | 26 | 2.7 |
| **Total** | **949** | **100.0** |

As of December 31, 2024, the majority of our employees are based in China.

We believe our company and the VIEs offer our employees competitive compensation packages and a work environment that encourages initiative and is based on merit, and as a result, we have generally been able to attract and retain qualified personnel and maintain a stable core management team. We plan to hire additional employees as we expand our business.

As required by PRC regulations, we participate in various government statutory employee benefit plans, including social insurance funds, namely a pension contribution 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. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. Certain entities we acquired in March 2019 as part of our business realignment with CreditEase did not make adequate employee benefits payment in the past, which may subject us to penalties including potential late fees or fines. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties."

We enter into standard labor, confidentiality and non-competition agreements with our employees. The non-competition restricted period typically expires one year after the termination of employment, and we agree to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period.

We believe that we maintain a good working relationship with our employees, and we have not experienced any major labor disputes.

## E. Share Ownership

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of March 31, 2025 by:

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

The calculations in the table below are based on 172,812,968 ordinary shares outstanding as of March 31, 2025.

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

| | Ordinary Shares Beneficially Owned as of March 31, 2025 | |
|---|---|---|
| | Number | %† |
| **Directors and Executive Officers**:** | | |
| Ning Tang(1) | 62,244,893 | 36.0 |
| Tina Ju(2) | — | — |
| Jingsheng Huang | * | * |
| Sam Hanhui Sun | — | — |
| Hao Li | * | * |
| Hiu Fung Vincent Pang | — | — |
| Shuo Zheng | — | — |
| Yuning Feng | * | * |
| Bin Yang | * | * |
| All Directors and Executive Officers as a Group | 62,502,487 | 36.2 |
| **Principal Shareholder:** | | |
| CreditEase Holdings (Cayman) Limited(3) | 143,421,412 | 83.0 |

* Less than 1% of our total outstanding shares.

** Except for Ms. Tina Ju, Mr. Jingsheng Huang, Mr. Sam Hanhui Sun, Mr. Hao Li, and Mr. Hiu Fung Vincent Pang, the business address of our directors and executive officers is 28/F, China Merchants Bureau Building, 118 Jianguo Road, Chaoyang District, Beijing 100022, People's Republic of China. The business address of Ms. Tina Ju is Level 19, Cheung Kong Center, 2 Queens Road, Central, Hong Kong. The business address of Mr. Jingsheng Huang is 505 Winchester St, Newton, MA 02461, USA. The business address of Mr. Sam Hanhui Sun is 64 Donggong Street, Dongcheng District, Beijing 100009, People's Republic of China. The business address of Mr. Hao Li is Building G2, No. 56 Jianguo Road, Chaoyang District, Beijing 100022, the People's Republic of China. The business address of Mr. Hiu Fung Vincent Pang is 502, Building 3, Park 1872, Balizhuangbeili, Chaoyang District, Beijing 100025, the People's Republic of China.

† For each person and group included in this column, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the total number of shares outstanding and the number of shares such person or group has the right to acquire upon exercise of option, warrant or other right within 60 days after March 31, 2025. The total number of ordinary shares outstanding as of March 31, 2025 is 172,812,968.

(1) Mr. Ning Tang does not hold any ordinary share in our company directly. Mr. Tang, through a trust controlled by him, holds all equity interest of a British Virgin Islands company, which in turn owns 43.4% of the total outstanding shares of CreditEase, our parent company, on an as-converted basis.

(2) Ms. Tina Ju is a founding and managing partner of KPCB China, which holds certain equity interest in CreditEase through its affiliated funds.

(3) CreditEase Holdings (Cayman) Limited is incorporated in the Cayman Islands. CreditEase is owned by Mr. Ning Tang, our executive chairman, and a few investors, including IDG, KPCB China and Morgan Stanley Private Equity Asia, through their respective investment vehicles.

As of March 31, 2025, 27,143,412 of our outstanding ordinary shares were held by one record holder in the United States, which is the depositary of our ADS program, representing 15.7% of our total issued and outstanding ordinary shares as of such date. None of our existing shareholders has 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.

### F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

## 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

### Agreements with CreditEase

We are a majority-owned subsidiary of CreditEase. Prior to our initial public offering in 2015, we entered into a series of agreements with CreditEase with respect to various ongoing relationships between us. These agreements include a master transaction agreement, a transitional service agreement, a non-competition agreement, a cooperation framework agreement, and an intellectual property license agreement.

On March 25, 2019, we entered into a set of definitive agreements with CreditEase regarding a business realignment between CreditEase and us. These agreements include, among other things, a share subscription agreement, an amended and restated transitional service agreement, an amended and restated non-competition agreement, an amended and restated cooperation framework agreement, and an amended and restated intellectual property license agreement.

On December 31, 2020, we entered into a set of definitive agreements with CreditEase regarding a business restructuring between CreditEase and us. These agreements include, among other things, a restructuring agreement and a second amended and restated non-competition agreement (which amended and restated the amended and restated non-competition agreement in its entirety).

The following are summaries of the above-mentioned agreements:

### Master Transaction Agreement

The master transaction agreement contains provisions relating to our carve-out from CreditEase. Pursuant to this agreement, we are responsible for all financial liabilities associated with the current and historical online consumer finance marketplace business and operations that have been conducted by or transferred to us, and CreditEase is responsible for financial liabilities associated with all of CreditEase's other current and historical businesses and operations, in each case regardless of the time those liabilities arise. The master transaction agreement also contains indemnification provisions under which we and CreditEase agree to indemnify each other with respect to breaches of the master transaction agreement or any related inter-company agreement.

In addition, we agree to indemnify CreditEase against liabilities arising from misstatements or omissions in the prospectus for our initial public offering or the registration statement of which it is a part, except for misstatements or omissions relating to information that CreditEase provided to us specifically for inclusion in the prospectus for our initial public offering or the registration statement of which it forms a part. We also agree to indemnify CreditEase against liabilities arising from any misstatements or omissions in our subsequent SEC filings and from information we provide to CreditEase specifically for inclusion in CreditEase's reports and filings, if any, following the initial filing of the registration statement with the SEC of which the prospectus for our initial public offering is a part, but only to the extent that the information pertains to us or our business or to the extent CreditEase provides us prior written notice that the information will be included in its reports or other subsequent filings, if any, and the liability does not result from the action or inaction of CreditEase. Similarly, CreditEase will indemnify us against liabilities arising from misstatements or omissions in its subsequent filings, if any, or with respect to information that CreditEase provided to us specifically for inclusion in the prospectus for our initial public offering, the registration statement of which the prospectus for our initial public offering forms a part, or our annual reports or other SEC filings following the initial filing of the registration statement with the SEC of which the prospectus for our initial public offering is a part, but only to the extent that the information pertains to CreditEase or CreditEase's business or to the extent we provide CreditEase prior written notice that the information will be included in our annual reports or other SEC filings, and the liability does not result from our action or inaction.

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

Furthermore, under the master transaction agreement, we agree to use our reasonable best efforts to engage the same independent certified public accounting firm selected by CreditEase and to maintain the same fiscal year as CreditEase until the first CreditEase fiscal year-end following the earlier of (i) the first date when CreditEase no longer owns at least 20% of the voting power of our then outstanding securities or (ii) the first date when CreditEase ceases to be the largest beneficial owner of our then outstanding voting securities (without considering holdings by certain institutional investors). We refer to this earlier date as the control ending date. We also agree to use our reasonable best efforts to complete our audit and provide CreditEase with all financial and other information on a timely basis so that CreditEase may meet its deadlines for its filing of annual and quarterly financial statements, if applicable.

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

**Amended and Restated Transitional Services Agreement**

Under the amended and restated transitional services agreement, CreditEase agrees that, during the service period, as described below, CreditEase will provide us with various corporate support services, including but not limited to:

- operational management support;
- administrative support;
- legal support;
- human resources support;
- corporate communications;
- marketing;
- global security & continuity; and
- accounting, internal control and internal audit support.

CreditEase also may provide us with additional services that we and CreditEase may identify from time to time in the future.

The price to be paid for the services provided under the amended and restated transitional service agreement will be the actual direct and indirect costs of providing such services. Direct costs include compensation and travel expenses attributable to employees, temporary workers, and contractors directly engaged in performing the services, as well as materials and supplies consumed in and agency fees arising from performing the services. Indirect costs include occupancy, information technology support and other overhead costs of the department incurring the direct costs of providing the services.

The amended and restated transitional service agreement provides that the performance of a service according to the agreement will not subject the provider of such service to any liability whatsoever except as directly caused by the gross negligence or willful misconduct of the service provider. Liability for gross negligence or willful misconduct is limited to the lower of the price paid for the particular service or the cost of the service's recipient performing the service itself or hiring a third party to perform the service. Under the amended and restated transitional services agreement, the service provider of each service is indemnified by the recipient against all third-party claims relating to provision of services or the recipient's material breach of a third-party agreement, except where the claim is directly caused by the service provider's gross negligence or willful misconduct.

The service period under the amended and restated transitional services agreement commenced on December 23, 2015, the closing date of our initial public offering, and will end on the earlier of (i) March 25, 2024, the fifth anniversary of March 25, 2019, and (ii) one year after the control ending date. We may terminate the amended and restated transitional services agreement with respect to either all or part of the services by giving a 90-day prior written notice to CreditEase and paying all fees accrued through the termination and costs actually incurred by CreditEase resulting from the early termination. Upon the control ending date, CreditEase may terminate this agreement with respect to either all or part of the services by giving us a 90-day prior written notice.

**Amended and Restated Cooperation Framework Agreement**

Under the amended and restated cooperation framework agreement, CreditEase agrees to provide us long-term services and support in terms of user acquisition, collection, technology support, business consulting services, credit assessment and management consulting services, internationalization consulting services, and wealth management consulting services. In terms of borrower acquisition, we will submit our request for borrower leads to CreditEase on a monthly basis and CreditEase will direct borrowers who fall within our target borrower group to our online marketplace. As for investor acquisition, CreditEase will, at its discretion, direct to us or share information on any investors it learns may be interested in our online marketplace. The rate of fees, if any, charged by one party to the other party under the cooperation contemplated by this agreement shall not be higher than the fee rate charged by or to any unrelated third party. The fee rate may be adjusted on a yearly basis based on commercial negotiation, and after taking into consideration the costs to CreditEase for providing such services and with reference to market rates. This agreement became effective on March 25, 2019, the date of the amended and restated cooperation framework agreement, and, unless terminated pursuant to the express provisions of the agreement or as agreed by CreditEase and us in writing, will expire on the earlier of (i) March 25, 2034, the fifteenth anniversary of the date of the agreement, or (ii) one year after the control ending date.

**Amended and Restated Intellectual Property License Agreement**

CreditEase and we agree, to the extent permitted under applicable laws and regulations, to cooperate in sharing information and data collected from each party's business operation, including without limitation borrower and investor information and credit and loan data, as reasonably requested by the requesting party. This information sharing is free of charge unless otherwise mutually agreed in writing.

This agreement became effective on March 25, 2019, the date of the amended and restated intellectual property license agreement, and, unless terminated pursuant to the express provisions of the agreement or as agreed by CreditEase and us in writing, will expire on the earlier of (i) March 25, 2049, the thirtieth anniversary of the date of the agreement or (ii) one year after the control ending date.

**Share Subscription Agreement**

On March 25, 2019, we entered into a share subscription agreement with CreditEase. Pursuant to the share subscription agreement, CreditEase transferred to our company certain of its businesses, including online holistic wealth targeting the mass affluent, unsecured and secured consumer lending, SME lending, and other related services or businesses. At the closing of this transaction on July 10, 2019, we issued 61,981,412 ordinary shares to CreditEase and paid CreditEase RMB258.9 million in cash with the remaining cash consideration of RMB2,626.7 million to be paid by installments afterwards with each payment contingent upon the acquired businesses achieving certain pre-agreed performance targets. We had made a total amount of RMB1,410 million of contingency payments to CreditEase before CreditEase waived the remaining RMB1,217 million contingency payments in December 2019.

**Restructuring Agreement**

On December 31, 2020, we entered into a restructuring agreement with CreditEase. Pursuant to the restructuring agreement, each of our company and CreditEase has caused the respective subsidiaries or the consolidated variable interest entities to execute and deliver the following agreements on December 31, 2020: (i) the termination agreement to terminate the contractual agreements by and among YouRace Hengchuang, Hengcheng and the shareholders of Hengcheng, including but not limited to the amended and restated equity interest pledge agreements, the powers of attorney, the amended and restated exclusive business cooperation agreement, the amended and restated exclusive option agreement and the amended and restated loan agreements, (ii) the contractual agreements through which CreditEase will conduct the business operations of Hengcheng, and (iii) the second amended and restated non-competition agreement between CreditEase and our company.

In consideration of Yiren Digital obtaining requisite corporate approvals and causing the applicable subsidiaries or the consolidated variable interest entities to execute the relevant agreement, CreditEase had caused its subsidiaries or the consolidated variable interest entities paid an aggregate amount equal to RMB67.0 million to our company's designated subsidiaries or the consolidated variable interest entities at the closing.

**Second Amended and Restated Non-competition Agreement**

Our second amended and restated non-competition agreement with CreditEase provides for a non-competition period beginning upon December 31, 2020 and ending on the earliest of (i) the first anniversary of the control ending date; (ii) the date on which the ADSs representing ordinary shares of Yiren Digital cease to be listed on Nasdaq or the New York Stock Exchange (except for temporary suspension of trading of the ADSs); and (iii) December 31, 2035, the fifteenth anniversary of December 31, 2020. This agreement can be terminated early by mutual written consent of the parties.

CreditEase agrees not to compete with us during the non-competition period in any of the following business or any business that is of the same nature as the following business, in each case unless as may otherwise be approved in writing by the audit committee of the board of directors of Yiren Digital:

(i) the online holistic wealth business targeting the mass affluent (which refers to individuals with RMB1,000,000 to RMB10,000,000 investable financial assets), unsecured and secured consumer lending, financial leasing, small and medium enterprise (SME) lending and other related services and businesses, conducted by Yiren Digital and its subsidiaries and the consolidated variable interest entities anywhere in the world, and

(ii) other businesses that we and CreditEase may mutually agree from time to time to be part of the business that CreditEase cannot compete with us.

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

**Transactions with CreditEase Affiliated Entities**

Prior to our establishment, our online consumer finance marketplace business was carried out by various subsidiaries and the consolidated variable interest entities of CreditEase, which provided us with origination and servicing, sales and marketing and general and administrative services. Since we completed our carve-out from CreditEase and became a stand-alone company in March 2015, affiliates of CreditEase have continued to provide certain supporting services to us. Expenses of services provided by CreditEase's affiliates were recorded as service expenses charged by related parties in 2022, 2023 and 2024 based on various agreements that we entered into with relevant affiliates of CreditEase.

As part of a business realignment with CreditEase in 2019, we acquired CreditEase Puhui, an entity managing CreditEase's national service network.

The information about costs and expenses incurred for services provided by CreditEase, its subsidiaries and affiliates for the years ended December 31, 2022, 2023 and 2024 is as follows:

| | For the Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | |
| | RMB | RMB | RMB | US$ |
| Customers acquisition and referral services | 216,958 | 175,471 | 9,935 | 1,362 |
| System support services | 100,635 | 72,035 | 280,141 | 38,379 |
| Credit assessment services | 110,566 | 118,395 | 163,589 | 22,412 |
| Collection services | 22,735 | 29,188 | 110,383 | 15,122 |
| Other services | 91 | 1,824 | 1,003 | 137 |
| **Total costs and expenses** | **450,985** | **396,913** | **565,051** | **77,412** |

Revenue derived from services provided by us to CreditEase, its subsidiaries and affiliates for the years ended December 31, 2022, 2023 and 2024 is recorded as follows:

| | For the Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | |
| | RMB | RMB | RMB | US$ |
| Customers acquisition and referral services | 409,688 | 140,782 | 32,192 | 4,410 |
| Other services | 1,322 | 813 | — | — |
| **Total revenue** | **411,010** | **141,595** | **32,192** | **4,410** |

For the years ended December 31, 2022, 2023 and 2024, we provided loans to CreditEase, its subsidiaries and affiliates with an amount of RMB200.0 million, nil and RMB1,100.0 million (US$150.7 million), respectively. Nil, nil and nil were repaid to us for the years ended December 31, 2022, 2023 and 2024, respectively.

For the years ended December 31, 2022, 2023 and 2024, CreditEase, its subsidiaries and affiliates provided loans to us with an amount of nil, nil and nil, respectively. RMB182.0 million, RMB195.8 million and nil were repaid by us for the years ended December 31, 2022, 2023 and 2024, respectively.

**Contractual Arrangements with the Consolidated Variable Interest Entities and Their Respective Shareholders**

PRC laws and regulations currently restrict foreign ownership and investment in value-added telecommunications services in China. As a result, we operate our relevant business through contractual arrangements among YouRace Hengchuang and Hengyuda, our PRC subsidiaries, Yiren Financial Information and CreditEase Puhui, the consolidated variable interest entities, and the shareholders of Yiren Financial Information and CreditEase Puhui. We also operated relevant business through contractual arrangements among YouRace Hengchuang, Hengcheng and the shareholders of Hengcheng, which was terminated on December 31, 2020. We used to have contractual arrangements among YouRace Hengchuang, Tianjin Linyang and the shareholders of Tianjin Linyang, and such contractual arrangements were terminated on December 5, 2022. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the Consolidated Variable Interest Entities."

**Employment Agreements and Indemnification Agreements**

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

### C. Interests of Experts and Counsel

Not applicable.

## Item 8. Financial Information

### A. Consolidated Statements and Other Financial Information

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

**Legal Proceedings**

Our company and the VIEs may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. For risks and uncertainties relating to the future cases against us, please see "Item 3. Key Information—D. Risk Factors—Risks Related to Our ADSs—We were previously subject to two shareholder class action lawsuits that were subsequently dismissed. However, we cannot assure you that we will not be subject to other shareholder class action lawsuits in the future."

**Dividend Policy**

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

On July 29, 2017, our board of directors approved a semi-annual dividend policy. Under this policy, semi-annual dividends were set at an amount equivalent to approximately 15% of our anticipated net income after tax in each half year commencing from the second half of 2017. In August 2018, our board of directors decided to temporarily suspend the semi-annual dividend policy in consideration of a challenging market environment with business uncertainties. On August 14, 2024, our board of directors approved an amended dividend policy, under which semi-annual dividends are set at an amount equivalent to no less than 10% of our anticipated net income after tax in each half year commencing from the first half of 2024. The determination to declare and pay such semi-annual dividend and the amount of dividend in any particular half year will be made at the discretion of our board of directors and will be based upon our operations and earnings, cash flow, financial condition and other relevant factors that the board may deem appropriate. On October 15, 2024, our board of directors paid a cash dividend of US$0.1 per ordinary share of our company (or US$0.2 per ADS) to holders of our company's ordinary shares of record as of the close of business on September 30, 2024.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Dividend Distribution" and "Item 10. Additional Information—E. Taxation—People's Republic of China Taxation."

If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares." Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

**B. Significant Changes**

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

## Item 9. The Offer and Listing

**A. Offering and Listing Details**

Our ADSs, each representing two of our ordinary shares, have been listed and traded on the NYSE under the symbol "YRD" since December 18, 2015.

**B. Plan of Distribution**

Not applicable.

**C. Markets**

Our ADSs have been listed on the NYSE since December 18, 2015 under the symbol "YRD."

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**Item 10. Additional Information**

**A. Share Capital**

Not applicable.

**B. Memorandum and Articles of Association**

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and the Companies Act (As Revised) of the Cayman Islands, which is referred to as the Companies Act below, and the common law of the Cayman Islands.

The following are summaries of material provisions of our memorandum and articles of association, insofar as they relate to the material terms of our ordinary shares:

*Ordinary Shares*. Our ordinary shares are issued in registered form and are issued when registered in our register of members. Our shareholders who are not 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 an 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, provided 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*. In respect of all matters subject to a shareholders' vote, each ordinary share is entitled to one vote. Voting at any shareholders' meeting is by show of hands unless before, or on the declaration of the result of, the show of hands, 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% in par value of the issued ordinary shares carrying the right to attend and vote at the general meeting present in person or by proxy. Each shareholder is entitled to one vote for each ordinary share registered in his or her name on our register of members.

A quorum required for a meeting of shareholders consists of one or more shareholders present and holding shares which represent, in aggregate, not less than one-third of the votes attaching to all issued and outstanding shares in our company entitled to vote at shareholders' meeting. 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 by the chairman of our board of directors or upon a request to the directors by shareholders holding shares which represent, in aggregate, no less than one-third of the votes attaching to our voting share capital in issue. Advance notice of at least seven 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 cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Act and our memorandum and articles of association. A special resolution will be required for important matters such as a change of name or making changes to our memorandum or 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;
- 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 three 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 requirements 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 incorporated under the Companies Act, and under the Companies Act, the liability of our members is limited to the amount, if any, unpaid on the shares respectively held by them. Our 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 or by a special resolution of our shareholders. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our board of directors or by ordinary resolution of our shareholders, or are otherwise authorized by our memorandum and articles of association. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

*Variations of Rights of Shares*. The rights attached to any class of shares (subject to any rights or restrictions for the time being attached to any class) may be varied with the consent in writing of the holders of a majority of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued 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 or in priority or subsequent such existing class of shares or the redemption or purchase of such existing class of shares. In addition, the right of holders of shares shall not be deemed to be varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

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

Our 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 (other than our memorandum and articles of association, our register of mortgages and charges and special resolutions of our shareholders). However, we will provide our shareholders with annual audited financial statements.

*Anti-Takeover Provisions*. Some provisions of our 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 Act to call shareholders' annual general meetings. Our memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting.

Shareholders' annual general meetings and any other general meetings of our shareholders may be convened by a majority of our board of directors or our chairman. Our board of directors shall give not less than seven 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 memorandum and articles of association allow our shareholders holding shares representing in aggregate not less than one-third of the votes attaching to all of our issued and outstanding ordinary shares which, as at that date of the deposit, carry the right to vote at general meetings of our company, 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 memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

*Election and Removal of Directors.* Unless otherwise determined by our company in general meeting, our memorandum and articles of association provide that our board will consist of not less than three directors. There are no provisions relating to retirement of directors upon reaching any age limit.

The directors have the power to appoint any person as a director either to fill a casual vacancy on the board or as an addition to the existing board. Our shareholders may also appoint any person to be a director by way of ordinary resolution.

A director may be removed with or without cause by ordinary resolution.

In addition, the office of any director shall be vacated if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors, (ii) dies or is found to be or becomes of unsound mind, (iii) resigns his office by notice in writing to our company, (iv) without special leave of absence from our board, is absent from three consecutive board meetings and our board resolves that his office be vacated, or (v) is removed from office pursuant to any other provision of our memorandum and articles of association.

*Proceedings of Board of Directors*. Our memorandum and articles of association provide that our business is to be managed and conducted by our board of directors. The quorum necessary for board meetings may be fixed by the board and, unless so fixed at another number, will be a majority of the directors then in office.

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

*Changes in Capital*. Our shareholders may from time to time by ordinary resolution:

- increase our share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled.

Our shareholders may by special resolution, subject to confirmation by the Grand Court of the Cayman Islands on an application by our company for an order confirming such reduction, reduce our share capital or any capital redemption reserve in any manner permitted by law.

*Exempted Company*. We are an exempted company with limited liability under the Companies Act. The Companies Act 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 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, together with a statement of the shares held by each member, and such statement shall confirm (i) the amount paid or agreed to be considered as paid, on the shares of each member, (ii) the number and category of shares held by each member, and (iii) whether each relevant category of shares held by each member carries voting rights under our articles of association, and if so, whether such voting rights are conditional;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under Cayman Islands law, the register of members of our company is prima facie evidence of the matters set out therein (*i.e.*, the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a member registered in the register of members 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 Grand Court of the Cayman Islands for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.

### C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in "Item 4. Information on the Company," "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions," or elsewhere in this annual report on Form 20-F.

### D. Exchange Controls

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

### E. Taxation

The following summary of the principal Cayman Islands, PRC 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 the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States.

**Cayman Islands Taxation**

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the shares, nor will gains derived from the disposal of the shares be subject to Cayman Islands income or corporation tax.

**People's Republic of China Taxation**

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC 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 and amended in December 2017, 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. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC. Further to Circular 82, the SAT issued a bulletin, known as the Bulletin 45, which took effect in September 2011 and was amended in 2015, 2016 and 2018, respectively, to provide more guidance on the implementation of Circular 82. Bulletin 45 provides for procedures and administration details of determination on PRC resident enterprise status and administration on post-determination matters. Although Circular 82 and Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in Circular 82 and Bulletin 45 may reflect the State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises.

The State Administration of Taxation issued the Notice on Promulgating the Administrative Measures for Special Tax Investigation Adjustments and Mutual Agreement Procedures, or Notice 6, on March 17, 2017. Notice 6 further regulates and strengthens the transfer pricing administration on outbound payments by a PRC enterprise to its overseas related parties. In addition to emphasizing that outbound payments by a PRC enterprise to its overseas related parties must comply with arm's length principles, Notice 6 specifies certain circumstances whereby such payments that do not comply with arm's length principles may be subject to the special tax adjustments by the tax authority, including payments to an overseas related party which does not undertake any function, bear any risk or has no substantial operation or activities, payments for services which do not enable the PRC enterprise to obtain direct or indirect economic benefits, royalties paid to an overseas related party which only owns the legal rights of the intangible assets but has no contribution to the value of such intangible assets, royalties paid to an overseas related party for the transfer of the right to use of the intangible assets with no economic benefits, and royalties paid to an overseas related party for the incidental benefits generated from the listing activities. Although we believe all our related party transactions, including all payments by our PRC subsidiaries and the consolidated variable interest entities to our non-PRC entities, are made on an arm's length basis and our estimates are reasonable, the ultimate decisions by the relevant tax authorities may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made.

We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. We do not believe that Yiren Digital Ltd. meets all of the conditions above. Yiren Digital Ltd. is a company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located outside the PRC. For the same reasons, we believe our other entities outside of China are not PRC resident enterprises either. 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." There can be no assurance that the PRC government will ultimately take a view that is consistent with us.

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

Provided that our Cayman Islands holding company, Yiren Digital Ltd., is not deemed to be a PRC resident enterprise, holders of our ADSs and ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our shares or ADSs. However, under Circular 7, where a non-resident enterprise conducts an "indirect transfer" by transferring taxable assets, including, in particular, equity interests in a PRC resident enterprise, indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee or the PRC entity which directly owned such taxable assets may report to the relevant tax authority such indirect transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. We and our non-PRC resident investors may be at risk of being required to file a return and being taxed under Circular 7, and we may be required to expend valuable resources to comply with Circular 7, or to establish that we should not be taxed under these circulars. See "3. Key Information—D. Risk Factors—Risks Related to Doing Business in China— Enhanced scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future."

**Material United States Federal Income Tax Considerations**

The following discussion is a summary of material 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 or ordinary shares as "capital assets" (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the "Code"). This discussion is based upon existing United States federal income tax law as contained in the Code, Treasury Regulations, and relevant judicial decisions and administrative guidance, all as of the date hereof, which is subject to differing interpretations and may be changed, possibly with retroactive effect. No ruling has been sought from the United States Internal Revenue Service (the "IRS"), or opinions of counsel have been sought in connection with the matters discussed herein. There can be no assurance that the IRS or a court will not take a contrary position. This discussion does not address all aspects of United States federal income taxation that may be important to particular investors in light of their individual circumstances, including investors subject to special tax rules such as certain financial institutions, insurance companies, broker-dealers, pension plans, cooperatives, traders in securities that have elected the mark-to-market method of accounting for their securities, United States expatriates, S corporations, partnerships or other pass-through entities (or arrangements treated as a partnership) for United States federal tax purposes and their partners, regulated investment companies, real estate investment trusts, and tax-exempt organizations (including private foundations), persons who are not U.S. holders, holders who own (directly, indirectly, or constructively) 10% or more of our stock (by vote or value), persons holding 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, certain former U.S. citizens or long term residents of the United States, corporations that accumulate income to avoid United States federal income tax, persons who acquired ADSs or ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation, persons holding their ADSs or ordinary shares in connection with a trade or business, permanent establishment or fixed base outside the United States, or persons 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 summarized below. In addition, this discussion relates only to United States federal income taxes and does not address any other taxes, including but not limited to, non-United States taxes, alternative minimum tax, state, or local tax considerations, the special tax accounting rules under Section 451(b) of the Code, the United States federal non-income tax considerations, including estate or gift tax considerations, or the Medicare tax on net investment income. Each U.S. holder is urged to consult its tax advisors regarding the United States federal, state, local, and non-United States income and other tax considerations of an investment in 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 laws of, the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to United States federal income taxation 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 elected to be treated as a United States person under applicable United States Treasury regulations.

If a partnership (or other entity or arrangement 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 partners in such partnerships are urged to consult their tax advisors as to the particular United States federal income tax consequences of an investment in our ADSs or ordinary shares.

For United States federal income tax purposes, a U.S. holder of ADSs will generally be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. holder of our ADSs will be treated in this manner. Accordingly, deposits or withdrawals of ordinary shares for ADSs will generally not be subject to United States federal income tax.

***Passive Foreign Investment Company Rules***

In general, a non-United States corporation, such as our company, will be classified as a passive foreign investment company, or PFIC, for United States federal income tax purposes, for any particular taxable year in which, after the application of certain look-through rules with respect to our subsidiaries, either (i) 75% or more of its gross income for such year consists of certain types of passive income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. For this purpose, cash is categorized as a passive asset and the company's 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, 25% or more (by value) of the stock for determining whether we are a PFIC in any taxable year.

Although the law in this regard is unclear, we intend to treat the consolidated variable interest entities as being owned by us for United States federal income tax purposes, not only because we conduct the business operations of such entities but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their results of operations in our consolidated financial statements. Based upon our analysis of the nature and composition of our income and assets, the value of our assets (in particular the retention of a substantial amount of cash), activities and market capitalization, we believe that we were a PFIC for United States federal income tax purposes for our taxable year ended December 31, 2024. However, the determination of whether or not we are a PFIC is a fact-intensive determination made on an annual basis and because the applicable law is subject to varying interpretations, we cannot provide any assurance regarding our PFIC status and our United States counsel expresses no opinion with respect to our PFIC status for any taxable year. Furthermore, there can be no assurance that the IRS will agree with our conclusion or that the IRS would not successfully challenge our position. No ruling from the IRS concerning our status as a PFIC has been obtained or is currently planned to be requested. Accordingly, we cannot provide any assurances regarding our PFIC status for the current or future taxable years.

If we are a PFIC for any year during which a U.S. holder holds our ADSs or ordinary shares, we generally would continue to be treated as a PFIC by that holder for all succeeding years during which such U.S. holder holds our ADSs or ordinary shares even if we cease to meet the threshold requirements for PFIC status, unless a U.S. holder makes a taxable "deemed sale" election with respect to the ADSs or ordinary shares. If such election is made, the U.S. holder will be deemed to have sold the ADSs or ordinary shares it holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain from such deemed sale would be subject to the consequences described below. After the deemed sale election, the U.S. holder's ADSs or ordinary shares with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently again become a PFIC.

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, regardless of whether we remain a PFIC, for subsequent taxable years, 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% 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, exchange or other taxable disposition, including, under certain circumstances, a pledge, of ADSs or ordinary shares. Under the PFIC rules:

- such excess distribution and/or gain will be allocated ratably over the U.S. holder's holding period for the ADSs or ordinary shares;
- such amount allocated to the current taxable year and any taxable years in the U.S. holder's holding period prior to the first taxable year in which we are a PFIC, or pre-PFIC year, will be taxable as ordinary income;
- such 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 to ordinary income applicable to the U.S. holder for that year; and
- an 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 non-United States subsidiaries is also classified as 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 advised 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 for such stock to elect out of the tax treatment described above. "Marketable stock" is stock that is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter ("regularly traded") on a qualified exchange or other market, as defined in applicable Treasury regulations. Our ADSs are listed on the NYSE, which is a qualified exchange for these purposes. The ADSs will be marketable stock as long as they remain listed on a qualified exchange, such the NYSE, and are regularly traded. However, we can provide no assurances that our ADSs will continue to be listed on a qualified exchange or will be regularly traded. Once made, the election cannot be revoked without the consent of the IRS, unless the ADSs cease to be marketable.

If a mark-to-market election is made, the U.S. holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of 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 only to the extent of the net 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 an effective mark-to-market election, in each year that we are a PFIC any gain recognized upon the sale or other disposition of the ADSs will be treated as ordinary income and loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If a U.S. holder makes a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ADSs are no longer treated as marketable stock or the IRS consents to the revocation of the election. It should be noted that only the ADSs and not the ordinary shares are listed on the NYSE. Consequently, if a U.S. holder holds ordinary shares that are not represented by ADSs, such holder generally will not be eligible to make a mark-to-market election if we are or were to become a PFIC. If a U.S. holder makes a mark-to-market election in respect of a PFIC and such corporation ceases to be a PFIC, the U.S. holder will not be required to take into account the mark-to-market gain or loss described above during any period that such corporation is not a PFIC.

Because a mark-to-market election cannot technically be made for any lower-tier PFICs that a PFIC may own, a U.S. holder who makes a mark-to-market election with respect to our ADSs may continue to be subject to the general PFIC rules with respect to such U.S. holder's indirect interest in any of our non-United States subsidiaries if any of them is a PFIC.

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 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, such holder would generally be required to file an annual IRS Form 8621. Each U.S. holder is advised to consult its tax advisors regarding the potential tax consequences to such holder if we are or become a PFIC, including the possibility of making a mark-to-market election.

**THE RULES DEALING WITH PFICS AND WITH MARK-TO-MARKET ELECTIONS ARE VERY COMPLEX AND ARE AFFECTED BY VARIOUS FACTORS IN ADDITION TO THOSE DESCRIBED ABOVE, INCLUDING OUR OWNERSHIP OF ANY NON-UNITED STATES SUBSIDIARIES. AS A RESULT, U.S. HOLDERS OF ADSS OR ORDINARY SHARES ARE STRONGLY ENCOURAGED TO CONSULT THEIR TAX ADVISORS ABOUT THE PFIC RULES IN CONNECTION WITH THEIR OWNERSHIP OR DISPOSITION OF ADSS OR ORDINARY SHARES.**

***United States Federal Income Tax Consequences If We Are Not a PFIC***

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 or become a PFIC for United States federal income tax purposes. The United States federal income tax rules that apply if we are a PFIC for the current taxable year or any subsequent taxable year are generally discussed above under "Passive Foreign Investment Company Rules."

***Dividends***

Subject to the PFIC rules discussed above, the gross amount of any distributions (including the amount of any tax withheld) paid with respect to our ADSs or ordinary shares will be taxable as dividends, to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income will generally be includible in the gross income of a U.S. holder as ordinary 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. Distributions in excess of earnings and profits will be non-taxable to the U.S. holder to the extent of, and will be applied against and reduce (but not below zero), the U.S. holder's adjusted tax basis in the ADSs or ordinary shares. Distributions in excess of earnings and profits and such adjusted tax basis will generally be taxable to the U.S. holder as described below under "Sale or Other Disposition of ADSs or Ordinary Shares." However, since we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution paid will generally be reported as a "dividend" for United States federal income tax purposes, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. A non-corporate recipient of dividend income will generally be subject to tax on dividend income from a "qualified foreign corporation" at a reduced United States federal tax 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 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 (a) 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 (b) 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, and thus we believe that we are a qualified foreign corporation with respect to dividends paid on the ADSs. There can be no assurance that our ADSs will be considered readily tradable on an established securities market in the current taxable year or future taxable years.

Since we do not expect that our ordinary shares will be listed on an established securities market, we do not believe that dividends that we pay on our ordinary shares that are not represented by ADSs currently meet the conditions required for the reduced tax rate. In the event we are deemed to be a resident enterprise under the PRC Enterprise Income Tax Law, we may be eligible for the benefits of the United States-PRC income tax treaty (the "Treaty"), which the U.S. Treasury Department has determined is satisfactory for this purpose, and in that case we would be treated as a qualified foreign corporation with respect to dividends paid on our ordinary shares or ADSs. Each non-corporate U.S. holder is advised to consult its tax advisors regarding the availability of the reduced tax rate applicable to qualified dividend income for any dividends we pay with respect to our ADSs or ordinary shares. Dividends received on the ADSs or ordinary shares will not be eligible for the dividends received deduction allowed to corporations.

Dividends will generally be treated as income from foreign sources for United States foreign tax credit purposes and will generally constitute passive category income. In the event that we are deemed to be a PRC "resident enterprise" under the Enterprise Income Tax Law, a U.S. holder may be subject to PRC withholding taxes on dividends paid on our ADSs or ordinary shares. (See "Item 10. Additional Information—E. Taxation—People's Republic of China Taxation") In that case, a U.S. holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any non-refundable foreign withholding taxes imposed on dividends received on 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 withholdings, but only for a year in which such U.S. holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. U.S. holders are advised 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 PFIC rules discussed above, 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 U.S. holder's adjusted tax basis in such ADSs or ordinary shares. Any capital gain or loss will be long-term if the ADSs or ordinary shares have been held for more than one year and will generally be United States source gain or loss for United States foreign tax credit purposes, which will generally limit the availability of foreign tax credits. Under current law, long-term capital gain of non-corporate U.S. holders is generally eligible for a reduced rate of taxation. The deductibility of a capital loss may be subject to limitations.

As described in "Item 10. Additional Information—E. Taxation—People's Republic of China Taxation," if we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, gains from the disposition of the ADSs or ordinary shares may be subject to PRC income tax and will generally be United States source, which may limit the ability to receive a foreign tax credit. If a U.S. holder is eligible for the benefits of the Treaty, such holder may be able to elect to treat such gain as PRC source income under the Treaty. Pursuant to recently issued United States Treasury regulations, however, if a U.S. holder is not eligible for the benefits of the Treaty or does not elect to apply the Treaty, then such holder may not be able to claim a foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or ordinary shares. The rules regarding foreign tax credits and deduction of foreign taxes are complex. U.S. holders should consult their tax advisors regarding the availability of a foreign tax credit or deduction in light of their particular circumstances, including their eligibility for benefits under the Treaty, and the potential impact of the recently issued United States Treasury regulations.

***Backup Withholding and Information Reporting***

In general, information reporting will apply to dividends in respect of our ADSs or ordinary shares and the proceeds from the sale or exchange of our ADSs or ordinary shares that are paid to a U.S. holder within the United States (and in certain cases, outside the United States), unless such holder is an exempt recipient. A backup withholding tax generally applies to such payments if the U.S. holder fails to provide a taxpayer identification number and a duly executed IRS Form W-9 or certification of other exempt status or, in the case of dividend payments, fails to report in full dividend and interest income unless the U.S. holder otherwise establishes that it is exempt from such rules.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a U.S. holder's United States federal income tax liability provided the required information is furnished to the IRS in a timely manner.

Individuals who own "specified foreign financial assets" with an aggregate value in excess of $50,000 may be required to file an information report on IRS Form 8938, "Statement of Specified Foreign Financial Assets," with respect to such assets with their tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons; (ii) financial instruments and contracts held for investment that have non-United States issuers or counterparties; and (iii) interests in foreign entities. U.S. holders that are individuals are urged to consult their tax advisors regarding the application of these rules to their ownership of our ordinary shares.

**F. Dividends and Paying Agents**

Not applicable.

### G. Statement by Experts

Not applicable.

### H. Documents on Display

We previously filed with the SEC our registration statement on Form F-1 (Registration No. 333-208056), as amended, including the annual report contained therein, to register the issuance and sale of our ordinary shares represented by ADSs in relation to our initial public offering. We have also filed with the SEC the registration statement on Form F-6 (Registration No. 333-208437) to register our ADSs.

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers, and are required to file reports and other information with the SEC. Specifically, we are required to file annually an annual report on Form 20-F within four months after the end of each fiscal year, which is December 31. All information filed with the SEC can be obtained over the internet at the SEC's website at www.sec.gov. 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 Deutsche Bank Trust Company Americas, 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.

### J. Annual Report to Security Holders

Not Applicable.

## Item 11. Quantitative and Qualitative Disclosures about Market Risk

### Foreign Exchange Risk

All of our revenues and substantially all of our expenses are denominated in RMB. Our reporting currency was the U.S. dollar prior to April 1, 2016. In our consolidated financial statements prepared before April 1, 2016, our financial information that used RMB as the functional currency had been translated into U.S. dollars. Effective from April 1, 2016, we changed our reporting currency from the U.S. dollar to RMB. Due to foreign currency translation adjustments, we had a foreign currency translation adjustment of a gain of RMB8.6 million, a loss of RMB1.9 million and a gain of RMB22.1 million (US$3.0 million) in 2022, 2023 and 2024, respectively. Appreciation or depreciation in the value of the RMB relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations.

The conversion of RMB into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between RMB and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into RMB for our operations, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amounts available to us.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, our company and the VIEs have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk.

**Interest Rate Risk**

We have not been exposed to material risks due to changes in market interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure. However, we cannot provide assurance that we will not be exposed to material risks due to changes in market interest rate in the future. We currently invest our cash in interest-earning instruments. Investments in both fixed rate and floating rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall.

**Inflation**

To date, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent change in the consumer price index was an increase of 1.8% for December 2022, a decrease of 0.3% for December 2023, and an increase of 0.1% for December 2024. Although our company and the VIEs have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected by higher rates of inflation in China in the future.

## 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**

As an ADS holder, you will be required to pay the following service fees to the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs):

| Service | Fees |
|---|---|
| To any person to which ADSs are issued or to any person to which a distribution is made in respect of ADS distributions pursuant to stock dividends or other free distributions of stock, bonus distributions, stock splits or other distributions (except where converted to cash) | Up to US$0.05 per ADS issued |
| Cancellation of ADSs, including the case of termination of the deposit agreement | Up to US$0.05 per ADS cancelled |
| Distribution of cash dividends | Up to US$0.05 per ADS held |
| Distribution of cash entitlements (other than cash dividends) and/or cash proceeds from the sale of rights, securities and other entitlements | Up to US$0.05 per ADS held |
| Distribution of ADSs pursuant to exercise of rights. | Up to US$0.05 per ADS held |
| Distribution of securities other than ADSs or rights to purchase additional ADSs | Up to US$0.05 per ADS held |
| Depositary services | Up to US$0.05 per ADS held on the applicable record date(s) established by the depositary bank |

As an ADS holder, you will also be responsible to pay certain fees and expenses incurred by the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs) such as:

- Fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in the Cayman Islands (*i.e.*, upon deposit and withdrawal of ordinary shares).
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex and fax transmissions and for delivery of securities.
- Taxes and duties upon the transfer of securities, including any applicable stamp duties, any stock transfer charges or withholding taxes (*i.e.*, when ordinary shares are deposited or withdrawn from deposit).
- Fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.
- Fees and expenses incurred in connection with complying with exchange control regulations and other regulatory requirements applicable to ordinary shares, deposited securities, ADSs and ADRs.
- Any applicable fees and penalties thereon.

The depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary bank by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary bank and by the brokers (on behalf of their clients) delivering the ADSs to the depositary bank for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary bank to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed or by selling a portion of distributable property to pay the fees. In the case of distributions other than cash (*i.e.*, share dividends, rights), the depositary bank charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary bank generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary banks.

In the event of refusal to pay the depositary fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

**Fees and Other Payments Made by the Depositary to Us**

The depositary has agreed to pay certain amounts to us in exchange for its appointment as depositary. We may use these funds towards our expenses relating to the establishment and maintenance of the ADR program, including investor relations expenses, or otherwise as we see fit. The depositary may pay us a fixed amount, it may pay us a portion of the fees collected by the depositary from holders of ADSs, and it may pay specific expenses incurred by us in connection with the ADR program. Neither the depositary nor we may be able to determine the aggregate amount to be paid to us because (i) the number of ADSs that will be issued and outstanding and the level of dividend and/or servicing fees to be charged may vary, and (ii) our expenses related to the program may not be known at this time. For the year ended December 31, 2024, we received US$107 thousand reimbursement from the depositary.

## PART II

### Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

### Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

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.

The following "Use of Proceeds" information relates to the registration statement on Form F-1 (File No. 333-208056), as amended, in relation to our initial public offering, which was declared effective by the SEC on December 17, 2015. In December 2015, we completed our initial public offering in which we issued and sold an aggregate of 7,500,000 ADSs, representing 15,000,000 ordinary shares, resulting in net proceeds to us of approximately US$64.9 million. Morgan Stanley & Co. International plc, Credit Suisse Securities (USA) LLC and China Renaissance Securities (Hong Kong) Limited were the representatives of the underwriters for our initial public offering. The total underwriting discounts and commissions relating to the initial public offering amounted to approximately US$5.9 million.

For the period from December 17, 2015, the date that the F-1 Registration Statement was declared effective by the SEC, to December 31, 2024, we used US$24.2 million in the net proceeds from our initial public offering for repurchasing ADSs from the open market.

We intend to use the proceeds from our initial public offering, as disclosed in our registration statements on Form F-1, for (i) general corporate purposes, including investments in product development, sales and marketing activities, technology infrastructure, capital expenditure, improvement of corporate facilities and other general and administrative matters, and (ii) acquisition of, or investment in, technologies, solutions or business that complement our business.

### Item 15. Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, as of December 31, 2024, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file and furnish under the Exchange Act was recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

#### Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Our management evaluated the effectiveness of our internal control over financial reporting, as required by Rule 13a-15(c) of the Exchange Act, based on criteria established in the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2024.

Designing and implementing an effective financial reporting system is a continuous effort that requires us to devote significant resources to maintain a financial reporting system that adequately satisfies our reporting obligation.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

**Attestation Report of the Registered Public Accounting Firm**

This annual report on Form 20-F does not include an attestation report of our registered public accounting firm because our company is neither an accelerated filer nor a large accelerated filer, as such terms are defined in Rule 12b-2 under the Exchange Act.

**Changes in Internal Control over Financial Reporting**

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Item 16. Reserved

## Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Sam Hanhui Sun, an independent director (under the standards set forth under Section 303A of the Corporate Governance Rules of the New York Stock Exchange and Rule 10A-3 under the Exchange Act) and member of our audit committee, is an audit committee financial expert.

## Item 16B. Code of Ethics

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees in September 2015. We have posted a copy of our code of business conduct and ethics on our website at ir.yiren.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 our independent registered public accounting firms for the periods indicated:

| | 2023 | 2024 |
|---|---|---|
| | RMB | RMB |
| | (in thousands) | |
| Audit fees | 11,613 | 11,513 |

Note:

"Audit fees" represent the aggregate fees billed for professional services rendered by our principal auditor for the audit of our annual financial statements and the review of our comparative interim financial statements.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by our independent registered public accounting firms, including audit services, audit-related services, tax services and other services 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

Not applicable.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

In June 2018, our board of directors approved a share repurchase program (the "2018 Share Repurchase Program"), whereby we were authorized to repurchase up to US$20 million of our ordinary shares in the form of ADSs. The 2018 Share Repurchase Program was publicly announced on June 11, 2018. In September 2022, our board of directors adopted another share repurchase program (the "2022 Share Repurchase Program"), under which we are authorized to repurchase through one or more transactions up to US$20 million worth of our ADSs representing our ordinary shares, and the 2018 Share Repurchase Program was simultaneously terminated. The 2022 Share Repurchase Program was publicly announced on September 6, 2022.

The table below sets forth a summary of the ADSs repurchased by us in 2024 pursuant to the 2022 Share Repurchase Program:

| Period | Total Number of ADSs Purchased | Average Price Paid Per ADS (US$) | Total Number of ADSs Purchased as Part of Publicly Announced Plan | Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Plan (US$) |
|---|---|---|---|---|
| January | 213,296 | 4.2835 | 213,296 | 11,723,272 |
| February | 114,483 | 4.6554 | 114,483 | 11,190,308 |
| March | 128,425 | 4.6232 | 128,425 | 10,596,568 |
| April | 420,708 | 4.9048 | 420,708 | 8,533,081 |
| May | 242,345 | 5.0369 | 242,345 | 7,312,423 |
| June | 172,493 | 4.7863 | 172,493 | 6,486,817 |
| July | 227,824 | 4.7439 | 227,824 | 5,406,035 |
| August | 209,592 | 4.6317 | 209,592 | 4,435,274 |
| September | 195,448 | 4.6046 | 195,448 | 3,535,309 |
| October | 226,999 | 5.7956 | 226,999 | 2,219,714 |
| November | 13,477 | 5.8560 | 13,477 | 2,140,793 |
| December | — | — | — | 2,140,793 |
| **Total** | **2,165,090** | **4.8479** | **2,165,090** | **2,140,793** |

**Item 16F. Change in Registrant's Certifying Accountant**

Not applicable.

**Item 16G. Corporate Governance**

As a Cayman Islands company listed on the NYSE, we are subject to the NYSE corporate governance listing standards. As of March 31, 2025, CreditEase held more than 50% of our total voting power. As a result, we are a "controlled company" under Section 303A of the NYSE Listed Company Manual. As a controlled company, we rely on certain exemptions that are available to controlled companies from the NYSE corporate governance requirements, including the requirement that a majority of our board of directors consist of independent directors.

In addition, 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. We rely on the exemption available to foreign private issuers for the requirements in terms of (i) shareholder approval of equity compensation plans and any material revisions to the terms of such plans under Section 303A.08 of the NYSE Listed Company Manual, (ii) shareholder approval of issuance of common stock in any transaction or series of related transactions under Section 312.03 of the NYSE Listed Company Manual, and (iii) the requirement of holding an annual meeting during each fiscal year under Section 302.00 of the NYSE Listed Company Manual. As a result of our election to follow home country practices with respect to the foregoing matters, our shareholders will not have the same protection that they otherwise would enjoy under the NYSE corporate governance listing standards applicable to U.S. domestic issuers. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our American Depositary Shares—As a 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." Other than the home country practices disclosed above, we have followed and intend to continue to follow the applicable corporate governance standards under the NYSE Listed Company Manual.

**Item 16H. Mine Safety Disclosure**

Not applicable.

**Item 16I. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections**

Not applicable.

**Item 16J. Insider Trading Policies**

We have adopted an Insider Trading Policy (the "Insider Trading Policy"), which, among other things, governs the purchase, sale and other dispositions of our securities by our directors, executive officers and employees. Our Insider Trading Policy aims to promote compliance with applicable insider trading laws, rules and regulations, and the NYSE listing standards. A copy of our Insider Trading Policy is filed as Exhibit 11.2 to this annual report.

**Item 16K. Cybersecurity**

***Risk Management and Strategy***

We have implemented and maintained various information security processes designed to identify, assess and manage material risks from cybersecurity threats to our critical computer networks, communications systems, hardware and software, and our critical data, including intellectual property, and confidential information that is proprietary, strategic or competitive in nature ("Information Systems and Data").

Our cybersecurity incident management team (the "CSI management team") helps identify, assess and manage our cybersecurity threats and risks. The CSI management team identifies and assesses risks from cybersecurity threats by monitoring and evaluating our threat environment using various methods including, for example manual tools, subscribing to reports and services that identify cybersecurity threats, analyzing reports of threats and actors, conducting scans of the threat environment, evaluating our and our industry's risk profile, evaluating threats reported to us, conducting internal and/or external audits, conducting threat assessments for internal and external threats, conducting vulnerability assessments to identify vulnerabilities, etc.

Depending on the environment, we implement and maintain various measures, processes and policies designed to manage and mitigate material risks from cybersecurity threats to our Information Systems and Data, including, for example, adopting cybersecurity risk management committee charter, cybersecurity incident response policy, materiality assessment playbook, incident detection and response, vulnerability management policy, disaster recovery/business continuity plans, risk assessments, encryption of data, network security controls, data segregation, access control, physical security, asset management, systems monitoring, vendor risk management program, employee training, penetration testing, dedicated cybersecurity staff, asset management, tracking and disposal, and systems monitoring.

Our assessment and management of material risks from cybersecurity threats are integrated into our overall risk management processes. For example, (i) the CSI management team works with management to prioritize our risk management processes and mitigate cybersecurity threats that are more likely to lead to a material impact to our business, and (ii) our senior management evaluates material risks from cybersecurity threats against our overall business objectives and reports to the cybersecurity risk management committee of the board of directors, which evaluates our overall enterprise risk.

We use third-party service providers to assist us from time to time to identify, assess, and manage material risks from cybersecurity threats, including for example cybersecurity consultants, cybersecurity software providers, and professional services firms including legal counsel and threat intelligence service provider. We have a vendor management program to manage cybersecurity risks associated with our use of these providers. The program includes risk assessment for each vendor, review of vendor's written security program, review of security assessment, report, audit, and imposition of information contractual obligations on the vendor. Depending on the nature of the services provided, the sensitivity of the Information Systems and Data at issue, and the identity of the provider, our vendor management process may involve different levels of assessment designed to help identify cybersecurity risks associated with a provider and impose contractual obligations related to cybersecurity on the provider.

For a description of the risks from cybersecurity threats that may materially affect our company and how they may do so, see our risk factors under "Part I. Item 3D. Risk Factors in this Annual Report" on Form 20-F, including the risk factors headed "Our ability to protect the confidential information of our borrowers and clients may be adversely affected by cyber-attacks, computer viruses, physical or electronic break-ins or similar disruptions," "Any significant disruption in service on our platform or in our computer systems, including events beyond our control, could prevent us from processing or posting loans on our marketplace, reduce the attractiveness of our marketplace and result in a loss of borrowers or clients," and "Our business is subject to complex and evolving Chinese and international laws and regulations regarding data privacy and cybersecurity. Failure to protect confidential information of our customers and network against security breaches could damage our reputation and brand and substantially harm our business and results of operations."

***Governance***

Our board of directors addresses our company's cybersecurity risk management as part of its general oversight function. The board of directors' cybersecurity risk management committee is responsible for overseeing our cybersecurity risk management processes, including oversight and mitigation of risks from cybersecurity threats.

Our cybersecurity risk assessment and management processes are implemented and maintained by certain of our management. Our cybersecurity incident response policy is designed to escalate certain cybersecurity incidents to CSI management team depending on the circumstances. The CSI management team collaborates with our company's senior management to determine the materiality of a cybersecurity incident and help our company mitigate and remediate cybersecurity incidents when notified. In addition, our company's cybersecurity incident response policy includes reporting to the cybersecurity risk management committee for certain cybersecurity incidents. The cybersecurity risk management committee receives periodic reports from our CSI management team regarding our company's significant cybersecurity threats and risk, as well as the processes our company has implemented to address them. The cybersecurity risk management committee also has access to various reports, summaries or presentations related to cybersecurity threats, risk and mitigation, and will evaluate our cybersecurity policies and procedures on an annual basis.

## 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 Yiren Digital Ltd., its subsidiaries and the consolidated variable interest entities are included at the end of this annual report.

### Item 19. Exhibits

| Exhibit Number | Description of Document |
|---|---|
| 1.1 | Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.2 to the registration statement on Form F-1 (File No. 333-208056), as amended, initially filed with the Securities and Exchange Commission on November 16, 2015) |
| 2.1 | Registrant's Specimen American Depositary Receipt (incorporated herein by reference to Exhibit 4.3 to the registration statement on Form F-1 (File No. 333-208056), as amended, initially filed with the Securities and Exchange Commission on November 16, 2015) |
| 2.2 | Registrant's Specimen Certificate for Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-208056), as amended, initially filed with the Securities and Exchange Commission on November 16, 2015) |
| 2.3 | Deposit Agreement dated December 18, 2015 among the Registrant, the depositary and holders of the American Depositary Receipts (incorporated herein by reference to Exhibit 4.3 to the registration statement on Form S-8, as amended (File No. 333-212056) filed with the Securities and Exchange Commission on June 16, 2016) |
| 2.4 | Description of securities of the Registrant registered under Section 12 of the Securities Exchange Act of 1934 (incorporated herein by reference to Exhibit 2.4 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on May 15, 2020) |
| 4.1 | 2015 Share Incentive Plan (incorporated herein by reference to Exhibit 10.13 to the registration statement on Form F-1 (File No. 333-208056), as amended, initially filed with the Securities and Exchange Commission on November 16, 2015) |
| 4.2 | 2017 Share Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form S-8 (File No. 333-219404), filed with the Securities and Exchange Commission on July 21, 2017) |
| 4.3 | 2020 Share Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form S-8 (File No. 333-248640), filed with the Securities and Exchange Commission on September 8, 2020) |
| 4.4 | Form of Employment Agreement between the Registrant and its executive officers (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-208056), as amended, initially filed with the Securities and Exchange Commission on November 16, 2015) |
| 4.5 | Form of Director Agreement between the Registrant and its independent directors (incorporated herein by reference to Exhibit 10.14 to the registration statement on Form F-1 (File No. 333-208056), as amended, initially filed with the Securities and Exchange Commission on November 16, 2015) |
| 4.6 | Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-208056), as amended, initially filed with the Securities and Exchange Commission on November 16, 2015) |

| Exhibit Number | Description of Document |
|---|---|
| 4.7 | Master Transaction Agreement between CreditEase Holdings (Cayman) Limited and the Registrant dated November 9, 2015 (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-208056), as amended, initially filed with the Securities and Exchange Commission on November 16, 2015) |
| 4.8 | Amended and Restated Transitional Services Agreement between CreditEase Holdings (Cayman) Limited and the Registrant dated March 25, 2019 (incorporated herein by reference to Exhibit 4.7 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on April 29, 2019) |
| 4.9 | Amended and Restated Cooperation Framework Agreement between CreditEase Holdings (Cayman) Limited and the Registrant dated March 25, 2019 (incorporated herein by reference to Exhibit 4.9 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on April 29, 2019) |
| 4.10 | Amended and Restated Intellectual Property License Agreement between CreditEase Holdings (Cayman) Limited and the Registrant dated March 25, 2019 (incorporated herein by reference to Exhibit 4.10 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on April 29, 2019) |
| 4.11 | Restructuring Agreement between CreditEase Holdings (Cayman) Limited and the Registrant dated December 31, 2020 (incorporated herein by reference to Exhibit 4.11 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on April 29, 2021) |
| 4.12 | Second Amended and Restated Non-competition Agreement between CreditEase Holdings (Cayman) Limited and the Registrant dated December 31, 2020 (incorporated herein by reference to Exhibit 4.12 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on April 29, 2021) |
| 4.13* | Amended and Restated Loan Agreements, dated July 12, 2024, between Hengyuda and the shareholders of Yiren Financial Information |
| 4.14* | Amended and Restated Equity Interest Pledge Agreements, dated July 12, 2024, among Hengyuda, Yiren Financial Information and the shareholders of Yiren Financial Information |
| 4.15* | Powers of Attorney granted to Hengyuda by the shareholders of Yiren Financial Information, dated July 12, 2024 |
| 4.16 | Exclusive Business Cooperation Agreement between Hengyuda and Yiren Financial Information dated October 13, 2016 (incorporated herein by reference to Exhibit 4.19 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on April 24, 2017) |
| 4.17* | Amended and Restated Exclusive Option Agreements, dated July 12, 2024, among Hengyuda, Yiren Financial Information and the shareholders of Yiren Financial Information |
| 4.18 | Loan Agreements, dated October 27, 2020, between YouRace Hengchuang and the shareholders of CreditEase Puhui (incorporated herein by reference to Exhibit 4.23 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on April 29, 2021) |
| 4.19 | Equity Interest Pledge Agreements, dated October 27, 2020, among YouRace Hengchuang, CreditEase Puhui and the shareholders of CreditEase Puhui (incorporated herein by reference to Exhibit 4.24 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on April 29, 2021) |
| 4.20 | Powers of Attorney granted to YouRace Hengchuang by the shareholders of CreditEase Puhui, dated October 27, 2020 (incorporated herein by reference to Exhibit 4.25 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on April 29, 2021) |
| 4.21 | Exclusive Business Cooperation Agreement, dated October 27, 2020, between YouRace Hengchuang and CreditEase Puhui (incorporated herein by reference to Exhibit 4.26 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on April 29, 2021) |

| Exhibit Number | Description of Document |
|---|---|
| 4.22 | Exclusive Option Agreements, dated October 27, 2020, among YouRace Hengchuang, CreditEase Puhui and the shareholders of CreditEase Puhui (incorporated herein by reference to Exhibit 4.27 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on April 29, 2021) |
| 4.23 | Share Subscription Agreement between the Registrant and CreditEase Holdings (Cayman) Limited dated March 25, 2019 (incorporated herein by reference to Exhibit 4.34 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on April 29, 2019) |
| 4.24 | Amendment to the Share Subscription Agreement between CreditEase and the Registrant dated July 10, 2019 (incorporated herein by reference to Exhibit 99.2 to CreditEase's Schedule 13D filed with the Securities and Exchange Commission on July 16, 2019) |
| 4.25 | English translation of Equity Transfer Agreement dated June 27, 2023 (incorporated herein by reference to Exhibit 99.2 to the Registrant's current report on Form 6-K (File No. 001-37657), filed with the Securities and Exchange Commission on June 27, 2023) |
| 8.1* | List of Subsidiaries and Consolidated Variable Interest Entities |
| 11.1 | Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-208056), as amended, initially filed with the Securities and Exchange Commission on November 16, 2015) |
| 11.2* | Insider Trading Policy |
| 12.1* | Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 12.2* | Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 13.1** | Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 13.2** | Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 15.1* | Consent of Han Kun Law Offices |
| 15.2* | Consent of Wei, Wei & Co., LLP |
| 97.1 | Incentive Compensation Recoupment Policy (incorporated herein by reference to Exhibit 97.1 to the Registrant's annual report on Form 20-F (File No. 001-37657), filed with the Securities and Exchange Commission on May 15, 2024) |
| 101.INS* | Inline XBRL Instance Document—this instance document does not appear in the Interactive Data File because its XBRL tags embedded within the Inline XBRL document |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104* | Cover Page Interactive Data File (embedded within the Exhibit 101 Inline XBRL document set) |

* Filed herewith

** Furnished herewith

**SIGNATURE**

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Yiren Digital Ltd.

By: /s/ Ning Tang
Name: Ning Tang
Title: Executive Chairman of the Board of Directors and Chief Executive Officer

Date: April 28, 2025

**YIREN DIGITAL LTD.**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**


| CONTENTS | PAGE(S) |
|---|---|
| REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (Wei, Wei & Co., LLP PCAOB ID:2388) | F-2 |
| CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2023 AND 2024 | F-4 |
| CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024 | F-5 |
| CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024 | F-6 |
| CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024 | F-7 |
| CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024 | F-8 |
| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024 | F-9 |
| ADDITIONAL INFORMATION — FINANCIAL STATEMENTS SCHEDULE I | F-52 |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Yiren Digital Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Yiren Digital Ltd., and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes and the financial statement schedule (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, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Convenience Translation

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. Such United States dollar amounts are presented solely for the convenience of readers outside the People's Republic of China.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our 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.

Critical Audit Matter

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

**Allowance for current expected credit loss ("CECL") on accounts receivable, financing receivable, other receivable, contract assets, guarantee receivable and guarantee liabilities - contingent - Refer to Note 2 of the financial statements**

*Critical Audit Matter Description*

According to ASC 326, Financial Instruments—Credit Losses, which requires measurement and recognition of current expected credit losses for financial instruments held at amortized cost. The Group has recorded an allowance for CECL of RMB 1,393 million for the year ended December 31, 2024, on accounts receivable, financing receivable, other receivable, contract assets, guarantee receivable and guarantee liabilities-contingent. The allowance has been recorded based on the assets' carrying amount and the historical credit loss experience, current economic conditions, and supportable forecasts of future economic conditions.

The allowance for CECL on accounts receivable, financing receivable, other receivables, contract assets, guarantee receivable and guarantee liabilities-contingent is identified as a critical audit matter due to the involvement of subjective judgment and estimates in determining the CECL of the assets, and the significance to the Group's consolidated financial position.

*How the Critical Audit Matters Were Addressed in the Audit*

Our audit procedures related to the allowance for CECL included the following:

- We obtained an understanding and assessing of management's method for developing the allowance for doubtful accounts (credit losses).
- We evaluated the appropriateness of the model and calculation schedules prepared by management.
- We engaged IT specialists to test the effectiveness of key controls in system development management, system change management, information security management and operation and maintenance management of the Company's New Core system and Yixianghua system.
- We tested the completeness of the transaction data from the Company's New Core system and Yixianghua system with the assistance of IT specialists.
- We evaluated management's ability to accurately estimate by retrospectively evaluating subsequent actual write-off ratios to management's historical estimates.

/s/ Wei, Wei & Co., LLP

We have served as the Company's auditor since 2022.

Flushing, New York
April 28, 2025

**YIREN DIGITAL LTD.**

**CONSOLIDATED BALANCE SHEETS**
**(Amounts in thousands, except for share and per share data, or otherwise noted)**

| | December 31, 2023 | December 31, 2024 | December 31, 2024 |
|---|---|---|---|
| | RMB | RMB | US$ |
| Assets including amounts of the consolidated variable interest entities (the "VIEs") and consolidated assets backed financing entities ("ABFE") (Note 2): | | | |
| Cash and cash equivalents | 5,791,333 | 3,841,284 | 526,254 |
| Restricted cash | 267,271 | 260,273 | 35,657 |
| Trading securities | 76,053 | 77,426 | 10,607 |
| Accounts receivable (net of allowance of RMB46,715 and RMB154,925 as of December 31, 2023 and 2024, respectively) | 499,027 | 566,541 | 77,616 |
| Guarantee receivable (net of allowance of RMB3,331 and RMB63,659 as of December 31, 2023 and 2024, respectively) | 2,890 | 474,132 | 64,956 |
| Contract assets, net (net of allowance of RMB164,141 and RMB117,716 as of December 31, 2023 and 2024, respectively) | 978,051 | 1,008,920 | 138,221 |
| Contract cost | 32 | 294 | 40 |
| Prepaid expenses and other assets | 423,621 | 2,361,585 | 323,536 |
| Loans at fair value | 677,835 | 421,922 | 57,803 |
| Financing receivables (net of allowance of RMB51,858 and RMB119,185 as of December 31, 2023 and 2024, respectively) | 116,164 | 17,515 | 2,400 |
| Amounts due from related parties | 820,181 | 3,387,952 | 464,148 |
| Held-to-maturity investments | 10,420 | 6,587 | 902 |
| Other financial investments* | 438,084 | 353,190 | 48,387 |
| Equity Investment | — | 9,239 | 1,266 |
| Property, equipment and software, net | 79,158 | 78,678 | 10,779 |
| Deferred tax assets | 73,414 | 77,463 | 10,612 |
| Right-of-use assets | 23,382 | 39,695 | 5,438 |
| Total assets | 10,276,916 | 12,982,696 | 1,778,622 |
| Liabilities including amounts of the consolidated VIEs and the consolidated ABFE without recourse to the Company (Note 2): | | | |
| Accounts payable | 30,902 | 43,167 | 5,912 |
| Amounts due to related parties | 14,414 | 129,629 | 17,759 |
| Guarantee liabilities-stand ready | 8,802 | 606,886 | 83,143 |
| Guarantee liabilities-contingent | 28,351 | 578,797 | 79,295 |
| Deferred revenue | 54,044 | 9,479 | 1,299 |
| Payable to investors at fair value | 445,762 | 368,022 | 50,419 |
| Accrued expenses and other liabilities | 1,463,369 | 1,622,050 | 222,220 |
| Deferred tax liabilities | 122,075 | 41,471 | 5,682 |
| Lease liabilities | 23,648 | 40,765 | 5,585 |
| Total liabilities | 2,191,367 | 3,440,266 | 471,314 |
| Commitments and Contingencies (Note 24) | | | |
| Equity: | | | |
| Ordinary shares (US$0.0001 par value; 500,000,000 shares authorized; 200,648,440 and 202,877,426 shares issued as of December 31, 2023 and 2024, respectively; 174,706,968 and 172,605,774 shares outstanding as of December 31, 2023 and 2024, respectively) | 130 | 132 | 18 |
| Treasury stock (7,381,472 and 11,711,652 shares as of December 31, 2023 and 2024, respectively) | (94,851) | (170,463) | (23,353) |
| Additional paid-in capital | 5,171,232 | 5,198,457 | 712,186 |
| Accumulated other comprehensive income | 23,669 | 79,268 | 10,860 |
| Retained earnings | 2,985,369 | 4,435,036 | 607,597 |
| Total equity | 8,085,549 | 9,542,430 | 1,307,308 |
| Total liabilities and equity | 10,276,916 | 12,982,696 | 1,778,622 |

*The Group renamed the "Available-for-sale investments" to "Other financial investments". This change is solely a reclassification of terminology to better reflect the nature and purpose of these assets, which are held for financial appreciation and liquidity management. The group's underlying accounting policies for these investments remain unchanged, refer to Note 2 for further details.

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

**YIREN DIGITAL LTD.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Amounts in thousands, except for share and per share data, or otherwise noted)**

| | Years ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 |
| | RMB | RMB | RMB | US$ |
| Net revenue (including revenue from related parties of RMB411,010, RMB141,595 and RMB32,192 for the years ended December 31,2022, 2023 and 2024, respectively) | 3,434,620 | 4,895,633 | 5,805,901 | 795,405 |
| Operating costs and expenses: | | | | |
| Sales and marketing (including expenses from related parties of RMB38, RMB24 and nil for the years ended December 31, 2022, 2023 and 2024, respectively) | (573,974) | (656,603) | (1,196,429) | (163,910) |
| Origination, servicing and other operating costs (including costs from related parties of RMB350,311, RMB324,854 and RMB283,907 for the years ended December 31, 2022, 2023 and 2024, respectively) | (776,841) | (976,172) | (882,957) | (120,965) |
| Research and development(including expenses from related parties of RMB65,268, RMB52,468 and RMB252,802 for the years ended December 31, 2022, 2023 and 2024, respectively) | (151,924) | (148,754) | (411,876) | (56,427) |
| General and administrative (including expenses from related parties of RMB35,368, RMB19,567 and RMB27,339 for the years ended December 31, 2022, 2023 and 2024, respectively) | (271,794) | (231,135) | (274,673) | (37,629) |
| Allowance for contract assets, receivables and others | (166,722) | (261,152) | (523,622) | (71,736) |
| Provision for contingent liabilities | (21,501) | (27,035) | (869,280) | (119,091) |
| Total operating costs and expenses | (1,962,756) | (2,300,851) | (4,158,837) | (569,758) |
| Interest (expenses)/income, net | (26,302) | 80,749 | 105,477 | 14,450 |
| Fair value adjustments gain/(loss) | 18,900 | (50,171) | 107,532 | 14,732 |
| Other income, net (including expenses from related parties of nil, nil and RMB1,003 for the years ended December 31, 2022, 2023 and 2024, respectively) | 30,921 | 20,000 | 1,848 | 253 |
| Total other income, net | 23,519 | 50,578 | 214,857 | 29,435 |
| Income before provision for income taxes | 1,495,383 | 2,645,360 | 1,861,921 | 255,082 |
| Share of results of equity investees | — | — | (440) | (60) |
| Income tax expenses | (300,512) | (565,163) | (279,182) | (38,248) |
| Net income | 1,194,871 | 2,080,197 | 1,582,299 | 216,774 |
| Basic net income per share | 6.8397 | 11.7692 | 9.1327 | 1.2512 |
| Weighted average number of ordinary shares outstanding, basic | 174,695,959 | 176,749,706 | 173,256,348 | 173,256,348 |
| Diluted net income per share | 6.8126 | 11.6415 | 9.0566 | 1.2408 |
| Weighted average number of ordinary shares outstanding, diluted | 175,391,332 | 178,688,319 | 174,711,569 | 174,711,569 |

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

**YIREN DIGITAL LTD.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(Amounts in thousands, except for share and per share data, or otherwise noted)**

| | Years ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 |
| | RMB | RMB | RMB | US$ |
| Net income | 1,194,871 | 2,080,197 | 1,582,299 | 216,774 |
| Other comprehensive (loss)/income, net of tax of nil: | | | | |
| Foreign currency translation adjustment | 8,563 | (1,909) | 22,142 | 3,033 |
| Unrealized (loss)/gain on other financial investments | (12,351) | 17,813 | 33,457 | 4,584 |
| Comprehensive income | 1,191,083 | 2,096,101 | 1,637,898 | 224,391 |

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

**YIREN DIGITAL LTD.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**(Amounts in thousands, except for share and per share data, or otherwise noted)**

| | Ordinary shares | | | Treasury stock | | Additional paid-in capital | Accumulated other comprehensive Income/(loss) | (Accumulated deficit)/ Retained earnings | Total equity/(deficit) |
|---|---|---|---|---|---|---|---|---|---|
| | Issued shares | Outstanding shares | Amount | Shares | Amount | | | | |
| | | | RMB | | RMB | RMB | RMB | RMB | RMB |
| Balance as of December 31, 2021 | 189,856,980 | 169,995,926 | 123 | 1,301,054 | (42,897) | 5,100,486 | 11,553 | (247,833) | 4,821,432 |
| Share-based awards provided to employees | 3,035,692 | 3,035,692 | 2 | — | — | 22,133 | — | — | 22,135 |
| Share-based awards provided to employees of consolidated group of CreditEase | 6,406,670 | 6,406,670 | 4 | — | — | 38,164 | — | (38,168) | — |
| Repurchase of ordinary shares | — | (860,520) | — | 860,520 | (3,837) | — | — | — | (3,837) |
| Foreign currency translation adjustments | — | — | — | — | — | — | 8,563 | — | 8,563 |
| Unrealized (loss) on other financial investments | — | — | — | — | — | — | (12,351) | — | (12,351) |
| Net income | — | — | — | — | — | — | — | 1,194,871 | 1,194,871 |
| Balance as of December 31, 2022 | 199,299,342 | 178,577,768 | 129 | 2,161,574 | (46,734) | 5,160,783 | 7,765 | 908,870 | 6,030,813 |
| Share-based awards provided to employees | 869,556 | 869,556 | 1 | — | — | 6,751 | — | — | 6,752 |
| Share-based awards provided to employees of consolidated group of CreditEase | 479,542 | 479,542 | — | — | — | 3,698 | — | (3,698) | — |
| Repurchase of ordinary shares | — | (5,219,898) | — | 5,219,898 | (48,117) | — | — | — | (48,117) |
| Foreign currency translation adjustments | — | — | — | — | — | — | (1,909) | — | (1,909) |
| Unrealized gains on other financial investments | — | — | — | — | — | — | 17,813 | — | 17,813 |
| Net income | — | — | — | — | — | — | — | 2,080,197 | 2,080,197 |
| Balance as of December 31, 2023 | 200,648,440 | 174,706,968 | 130 | 7,381,472 | (94,851) | 5,171,232 | 23,669 | 2,985,369 | 8,085,549 |
| Share-based awards provided to employees | 1,443,550 | 1,443,550 | 1 | — | — | 16,927 | — | — | 16,928 |
| Share-based awards provided to employees of consolidated group of CreditEase | 785,436 | 785,436 | 1 | — | — | 10,298 | — | (10,299) | — |
| Dividends paid to shareholders | — | — | — | — | — | — | — | (122,333) | (122,333) |
| Repurchase of ordinary shares | — | (4,330,180) | — | 4,330,180 | (75,612) | — | — | — | (75,612) |
| Foreign currency translation adjustments | — | — | — | — | — | — | 22,142 | — | 22,142 |
| Unrealized gains on other financial investments | — | — | — | — | — | — | 33,457 | — | 33,457 |
| Net income | — | — | — | — | — | — | — | 1,582,299 | 1,582,299 |
| Balance as of December 31, 2024 | 202,877,426 | 172,605,774 | 132 | 11,711,652 | (170,463) | 5,198,457 | 79,268 | 4,435,036 | 9,542,430 |

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

## YIREN DIGITAL LTD.

## CONSOLIDATED STATEMENTS OF CASH FLOWS
## (Amounts in thousands, except for share and per share data, or otherwise noted)

| | Years ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 |
| | RMB | RMB | RMB | US$ |
| Cash Flows from Operating Activities: | | | | |
| Net income | 1,194,871 | 2,080,197 | 1,582,299 | 216,774 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 26,430 | 7,116 | 8,893 | 1,218 |
| Amortization of right-of-use assets | 26,401 | 18,325 | 19,394 | 2,657 |
| Disposal of property, equipment and software | 5,103 | (133) | (9) | (1) |
| Fair value adjustments (gain)/loss | (18,900) | 50,171 | (107,532) | (14,732) |
| Share-based compensation | 22,135 | 6,752 | 16,928 | 2,319 |
| Provision for contingent liabilities | 21,501 | 27,035 | 869,280 | 119,091 |
| Allowance for contract assets, receivables and others | 166,722 | 261,152 | 523,622 | 71,736 |
| Disposal expense | — | — | (43) | (6) |
| Loss/(gain) related to trading securities and other investments | — | 13,900 | (2,381) | (326) |
| Changes in operating assets and liabilities | | | | |
| Accounts receivable | 68,584 | (306,504) | (175,723) | (24,074) |
| Contract assets | 369,061 | (547,738) | (264,990) | (36,304) |
| Guarantee receivable | 2,994 | 131 | (537,027) | (73,572) |
| Contract cost | 9,172 | 755 | (262) | (37) |
| Prepaid expenses and other assets | 1,239 | (168,728) | (991,763) | (135,870) |
| Change in the consolidated ABFE related assets/liabilities | (861) | 52,356 | 77,347 | 10,597 |
| Financing receivables | 7,300 | 50,401 | 4,336 | 594 |
| Amounts due from/to related parties | (78,632) | 431,628 | 98,961 | 13,557 |
| Deferred tax assets/liabilities | (109,594) | 53,108 | (85,446) | (11,706) |
| Accounts payable | (4,921) | 16,759 | 12,264 | 1,680 |
| Guarantee liabilities | (13,338) | (44,783) | 279,250 | 38,257 |
| Deferred revenue | 53,160 | (11,496) | (44,565) | (6,105) |
| Accrued expenses and other liabilities | 123,164 | 199,989 | 159,903 | 21,907 |
| Refund liabilities | (5,732) | — | — | — |
| Lease liabilities | (16,429) | (19,380) | (18,654) | (2,556) |
| Net cash provided by operating activities | 1,849,430 | 2,171,013 | 1,424,082 | 195,098 |
| Cash Flows from Investing Activities: | | | | |
| Purchase of property, equipment and software | (882) | (4,444) | (9,189) | (1,258) |
| Disposal of property, equipment and software | 871 | 133 | 10 | 1 |
| Purchase of held-to-maturity investments | (201,000) | (11,032,000) | (4,682,833) | (641,546) |
| Redemption of held-to-maturity investments | 200,500 | 11,024,280 | 4,686,667 | 642,071 |
| Purchase of other financial investments | (2,056,000) | (3,386,062) | (5,480,000) | (750,757) |
| Proceeds from disposal of other financial investments | 1,254,285 | 3,926,509 | 5,610,908 | 768,691 |
| Purchases of trading securities | — | (152,868) | (279,214) | (38,252) |
| Disposal of trading securities | — | 72,864 | 286,285 | 39,221 |
| Acquisition of subsidiaries | — | (5,051) | — | — |
| Disposal of subsidiaries | — | — | 820 | 112 |
| Prepayment of investment | — | — | (2,399,163) | (328,684) |
| Investment in loans at fair value | (56,147) | (1,494,096) | (1,246,178) | (170,726) |
| Purchase of long term investment | — | — | (9,634) | (1,320) |
| Collection of principal of loans at fair value | 92,673 | 772,398 | 1,526,676 | 209,154 |
| Disposal of financing receivables | 18,540 | 63,392 | 1,980 | 271 |
| Loan to related parties | (200,000) | — | (1,100,000) | (150,699) |
| Loans to non-related party | — | — | (14,292) | (1,958) |
| Origination of financing receivables | (935) | (44,017) | (251,665) | (34,478) |
| Repayments of financing receivables | 1,000,654 | 359,007 | 245,707 | 33,662 |
| Net cash provided by/(used in) investing activities | 52,559 | 100,045 | (3,113,115) | (426,495) |
| Cash Flows from Financing Activities: | | | | |
| Principal payments to the consolidated ABFE | (85,586) | (7,461) | (291,781) | (39,973) |
| Contribution from investors of the consolidated ABFE | — | 450,000 | 212,500 | 29,112 |
| Dividends paid to shareholders | — | — | (122,333) | (16,760) |
| Principal payments of loans from related parties | (182,000) | (195,800) | — | — |
| Repayment of loan to a third party | (217,700) | (767,900) | — | — |
| Repurchase of ordinary shares | (3,837) | (48,117) | (75,612) | (10,359) |
| Net cash used in financing activities | (489,123) | (569,278) | (277,226) | (37,980) |
| Effect of foreign exchange rate changes | 2,486 | (3,871) | 9,212 | 1,263 |
| Net increase/(decrease) in cash, cash equivalents and restricted cash | 1,415,352 | 1,697,909 | (1,957,047) | (268,114) |
| Cash, cash equivalents and restricted cash, beginning of year | 2,945,343 | 4,360,695 | 6,058,604 | 830,025 |
| Cash, cash equivalents and restricted cash, end of year | 4,360,695 | 6,058,604 | 4,101,557 | 561,911 |
| Supplemental disclosures of cash flow information: | | | | |
| Cash paid for income taxes | 78,872 | 165,176 | 140,085 | 19,192 |
| Cash paid for interest | 121,698 | 62,533 | — | — |
| Reconciliation to amounts on the consolidated balance sheets: | | | | |
| Cash and cash equivalents | 4,271,899 | 5,791,333 | 3,841,284 | 526,254 |
| Restricted cash | 88,796 | 267,271 | 260,273 | 35,657 |
| Total cash, cash equivalents, and restricted cash | 4,360,695 | 6,058,604 | 4,101,557 | 561,911 |

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

**YIREN DIGITAL LTD.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**
**(Amounts in thousands, except for share and per share data, or otherwise noted)**

## 1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Yiren Digital Ltd. (the "Company" or "Yiren Digital" or the "Parent Company") was incorporated under the laws of the Cayman Islands in September 2014 by CreditEase Holdings (Cayman) Limited ("CreditEase"). The Company, its subsidiaries, the consolidated VIEs and the consolidated VIEs' subsidiaries (collectively referred to as the "Group") have been operating an advanced, AI-powered platform providing a comprehensive suite of financial and lifestyle services in China.

The Group started its online consumer finance marketplace business in March 2012 as a business unit under the Group's parent company, CreditEase, which remains the Group's parent company and controlling shareholder. CreditEase incorporated the Company in the Cayman Islands to be the Group's holding company in September 2014.The Company established a wholly owned subsidiary in Hong Kong, YouRace Digital Holdings HK Limited (formerly known as Yiren Digital Hong Kong Limited), or YouRace HK, in October 2014, and YouRace HK further established YouRace Hengchuang Technology Development (Beijing) Co., Ltd. (formerly known as Yiren Hengye Technology Development (Beijing) Co., Ltd.), or YouRace Hengchuang, its wholly owned subsidiary in China, in January 2015. YouRace HK further established Chongqing Hengyuda Technology Co., Ltd., or Hengyuda, its wholly owned subsidiary in China, in March 2016.

As the PRC laws and regulations prohibit or restrict foreign ownership of the companies where the PRC operating licenses are required, the Company, via its wholly-owned subsidiaries in the PRC, YouRace Hengchuang and Hengyuda, entered into a series of agreements with Yiren Financial Information Service (Beijing) Co., Ltd.("Yiren Financial Information") and CreditEase Puhui Information Consultant (Beijing) Co., Ltd. ("Creditease Puhui") and their shareholders. Consequently, YouRace Hengchuang and Hengyuda became the primary beneficiary of Yiren Financial Information and CreditEase Puhui and consolidate Yiren Financial Information and CreditEase Puhui (see VIE arrangements in Note 2).

Starting from 2015, the Group began to expand its investor base from individual investors to institutional investors, who invest in the loans from the Group's platform through a series of arrangements among assets backed financial entities. The Group consolidated such assets backed financial entities if the Group is considered as their primary beneficiary. Refer to Note 2 for further details.

As of March 31, 2019, the business of unsecured and secured consumer lending, operated by CreditEase Puhui, CreditEase Huimin Investment Management (Beijing) Co., Ltd. ("Huimin") and its subsidiaries, as well as the Zhiwang wealth business operated by CreditEase Zhuoyue Wealth Investment Management (Beijing) Co., Ltd. ("Zhuoyue") have been transferred to the Group. In May 2019, the Group also acquired Dekai Yichuang Asset Management (Shenzhen) Co., Ltd. ("Dekai Yichuang", a consolidated VIE of CreditEase) and its subsidiaries from CreditEase to further expand its service lines.

The Group acquired, through Yiren Financial Information, Hexiang Insurance Brokerage Co. Ltd. ("Hexiang Insurance") and its shareholders and wholly owned subsidiary, in April 2020. Hexiang Insurance has been operating our insurance brokerage business since then.

On December 31, 2020, as a result of a business restructuring, the Group disposed its online consumer lending platform targeting individual investors as the funding source to CreditEase. Since then, funding for the group has only been provided by institutional funding partners.

**YIREN DIGITAL LTD.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — continued**
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**
**(Amounts in thousands, except for share and per share data, or otherwise noted)**

## 1. ORGANIZATION AND PRINCIPAL ACTIVITIES — continued

As of December 31, 2024 the Company's principal subsidiaries, the consolidated VIEs and the consolidated VIEs' subsidiaries are as follows:

| | Date of incorporation/ establishment | Place of incorporation/ establishment | Percentage of legal ownership | Principal activities |
|---|---|---|---|---|
| *Wholly owned subsidiaries* | | | | |
| YouRace HK | October 8, 2014 | Hong Kong | 100 % | Investment holding |
| YouRace Hengchuang | January 8, 2015 | PRC | 100 % | Provision of consultancy service, information technology support and technology-enabled borrower acquisition and facilitation services |
| Hengyuda | March 21, 2016 | PRC | 100 % | Provision of services relating to IT, system maintenance and customer support |
| Yiren Information Consulting (Beijing) Co., Ltd.("Yiren Information") | August 10, 2017 | PRC | 100 % | Provision of borrower acquisition and referral services to institutional funding providers |
| Chongqing Hengfengyi Technology Co., Ltd. ("Hengfengyi") | September 11, 2023 | PRC | 100 % | Provision of consultancy service, information technology support and system maintenance services |
| *Variable interest entities and its subsidiaries* | | | | |
| Yiren Financial Information | October 13, 2016 | PRC | | Provision of membership services |
| CreditEase Puhui | March 3, 2011 | PRC | | Provision of borrower acquisition and borrowers related customer maintenance services |
| Haijin Yichuang Financial Leasing Co., Ltd. ("Yichuang Financial Leasing") | March 22, 2017 | PRC | | Provision of services for financing lease business |
| Hexiang Insurance | September 28, 2011 | PRC | | Provision of services for insurance brokerage business |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of presentation**

The consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company, its wholly-owned subsidiaries, and the consolidated VIEs and the consolidated VIEs' subsidiaries. All inter-company transactions and balances have been eliminated upon consolidation.

**VIEs**

The VIE arrangements

In order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in provision of value-added telecommunication services and other restricted businesses, the Company operates substantially all of its business through its VIEs. The Company through its wholly owned subsidiaries (Foreign Owned Subsidiaries, the "FOS") located in the PRC entered into a series of contractual agreements with the VIEs and their shareholders. Through the contractual agreements below, the Company has (1) the power to direct the activities that most significantly affect the economic performance of the VIEs, and (2) the right to receive the economic benefit of the VIEs that could potentially be significant to the VIEs. As a result, the shareholders of the VIEs lack the power to direct the activities of the VIEs that most significantly impact the entity's economic performance, the obligation to absorb the expected losses, and the right to receive the expected residual returns of the entity. Accordingly, the Company is considered as the primary beneficiary of the VIEs, and the Company has consolidated the financial results of the VIEs and their subsidiaries in its consolidated financial statements.

The Group's principal VIEs that are material to the Group's business and operations are Hexiang Insurance, Yiren Financial Information and CreditEase Puhui as of December 31, 2023 and 2024

In concluding that the Company is the primary beneficiary of the VIEs, the Company believes that the FOS's rights under the terms of the exclusive option agreements provide it with a substantive kick out right. More specifically, the Company believes the terms of the exclusive option agreements are valid, binding and enforceable under the PRC laws and regulations currently in effect. A simple majority vote of the Company's board of directors is required to pass a resolution to exercise the FOS's rights under the exclusive option agreements, for which consent of the shareholders of the VIEs is not required. The FOS's rights under the exclusive option agreements give the Company the power to control the shareholders of the VIEs and thus the power to direct the activities that most significantly impact the VIEs' economic performance. In addition, the FOS's rights under the powers of attorney also reinforce the Company's abilities to direct the activities that most significantly impact the VIEs' economic performance. The Company also believes that this ability to exercise control ensures that the VIEs will continue to execute and renew service agreements and pay service fees to the Company. The exclusive business cooperation agreements will be terminated upon the expiration of the operation term of either party if the application for renewal of its operation term is not approved by the relevant government authorities. As a result, the Company believes that it has the rights to receive substantially all of the economic benefits from the VIEs.

- Agreements that provide the FOS effective control over the VIEs

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued**

**Basis of consolidation — continued**

**VIEs — continued**

The VIE arrangements — continued

Power of Attorney The shareholders of the VIEs have executed an irrevocable power of attorney in favor of the FOS, or entity or individual designated by the FOS. Pursuant to this powers of attorney, the FOS or their designees have full power and authority to exercise all of such shareholder's rights with respect to his equity interest in the VIEs. The power of attorney will remain in force for so long as the shareholder remains a shareholder of the VIEs.

Exclusive Option Agreements The VIEs and their shareholders have also entered into exclusive option agreements with the FOS. Pursuant to this agreements, the shareholders of the VIEs have granted an exclusive option to the FOS or their designees to purchase all or part of such shareholders' equity interest, at a purchase price equal to the higher of the amount of loan extended by the FOS to each shareholder of the VIEs under the respective loan agreements or the minimum price required by the PRC law at the time of such purchase.

Equity Interest Pledge Agreements The shareholders of the VIEs have also entered into equity pledge agreements with the FOS, pursuant to which each shareholder pledged his/her interest in the VIEs to guarantee the performance of obligations of the VIEs and their shareholders under the exclusive business cooperation agreements, loan agreements, exclusive option agreements and power of attorney. The Company is in the process to register some of the equity pledge with the competent government authorities.

- Agreements that transfer economic benefits to the FOS

Exclusive Business Cooperation Agreements The FOS have entered into exclusive business cooperation agreements with the VIEs. Pursuant to this exclusive business cooperation agreements, the FOS provide comprehensive technical support, consulting services and other services to the VIEs in exchange for service fees. The FOS have the sole discretion to determine the amounts of the service fees.

During the term of exclusive business cooperation agreements, both the FOS and the VIEs shall renew their operation terms prior to the expiration thereof so as to enable the exclusive business cooperation agreements to remain effective. The exclusive business cooperation agreements shall be terminated upon the expiration of the operation term of either the FOS or the VIEs, if the application for renewal of their operation terms is not approved by relevant government authorities. In addition, the shareholders of the VIEs have granted an irrevocable and exclusive option to the FOS to purchase any or all of the assets and businesses of the VIEs at the lowest price permitted under the PRC law.

The agreements may be terminated only at the option of the FOS and the VIEs have no authority to terminate the exclusive business cooperation agreements.

- Agreements that provide the FOS with the option to purchase the equity interest in the VIEs

Loan Agreements Under the loan agreements between the FOS and each of the shareholders of the respective VIEs, the FOS made interest-free loans to the shareholders for the exclusive purpose of the initial capitalization and the subsequent financial needs of the VIEs. The loans can only be repaid with the proceeds derived from the sale of all of the equity interests in the VIEs to the FOS or its designated representatives pursuant to the exclusive option agreements. The shareholders must pay all of the proceeds from sale of such equity interests to the FOS. The loans must be repaid immediately under certain circumstances, including, among others, if a foreign investor is permitted to hold majority or 100% equity interest in the VIEs and the FOS elected to exercise their exclusive equity purchase option. The term of the loans is ten years and can be extended upon mutual written consent of the parties.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued**

**Basis of consolidation — continued**

**VIEs — continued**

The VIE arrangements — continued

Risks in relation to the VIE structure

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

- Revoke the business and operating licenses of the FOS and the VIEs;
- Discontinue or restrict the operations of any related-party transactions among the FOS and the VIEs;
- Impose fines or other requirements on the FOS and the VIEs;
- Require the Company or the FOS and the VIEs to revise the relevant ownership structure or restructure operations;
- Restrict or prohibit the Company's use of the proceeds of the additional public offering to finance the Company's business and operations in the PRC;
- Shut down the Company's servers or block the Company's online platform;
- Discontinue or place restrictions or onerous conditions on the Company's operations; and/or
- Require the Company to undergo a costly and disruptive restructuring.

The Company's ability to conduct its business may be negatively affected if the PRC government were to carry out any of the aforementioned actions. As a result, the Company may not be able to consolidate the VIEs in its consolidated financial statements as it may lose the ability to exert effective control over the VIEs and their shareholders, and it may lose the ability to receive economic benefits from the VIEs.

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

**YIREN DIGITAL LTD.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — continued**
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**
**(Amounts in thousands, except for share and per share data, or otherwise noted)**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

**Basis of consolidation** — continued

**VIEs — continued**

Risks in relation to the VIE structure — continued

The following financial statement amounts and balances of the consolidated VIEs and the consolidated VIEs' subsidiaries were included in the consolidated financial statements after elimination of intercompany transactions and balances:

| | December 31, 2023 | December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Assets | | |
| Cash and cash equivalents | 3,362,736 | 1,157,943 |
| Restricted cash | — | 25,063 |
| Trading securities | 76,053 | 77,426 |
| Accounts receivable | 56,735 | 53,823 |
| Contract assets, net | 154,384 | 127,767 |
| Contract cost | 3 | 1 |
| Prepaid expenses and other assets | 45,781 | 29,173 |
| Financing receivables | 113,951 | 3,439 |
| Amounts due from related parties | 447,891 | 380,407 |
| Property, equipment and software, net | 61,735 | 59,283 |
| Deferred tax assets | 73,338 | 77,463 |
| Right-of-use assets | 10,659 | 4,105 |
| Total assets | 4,403,266 | 1,995,893 |
| Liabilities | | |
| Accounts payable | 18,211 | 12,462 |
| Amounts due to related parties | 6,586 | 129 |
| Deferred revenue | 15 | 114 |
| Accrued expenses and other liabilities | 1,243,490 | 1,080,562 |
| Deferred tax liabilities | 20,019 | 8,655 |
| Lease liabilities | 9,749 | 3,502 |
| Total liabilities | 1,298,070 | 1,105,424 |

| | Years ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| | RMB | RMB | RMB |
| Net revenue | 1,821,561 | 1,623,596 | 1,954,557 |
| Net income | 424,834 | 351,373 | 1,193,627 |

| | Years ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| | RMB | RMB | RMB |
| Net cash provided by operating activities | 1,151,656 | 1,013,875 | 1,173,942 |
| Net cash provided by investing activities | 417,535 | 906,485 | 54,683 |
| Net cash used in financing activities | (399,700) | (963,700) | — |

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued**

**Basis of consolidation — continued**

**VIEs — continued**

Risks in relation to the VIE structure — continued

In accordance with the VIE contractual arrangements, the FOS have the power to direct activities of the VIEs, and can have assets transferred out of the VIEs. There are no consolidated VIEs' assets that are collateral for the VIEs' obligations and can only be used to settle the VIEs' obligations. There are no creditors (or beneficial interest holders) of the VIEs that have recourse to the general credit of the Company. There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests, which 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 shareholders 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 paid-in capital, capital reserve and statutory reserves, to the Company in the form of loans and advances or cash dividends. Please refer to Note 23 for disclosure of restricted net assets.

**Consolidated ABFE**

As part of the Group's strategy to expand its investor base from individual investors to institutional investors, the Group established a business relationship with certain trusts or Asset Backed Special Plan ("ABS plan"), collectively referred to as consolidated assets backed financing entities or ABFE, which were administered by third-party trust companies. The ABFE were set up to invest solely in the loans facilitated by the Group on its platform to provide returns to the beneficiaries of the trusts through interest payments made by the borrowers.

The Group provides loan facilitation and post-origination services to the ABFE. The Group also has power to direct the activities that have most significant impact on the economic performance of the ABFE by providing the loan servicing and default loan collection services of the ABFE.

Through the transaction fees charged, guarantee deposit, and direct investment, the Group has the right to receive benefits or bear losses from the ABFE that could potentially be significant to the ABFE. The Group holds significant variable interest in the ABFE through the transaction fees charged, guarantee provided in the form of guarantee deposit, or direct investment. Accordingly, the Company is considered the primary beneficiary of the ABFE and has consolidated the ABFE's assets, liabilities, results of operations, and cash flows in the consolidated financial statements.

The assets of the ABFE are not available to creditors of the Company. In addition, the investors of the ABFE have no recourse against the assets of the Company.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

**Consolidated ABFE — continued**

The following financial statement amounts and balances of the consolidated ABFE were included in the consolidated financial statements after elimination of intercompany transactions and balances:

| | December 31, 2023 | December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Assets | | |
| Restricted cash | 267,271 | 108,142 |
| Prepaid expenses and other assets | 5,942 | 10,318 |
| Loans at fair value | 288,764 | 382,058 |
| Held-to-maturity investments | 10,420 | 6,587 |
| Total assets | 572,397 | 507,105 |
| Liabilities | | |
| Accounts payable | 1,023 | 649 |
| Amount due to related party | 1,517 | — |
| Payable to investors at fair value | 445,762 | 368,022 |
| Accrued expenses and other liabilities | 2,142 | 107 |
| Total liabilities | 450,444 | 368,778 |

| | Years ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| | RMB | RMB | RMB |
| Net income/(loss) | 17,949 | (68,024) | 66,603 |

| | Years ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| | RMB | RMB | RMB |
| Net cash (used in)/provided by operating activities | (1,434) | 211,185 | 299,841 |
| Net cash provided by/(used in) investing activities | 34,976 | (900,142) | (329,459) |
| Net cash (used in)/provided by financing activities | (85,587) | 818,305 | (79,281) |

All assets of the consolidated ABFE are collateral for the consolidated ABFE's obligations and can only be used to settle the consolidated ABFE's obligations.

**Use of estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates. Significant accounting estimates are used for, but not limited to, revenue recognition and its related accounts, allowance for accounts receivable and contract assets, allowance for financing receivable, guarantee liabilities, fair value measurement of loans at fair value, payable to investors at fair value, other financial investments, depreciable lives of property, equipment and software, the discount rate for leases, and share-based compensation. Actual results may differ materially from those estimates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

**Revenue**

The majority of the Group's revenue for the years ended December 31, 2022, 2023 and 2024 were generated from the PRC. The following table illustrates the disaggregation of revenue in 2022, 2023 and 2024 under Accounting Standards Codification ("ASC") 606, "Revenue from Contracts with Customers".

| | | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| | | RMB | RMB | RMB |
| **Financial services business:** | | | | |
| Loan facilitation services | At a point in time | 1,362,685 | 2,240,852 | 2,721,389 |
| Post-origination services | Overtime | 204,336 | 17,203 | 5,957 |
| Guarantee services | Overtime | 10,999 | 50,865 | 429,299 |
| Financing services | Overtime | 278,783 | 55,974 | 93,239 |
| Others | At a point in time | 102,929 | 150,225 | 223,225 |
| **Subtotal** | | **1,959,732** | **2,515,119** | **3,473,109** |
| **Insurance brokerage business:** | | | | |
| Insurance brokerage services | At a point in time | 731,797 | 963,822 | 408,369 |
| **Subtotal** | | **731,797** | **963,822** | **408,369** |
| **Consumption & lifestyle business and others:** | | | | |
| Electronic commerce services | At a point in time/ Overtime | 302,896 | 1,267,104 | 1,865,621 |
| Others | At a point in time | 440,195 | 149,588 | 58,802 |
| **Subtotal** | | **743,091** | **1,416,692** | **1,924,423** |
| **Total net revenue** | | **3,434,620** | **4,895,633** | **5,805,901** |

Total revenue recognized at a point in time is RMB2,777 million, RMB3,948 million and RMB3,991 million for the years ended December 31, 2022, 2023 and 2024. Total revenue recognized over time is RMB658 million, RMB948 million and RMB1,815 million for the years ended December 31, 2022, 2023 and 2024.

*Financial services business:*

*Revenue from loan facilitation, post-origination and guarantee services*

The Group provides services as an online marketplace connecting borrowers and investors. The investors used to consist of individual investors and institutional investors. In 2020, the Group ceased to facilitate new loans funded by individual investors.

The Group provides loan facilitation services, guarantee services and post-origination services (e.g. cash processing, collection for some lenders and SMS services).

The Group has determined that it is not the investor or borrower in the loan origination and repayment process, but acts as an agent to bring the investor and the borrower together. Except for loans and payable to investors in the consolidated ABFE, loans and lease receivables arising from direct financing leases issued by the Group, the Group does not record the loans receivable or payable arising from the loans facilitated between the investors and borrowers on its platform.

The Group collects transaction fees (including loan facilitation service fees, post-origination service fees and guarantee service fees) from borrowers, third party funding partners, and guarantee companies, if any, on pre-agreed schedules. The Group also receives service fees contingent on future events (e.g., penalty fees for loan prepayment and late payment).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued**

**Revenue — continued**

*Revenue from loan facilitation, post-origination and guarantee services — continued*

The Group determines its customers to be both the institutional investors and borrowers. For each loan facilitated on the platform, the Group considers the loan facilitation service, post-origination service and guarantee service (only applicable for arrangements under the risk-taking models) as three separate services. The Group assesses ability and intention to pay the service fees of both borrowers and institutional investors when they become due and determines if the collection of the service fees is probable, based on historical experiences as well as the credit due diligence performed on each borrower prior to loan origination. Of which, the guarantee service is accounted for in accordance with ASC Topic 460, Guarantees, at fair value. Revenue from the guarantee services is recognized once the Group is released from the underlying risk. The Group recognized the stand-ready guarantee liability at the inception of each loan, and it was amortized to"revenue from guarantee services" over the term of the guarantee (see accounting policy for Guarantee Liabilities). While the post-origination services are within the scope of ASC 860, ASC 606 revenue recognition model is applied due to the lack of definitive guidance in ASC 860. The loan facilitation services and post-origination services are two separate performance obligations under ASC 606, as these two deliverables are distinct in that customers can benefit from each service on its own and the Group's promises to deliver the services are separately identifiable from each other in the contract.

The Group determines the transaction price of loan facilitation services, post-origination services and guarantee services to be the service fees chargeable from borrowers, third party funding partners, and guarantee companies, if any, on pre - agreed schedules, net of value-added tax. The transaction price includes variable consideration in the form of prepayment risk of the borrowers. The Group reflects, in the transaction price, the borrower prepayment risk and estimates variable consideration for these contracts using the expected value approach on the basis of historical information and current trends of the prepayment percentage of the borrowers. The transaction price is allocated amongst the guarantee services, if any, and the two performance obligations described above.

The Group first allocates the transaction price to the guarantee liabilities, if any, in accordance with ASC 460, Guarantees, which requires the guarantee to be measured initially at fair value based on the stand ready obligation. The remaining considerations are then allocated to the loan facilitation services and post-origination services using their relative standalone selling prices consistent with the guidance in ASC 606. The Group does not have observable standalone selling price information for the loan facilitation services or post-origination services because it does not provide loan facilitation services or post-origination services on a standalone basis. There is no direct observable standalone selling price for similar services in the market that is reasonably available to the Group. As a result, the estimation of standalone selling price involves significant judgments. The Group uses expected cost plus margin approach to estimate the standalone selling prices of loan facilitation services as the basis of revenue allocation. In estimating its standalone selling price for the loan facilitation services, the Group considers the cost incurred to deliver such services, profit margin for similar arrangements, customer demand, effect of competitors on the Group's services, and other market factors. However, for post-origination services, given the main services are about loan collecting and cash processing, the Group can refer to other companies performing the same services, therefore a direct observable standalone selling price for similar services in the market is available to the Group.

For each type of the services, the Group recognizes revenue when (or as) the entity satisfies the service/performance obligation by transferring a promised service to a customer. Revenues from loan facilitation are recognized at the time a loan is originated between the investor and the borrower and the loan principal is transferred to the borrower, at which time the facilitation service is considered completed. Revenues from post-origination services are recognized on a straight-line basis over the term of the underlying loans as the services are provided. Revenues from guarantee services, if any, are recognized amortized during the guarantee term (see accounting policy for Guarantee Liabilities).

Remaining performance obligations represents the amount of the transaction price for which services have not been performed under post-origination services. The Group collects service fees monthly, and used to collect upfront or both. For upfront fees that are partially refundable to the borrowers, the Group estimates the refund based on historical prepayment probability and the corresponding predetermined refundable amount, and records corresponding refund liabilities upon receiving such fees.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued**

**Revenue — continued**

*Revenue from loan facilitation, post-origination and guarantee services— continued*

The aggregate amounts of the transaction price allocated to performance obligations that are unsatisfied pertaining to post-origination services were RMB3.6 million and RMB3.4 million as of December 31, 2023 and 2024, respectively, among which approximately 100% and 100% of the remaining performance obligations will be recognized over the following 12 months, respectively and with the remainder recognized thereafter.

Revenue recognized for year ended December 31, 2022, 2023 and 2024 from performance obligations satisfied (or partially satisfied) in prior periods pertaining to adjustments to variable consideration due to the change of estimated prepayment rate and service fee allocation rate was immaterial,

*Revenue from financing services*

The Group provides loans through its subsidiaries. The interest rate charged to the borrowers is fixed. The Group recognized revenue under “revenue from financing services” for the fees and interests charged to the borrowers over the lifetime of the loans using the effective interest method.

*Other revenue of financial services*

Other revenue of financial service business mainly includes referral service fees,technical support service fees, penalty fees for loan prepayment and late payment.

The Group provides the referral services to third-party companies and related parties, by referring to them the borrowers who have not passed the credit assessment. Specifically, the Group receives a fixed rate of referral fee from the platforms once the borrowers click, register or are accepted by the other funding providers on those platforms. The revenue is recognized once the referral is completed as confirmed by those platforms. For the years ended December 31, 2022, 2023 and 2024, RMB64,892, RMB120,216 and RMB205,187 were generated from the referral service, respectively.

The Group provides technical support services to third-party companies by authorizing the use of its proprietary software systems. Fees are charged at a fixed rate based on usage volume, in accordance with pre-agreed terms with the counterparties. Revenue is recognized on a monthly basis when the counterparty actually uses the services and confirms the usage volume. For the years ended December 31, 2022, 2023 and 2024, RMB12,194, RMB18,682 and RMB15,142 were generated from the technical support services, respectively.

The penalty fees is based on a certain percentage of past due amounts in case of late payment or a certain percentage of the contract amounts in case of prepayment and the Group recognizes the relevant revenue when the fees are received. For the years ended December 31, 2022, 2023 and 2024, RMB25,694, RMB11,196 and RMB2,825 were received from borrowers, respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

**Revenue — continued**

*(a) Insurance brokerage business:*

*Revenue from insurance brokerage services*

The Group provides insurance brokerage services by selling various health and life insurance products as well as property and casualty insurance products on behalf of insurance companies. As an agent of the insurance companies, the Group sells insurance policies on behalf of the insurance companies and earns brokerage commissions determined as a percentage of premiums paid by the insured, including premiums paid upon renewals. The Group has identified its promise to sell insurance policies on behalf of the insurance companies as the performance obligation in its contracts with them. The Group's performance obligation to the insurance company is satisfied and commission revenue, including renewal commission revenue, is recognized at the point in time when an insurance policy becomes effective. The renewal commission revenue is recognized based on the projected renewal premium rate.

The following table provides the amount of the disaggregation of revenue in 2022, 2023 and 2024:

| | 2022<br>RMB | 2023<br>RMB | 2024<br>RMB |
|---|---|---|---|
| **Insurance brokerage services:** | | | |
| Life and health insurance business | 420,273 | 551,809 | 30,992 |
| Property & casualty insurance business | 311,524 | 412,013 | 377,377 |
| **Total** | **731,797** | **963,822** | **408,369** |

The terms for health and life insurance products sold by the Group vary and are typically five to ten years. For the health and life insurance products, the insurance companies pay the Group both the first - year initial premium and renewal commission annually throughout the insurance policy term based on the premium paid of the insurance policies. In 2022, 2023 and 2024, the renewal commission revenue accounts for 9.7%, 6.0% and 2.6% of total insurance brokerage services revenue, respectively. The term for property and casualty insurance products is one year and the Group receives a pre - agreed percentage of the premiums paid by the policy holder for such year as commission. The Group's contract terms can give rise to variable consideration due to the nature of its commission structure (e.g. policy changes or cancellations).

The Group determines the transaction price of its contracts by estimating commissions that the entity expects to be entitled to over the premium collection term of the policy based on assumption about future customer behavior and market conditions. The Group makes estimates for the renewal premium rate based on the historical experience, reasonable and supportable forecasts of policyholders' behavior, current economic conditions, and other contributing factors. Such estimates are 'constrained' in accordance with ASC 606. That is, the Group uses the expected value method and only includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized for such transactions will not occur.

*(c) Consumption & lifestyle business and others:*

*Revenue from electronic commerce services*

In accordance with ASC 606, the Group recognizes revenues when the Group satisfies a performance obligation by transferring a promised good or service (that is, an asset)to a customer. An asset is transferred when the customer obtains control of that asset. For revenue arrangements with multiple distinct performance obligations, each distinct performance obligation is separately accounted for and the total consideration is allocated to each performance obligation based on the relative standalone selling price at contract inception.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued**

**Revenue — continued**

*(c) Consumption & lifestyle business and others: — continued*

*Revenue from electronic commerce services— continued*

The Group evaluates whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned as commissions.

When the Group is a principal, the Group controls the goods or services before they are transferred to the customers as a principal, as it is primarily responsible for fulfilling the promise to provide the goods or services, is subject to inventory risk, and has discretion in establishing prices, revenue is recorded on a gross basis.

When the Group is an agent, its performance obligation is to facilitate third-party merchants in fulfilling their performance obligation for specified goods or services. Upon successful sales, the Group charges the third-party merchants a fixed rate commission based on the sales amount. The revenue is recognized on a net basis.

The Group mainly provides a variety of non-physical products to meet customers' evolving consumption needs across life scenarios, which are categorized into distinct revenue recognition models based on the fulfillment of performance obligation. For contracts containing customer refund rights (e.g., cancellable memberships, service packages with conditional termination clauses), the transaction price includes variable consideration related to customer refunds. The Group incorporates the estimated customer refund rights into the transaction price and estimates such variable consideration for these contracts using the expected value approach, based on historical refund experience and specific contract terms. The transaction price is then allocated to the distinct performance obligations identified in the contracts.

One-Time Recognition Products

Products such as credit limit increases, express loan approvals, single-use platform service entitlements and etc are recognized as revenue immediately upon service delivery. These services provide customers with instantaneous benefits—e.g., enhanced borrowing limits or expedited application processing—where the Group's performance obligation is satisfied at a point in time. Revenue is recorded under "e-commerce service income" when customers gain access to the contracted rights, with no ongoing obligations post-delivery.

Subscription Products

For the annual and quarterly membership cards and tiered service packages, which provide the Group's customers with access to an evolving suite of benefits—such as periodic access to discounted interest rates, cashback rewards, or streaming platform privileges —that represent a single stand-ready obligation. Subscriptions are paid for at or in advance services delivering.Revenue is recognized ratably over the subscription period as the Group fulfills ongoing performance obligations. Upon receipt of membership fees, amounts are initially recorded as "Deferred Revenue" and recognized proportionally under "e-commerce service income" in alignment with the passage of time and benefit delivery schedule.

Installment Payment Term Products

For products with installment payment terms, the relevant rights and interests will be distributed to customers in installments during the installment payment period and the revenue will be recognized evenly over the installment period. If the customers prepay installments, remaining rights will be distributed at the prepayment date, and the associated revenue is recognized immediately, reflecting the accelerated satisfaction of performance obligations.

The Group regularly reviews its refund rate assumptions against actual refund experience. As of December 31, 2024, adjustments resulting from differences between estimated and actual refund amounts were immaterial.

In 2023 and 2024, the revenue generated from the Group's operations as a principal accounted for 99.7% and 100% of total e - commerce revenue, respectively. As of December 31, 2023 and 2024, the inventory balance related to e - commerce revenue were immaterial.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued**

**Revenue — continued**

*Other revenue of other business*

Other revenue of *other* business mainly includes referral service fee. Referral services revenue is recognized when successful referrals are completed by the Group.

*Contract assets, net*

Under ASC 606, contract assets represent the Group's rights to consideration in exchange for services that the Group has transferred to the customer before payment is due.

For the financial service business, the Group's rights to consideration for the monthly fees related to facilitation services are conditional on the borrowers' actual payment, as the borrowers have the rights to early terminate the loan contracts prior to the loan maturity and are not obligated to pay the remaining monthly fees. As such, the Group records a corresponding contract assets for the monthly service fees allocated to loan facilitation services and post-origination services that have already been delivered in relation to loans facilitated on the Group's platform when recognizing revenue from loan facilitation services and post-origination services. The monthly fee that are past the payment due date but have not been paid are reclassified to accounts receivable. The Group only recognizes contract assets to the extent that the Group believes it is probable that it will collect substantially all of the consideration to which it will be entitled in exchange for the services transferred to the customer.

For insurance brokerage services, contract assets are recorded for arrangements when the Group has provided the services but for which the related payments are not yet due. Contract assets are attributable to the brokerage commission that is contingent upon the future premium payment of the policy holders.

Contract assets are stated at the historical carrying amount net of write offs and allowance for credit losses in accordance with ASC Topic 326. The Group established an allowance for credit losses on contract assets based on estimates incorporating historical borrower's credit risk and adjusted on the basis of relevant observable data reflecting current economic conditions. The Group evaluates and adjusts its allowance for credit losses on contract assets on a quarterly basis or more frequently as necessary.

Contract assets are identified as uncollectible if any repayment of the underlying loan is 90 days past due, and no other factor evidences the possibility of collecting the delinquent amounts. The Group will write off contract assets and corresponding allowance if any repayment of the underlying loan is 90 days past due.

The contract assets, net of allowance are RMB978,051 and RMB1,008,920 as of December 31, 2023 and 2024, respectively.

*Contract cost*

The Group pays commissions for successful referring of borrowers to the Group. The commissions paid based on successful referrals are considered as contract acquisition cost, and are capitalized when the commission becomes payable. The amount of amortization for the years ended December 31, 2023 and 2024 are RMB0.7 million and RMB0.2 million, respectively.

Amortization of the capitalized contract cost is charged to the consolidated statements of operations when the revenue to which the asset relates is recognized. Contract cost is recognized as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less. The Group recorded nil impairment loss for contract cost as of December 31, 2023 and 2024, respectively.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued**

**Revenue — continued**

*Deferred revenue*

Deferred revenue mainly consists of the premium membership fees for annual and quarter membership cards received from clients. Deferred revenue is recognized ratably as revenue when the related services are provided over the service period.

The amounts of revenue recognized during the years ended December 31, 2023 and 2024 that were included in the opening deferred revenue were RMB65.5 million and RMB54.0 million, respectively.

**Guarantee receivable**

Under the risk-taking models ,the Group provides guarantee services in connection with loans it facilitates for its institutional funding partners, whereby in the event of default, the institutional funding partners are entitled to receive unpaid interest and principal from the Group.

Guarantee receivable is recognized at loan inception which is equal to the stand-ready liability recorded at fair value in accordance with ASC 460-10-30-2(b) and considers what premium would be required by the Group to issue the same guarantee service in a standalone arm's-length transaction. The stand-alone selling price of the guarantee service is evaluated based on the expected net payouts by incorporating a markup margin, which shoud not exceed the total transaction price charged by the Group. The Group estimates the expected net payouts based on the product mix, default rates and loan terms. Guarantee receivable is stated at the historical carrying amount net of write-offs and allowance for credit losses in accordance with ASC Topic 326. The Group establishes an allowance for credit losses on guarantee receivable based on estimates incorporating historical borrower's credit risk and adjusted on the basis of relevant observable data reflecting current economic conditions. The Group evaluates and adjusts its allowance for credit losses on guarantee receivable on a quarterly basis or more frequently as necessary.The guarantee receivable is reduced when receiving service fees from the borrowers. Allowance for guarantee recivable of RMB0.7 million, RMB3.1 million and RMB65.8 million were recorded in "Allowance for contract assets, receivables and others" during the years ended December 31, 2022, 2023 and 2024, respectively.

**Guarantee liabilities**

Under the risk-taking models ,the Group provides guarantee services in connection with loans it facilitates for its institutional funding partners, whereby in the event of default, the institutional funding partners are entitled to receive unpaid interest and principal from the Group.

According to ASC 326, Financial Instruments—Credit Losses, at inception of the guarantee, the Group recognizes both a stand-ready guarantee liability under ASC 460 with an associated guarantee receivable, and a contingent guarantee liability with an allowance for credit losses under Current expected credit loss ("CECL") model. Subsequent to the initial recognition, the ASC 460 stand-ready guarantee is released into guarantee revenue on a straight-line basis over the term of the guarantee, while the contingent guarantee is reduced by the payouts made by the Group to compensate the institutional funding partners upon borrowers' default. Allowance for credit losses under CECL model was included in "Provision for contingent liabilities" and revalued at each period end to reflect updated estimation for future net pay-out.

**Fair value**

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Authoritative literature provides a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the hierarchy within which the fair value measurement in its entirety falls is based upon the lowest level of input that is significant to the fair value measurement as follows:

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued**

**Fair value — continued**

- Level 1-inputs are based upon unadjusted quoted prices for identical assets or liabilities traded in active markets.
- Level 2-inputs are based upon quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3-inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair value are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

**Fair value option**

The Group has elected the fair value option for the assets and liabilities of the consolidated ABFE that otherwise would not have been carried at fair value. Such election is irrevocable and is applied to financial instruments on an individual basis at initial recognition. See Note 6 for the disclosure on financial instruments of the consolidated ABFE for which the fair value option has been elected.

**Fair value of loans and payable to investors at fair value**

The Group has elected the fair value option for loans and related payable to investors of the consolidated ABFE and loans repurchased from the consolidated ABFE that otherwise would not have been carried at fair value. Such election is irrevocable and is applied to financial instruments on an individual basis at initial recognition. The Group estimates the fair value of loans and payable using a discounted cash flow valuation methodology by discounting the estimated future net cash flows using an appropriate discount rate. The future net cash flows are estimated based on the contractual cash flows, taking into consideration of projected prepayments and net charge off to project future losses and net cash flows on loans. Changes in fair value of loans and payable to investors are reported net and recorded in "Fair value adjustments gain/(loss)" in the consolidated statements of operations.

**Cash and cash equivalents**

Cash and cash equivalents include the Group's unrestricted deposits with financial institutions in checking, money market and short-term certificate of deposit accounts. The Group considers all highly liquid investments with stated maturity dates of three months or less from the date of purchase to be cash equivalents.

**Restricted cash**

Restricted cash represents cash held by the consolidated ABFE through segregated bank accounts which is not available to fund the general liquidity needs of the Group, and guarantee deposit in restricted bank account and frozen funds due to lawsuits.

**Accounts receivable**

Accounts receivable are stated at the historical carrying amount net of write-offs and allowance for collectability in accordance with ASC Topic 326. The Group establishes an allowance for accounts receivable based on estimates, which incorporate historical experience and other factors surrounding the credit risk of specific customers. Uncollectible receivables are written off when a settlement is reached for an amount that is less than the outstanding historical balance or when the Group has determined the balance will not be collected. The Group recorded RMB46,715 and RMB154,925 allowance for accounts receivable as of December 31, 2023 and 2024, respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

**Financing receivables**

Financing receivables represent loans and lease receivables arising from subsidiaries of the Group. Financing receivables are measured at amortized cost and reported on the consolidated balance sheets based on the outstanding principal adjusted for any write-off, accrued interest receivable adjusted for any write-off, and the allowance for credit losses. Amortized cost of a financing receivables is equal to the unpaid principal balance, plus net deferred origination cost if any. The Group recognizes interest and financial service income over the terms of the financing receivables using the effective interest rate method. Balances are considered past due if borrowers do not make the monthly payment by the end of the monthly billing period.

The Group's financing receivables consist of predominantly financial leasing loans extended to automobiles purchasers which ceased in February 2022 and unsecured small revolving loans issued by oversea subsidiary of the Group since early 2023. As the financial leasing loans secured by autoes and oversea unsecured small revolving loans are generally have two different risk characteristics, the Group monitors the credit quality of the financing receivables as two different portfolio. The allowance for financing receivables including principal and accrued interest receivables is determined at a level believed to be reasonable to absorb probable losses inherentin the portfolio as of each balance sheet date in accordance with ASC 326. Although finance lease loans and small revolving loans have different risk characteristics, the Group's key credit quality indicator is the aging (days past due status) of its financing receivables balances. The Group estimates the default rate of loans by taking into consideration the historical delinquency rate, correlated industrial and macro-economic factors, and other pertinent information and delinquent loan collection rate in assessing future performance of the loan portfolio. There are no material changes for factor that influenced management's current estimate of expected credit losses for the reporting period.

Financing receivables are placed on non-accrual status if such loans are past due for more than 90 days. Principal and accrued interest receivable will be written-off if the Group make exemption to borrowers or when management determines the balance is uncollectible and the Group ceases the collection efforts if the loans are overdue more than 3 years. If the previously written-off amounts are subsequently collected, the Group will recognize interest income based on actual collections.

**Financial Investments**

The Group's financial investments consist of trading securities, held-to-maturity investments and other financial investments.

Trading securities

Trading securities refer to financial assets that the Group purchases and holds primarily for the purpose of profiting from short - term price fluctuations. These securities include stocks, bonds, and other financial instruments that are readily marketable. All gains and losses generated, including both realized and unrealized, are recorded in the consolidated income statement.

Held-to-maturity investments

Investments are classified as held-to-maturity when the Group has the positive intent and ability to hold the security to maturity, and are recorded at amortized cost.

The Group reviews its investments in held-to-maturity investments for impairment periodically, recognizing an allowance, if any, by applying an estimated loss rate. The Group considers available quantitative and qualitative evidence in evaluating the potential impairment of its investments in held-to-maturity investments. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net carrying value at the amount expected to be collected on the held-to-maturity investments.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued**

**Investments — continued**

Other financial investments

Financial investments that do not meet the criteria of held-to-maturity or trading securities are classified as other financial investments, and are reported at fair value with unrealized gains and losses recorded in the consolidated statements of comprehensive income/(loss). Realized gains or losses are included in the consolidated statements of operations during the period in which the gains or losses are realized.

The Group evaluates each individual investment periodically for impairment. For investments where the Group does not intend to sell, the Company evaluates whether a decline in fair value is due to deterioration in credit risk. Credit-related impairment losses, not to exceed the amount that fair value is less than the amortized cost basis, are recognized through an allowance for credit losses on the consolidated balance sheet with corresponding adjustment in the consolidated statements of operations and comprehensive income. Subsequent increases in fair value due to credit improvement are recognized through reversal of the credit loss and corresponding reduction in the allowance for credit loss. Any decline in fair value that is non-credit related is recorded in accumulated other comprehensive income as a component of shareholder's equity. As of December 31, 2024, there were no investments held by the Group that had been in continuous unrealized loss position.

**Equity Investments**

The Group's equity investments consist of equity investments accounted for using the equity method and equity investments accounted for using the measurement alternative in forms of a loan.

Equity investments accounted for using the equity method

The Group applies the equity method of accounting to account for its equity investments, according to ASC 323 Investment-Equity Method and Joint Ventures, over which it has significant influence but does not own a majority equity interest or otherwise control. Under the equity method, the Group initially records the investments at cost. The Group subsequently adjusts the carrying amount of the investments to recognize its proportionate share of each equity investee's net income or loss into earnings and cash distributions from investees, if any, after the date of investment. The Group evaluates the equity method investments for impairment under ASC 323. An impairment loss on the equity method investment is recognized in earnings under "Investment-related impairment" when the decline in value is determined to be other-than-temporary.

Equity investments accounted for using the measurement alternative

The Group measures long-term equity investments, other than equity method investments, at fair value through earnings. For those investments over which the Group does not have significant influence and without readily determinable fair value, the Group elected to record these investments at cost, less impairment, and plus or minus subsequent adjustments for observable price changes. Under this measurement alternative, changes in the carrying value of the equity investments are required to be made whenever there are observable price changes in orderly transactions for the identical or similar investment of the same issuer. The Group makes reasonable efforts to identify price changes that are known or that can reasonably be known. The Group also makes a qualitative assessment of whether these investments are impaired at each reporting date. If a qualitative assessment indicates that the investment is impaired, the Group has to estimate the investment's fair value in accordance with the principles of ASC 820. If the fair value is less than the investment's carrying value, the Group has to recognize an impairment loss equal to the difference between the carrying value and fair value under "Share of results of equity investees" on its Consolidated Statements of Operations.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

**Asset Acquisition**

If the transaction involves the acquisition of an asset or group of assets that does not meet the definition of a business, it is accounted for as an asset acquisition. An asset acquisition is recorded at cost, which includes capitalized transaction costs, and does not result in the recognition of goodwill. The cost of the acquisition is allocated to the assets acquired on the basis of relative fair values.

In July 2023, the Group acquired Chongqing Jintong Financing Guarantee Co., Ltd., a licensed financing guarantee company in China for a total consideration of RMB204.9 million. The Group considered it an asset acquisition as substantially all of the fair value of the gross assets acquired was concentrated in the license as a single identifiable asset.

**Property, equipment and software, net**

Property, equipment and software consists of building, computer and transmission equipment, furniture and office equipment, software, licenses, and leasehold improvements, which are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives, while the estimate residual value of the building and furniture and office equipment are 5%.

| | |
|---|---|
| Building | 20 years |
| Computer and transmission equipment | 3 years |
| Furniture and office equipment | 5 years |
| Software | 1-5 years |
| Licenses | Indefinite-lived |
| Leasehold improvements | Over the shorter of the lease term or expected useful lives |

**Impairment of long-lived assets**

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. When these events occur, the Group measures impairment by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, the Group recognizes an impairment loss based on the fair value of the assets.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

**Origination, servicing and other operating costs**

Origination and servicing expenses consist primarily of variable expenses and vendor costs, including costs related to credit assessment, customer and system support, payment processing services and collection associated with facilitating and servicing loans. It also consists of costs in connection with the distribution of insurance products, including payroll and related expenses for insurance agents and transaction fee charged by third-party payment platform. In addition, it includes cost of goods for e-commerce business.

**Leases**

The Group categorizes leases with contractual terms longer than twelve months as either operating or finance lease. The Group has no finance leases for any of the periods presented.

Right-of-use ("ROU") assets represent the Group's rights to use underlying assets for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term, reduced by lease incentives received, plus any initial direct costs, using the discount rate for the lease at the commencement date. As the implicit rate in lease is not readily determinable for the Group's operating leases, the Group uses the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. Lease expenses for lease payments are recognized on a straight-line basis over the lease term.

The Group estimates its incremental borrowing rate based on an analysis of publicly traded debt securities of companies with credit and financial profiles similar to its own. The Group begins recognizing lease expenses when the lessor makes the underlying assets available to the Group. The Group's leases have remaining lease terms of up to three years, some of which include options to extend the leases for an additional period which has to be agreed with the lessors based on mutual negotiation. After considering the factors that create an economic incentive, the Group did not include renewal option periods in the lease term for which it is not reasonably certain to exercise.

The Company elected not to record a ROU assets for short-term leases that have a term of less than 12 months. The cost of short-term leases was recognized in the consolidated statements of operations on a straight-line basis over the lease term.

**Share-based compensation**

All share-based awards to employees and directors, such as stock options and restricted share units, are measured at the grant date based on the fair value of the awards. Share-based compensation, net of forfeitures, is recognized as expenses on an accelerated basis during the vesting period with a corresponding impact reflected in the additional paid-in capital. Share-based compensation expenses are classified in the consolidated statements of operations based upon the job functions of the grantees.

Forfeitures are estimated at the time of grant and revised in subsequent periods if actual forfeitures differ, or are expected to differ, from those estimates. Changes in estimated forfeiture rate are recognized through a cumulative catch-up adjustment in the period of change and also impact the amount of share-based compensation expenses to be recognized in future periods. The Group uses historical data to estimate pre-vesting option and records share-based compensation expenses only for those awards that are expected to vest.

According to Issue 21 of EITF Issue 00-23[1], the awards granted to employees of CreditEase, and other subsidiaries in the consolidated group of CreditEase, should be recognized as a deemed dividend from the Group to the parent company at the fair value as of the grant date. Share-based compensation, net of forfeitures, is recognized as a deemed dividend to CreditEase on an accelerated basis during the vesting period with a corresponding impact reflected in the additional paid-in capital.

Share-based awards to non-employees are measured based on the fair value at grant date. The Group recognizes the compensation cost using the graded vesting attribution method.

1 Although Issue 00-23 has also been nullified, the guidance in Issue 21 of EITF Issue 00-23 remains applicable by analogy since it is the only available guidance on accounting for these awards.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

**Income taxes**

Current income taxes are provided for in accordance with the laws of the relevant tax authorities.

Deferred income taxes are provided using assets and liabilities 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 consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statements and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to be reversed. Deferred tax assets are recognized to the extent that these assets are more likely than not to be realized. In making such a determination, the management considers all positive and negative evidence, including future reversals of projected future taxable income and results of recent operation.

The impact of an uncertain income tax position on the income tax return is recognized at the largest amount that is more likely than not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Interest and penalties on income taxes are classified as a component of the provisions for income taxes. The Group did not recognize any income tax due to uncertain tax position or incur any interest and penalties related to potential underpaid income tax expenses for the years ended December 31, 2023 and 2024, respectively.

**Value added taxes ("VAT")**

The Group is subject to VAT at the rate of 3% or 6%, depending on whether the entity is a general tax payer or small-scale taxpayer, and related surcharges on revenue generated from providing services. VAT are reported as a deduction to revenue when incurred and amounted to RMB776,907, RMB477,328 and RMB582,524 for the years ended December 31, 2022, 2023 and 2024, respectively. Entities that are VAT general taxpayers are allowed to offset qualified input VAT paid to suppliers against their output VAT liabilities. Net VAT balance between input VAT and output VAT is recorded as accrued expenses and other liabilities on the consolidated balance sheets.

**Net income/(loss) per share**

Basic net income per share is computed by dividing net income attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted net income per share is calculated by dividing net income attributable to the ordinary shareholders by the weighted average number of ordinary and dilutive ordinary equivalent outstanding during the period. Ordinary equivalent shares include shares issuable upon the vesting of restricted share units using the treasury stock method. Ordinary equivalent shares are not included in the denominator of the diluted earnings per share calculation when inclusion of such shares would be antidilutive.

**Dividends**

Dividends of the Company are recognized when declared.

**Comprehensive income/(loss)**

Comprehensive income/(loss) is defined as the changes in equity of the Group during a period from transactions and other events and circumstances excluding transactions resulting from investments from shareholders and distributions to shareholders. Comprehensive income/(loss) for the periods presented includes net income/(loss), change in unrealized gains/(loss) on other financial investments, and foreign currency translation adjustment.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued**

**Sales and transfers of financial instruments**

Sales and transfers of financial instruments are accounted under authoritative guidance for the transfers and servicing of financial assets and extinguishment of liabilities. Specifically, a transfer of a financial asset, a group of financial assets, or a participating interest in a financial asset is accounted for as a sale only if all the following conditions are met:

- The financial assets are isolated from the transferor and its consolidated affiliates as well as its creditors;
- The transferee or beneficial interest holders have the right to pledge or exchange the transferred financial assets; and
- The transferor does not maintain effective control of the transferred asset.

The Group extended loans with automobiles as collaterals and transferred its financing receivables to other assets management companies (Note 14). As the transfer of financial assets does not qualify for sale accounting, the transaction was accounted for as a borrowings. Accordingly, the related financing receivables remain on the Company's consolidated balance sheets and continue to be reported and accounted for as if the transfer had not occurred. Cash proceeds from these transfers are reported as liabilities, with attributable interest expense recognized over the life of the related transactions.

**Foreign currency translation**

The reporting currency of the Company is the Renminbi ("RMB"). The functional currency of the Company is the US dollar ("US$"). The functional currency of the Group's subsidiaries and VIEs in the PRC is the RMB.

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date. Exchange gains and losses are included in earnings as a component of other income.

The financial statements of the Group are translated from the functional currency into the reporting currency. Assets and liabilities denominated in foreign currencies are translated using the applicable exchange rates at the balance sheet date. Equity accounts other than earnings generated in current period are translated at the appropriate historical rates. Revenues, expenses, gains and losses are translated using the periodic average exchange rates. The resulting foreign currency translation adjustment are recorded in other comprehensive (loss)/income.

Translations of amounts from RMB into US$ are solely for the convenience of the reader and were calculated at the rate of US$1.00 = RMB7.2993 on December 31, 2024, the last business day in the fiscal year 2024, representing the certificated exchange rate published by the Federal Reserve Board. No representation is intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into US$ at such rate, or at any other rate.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued**

**Significant risks and uncertainties**

Foreign currency risk

RMB is not a freely convertible currency. The State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into foreign currencies. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. The Group's cash and cash equivalents denominated in RMB amounted to RMB5,755,750 and RMB3,518,573 as of December 31, 2023 and 2024, respectively.

Concentration of credit risk

Financial instrument that potentially exposes the Group to significant concentration of credit risk primarily includes cash and cash equivalents, restricted cash, accounts receivable, contract assets, prepaid expenses and other assets, loans at fair value, and amounts due from related parties. As of December 31, 2024, substantially all of the Group's cash and cash equivalents and restricted cash were deposited in financial institutions located in the PRC. According to the China Bank Deposit Insurance Ordinance, the deposits at each bank are covered by insurance with an upper limit of RMB500 thousands at each bank. Accounts receivable and contract assets are typically unsecured and are derived from revenue earned from customers in the PRC. The credit risk from prepaid expenses and other assets arises from loans to third parties. The risk with respect to accounts receivable, contract assets and loans to third parties is mitigated by credit evaluations the Group performs on its customers or third parties and its ongoing monitoring process of outstanding balances. The Group believes that there is no significant credit risk associated with amounts due from related parties.

Credit of loans at fair value is controlled by the application of credit approval, limit and monitoring procedures.

There are no revenues from customers which individually represent greater than 10% of the total net revenues for any year of the three years ended December 31, 2022, 2023 and 2024.

There was one customer of the Group accounts for 37% and 60% of the Group's account receivables as of December 31, 2023 and 2024, respectively.

**Recently Adopted Accounting Guidance**

In November 2023, the FASB issued ASU 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). ASU 2023-07 intends to improve reportable segment disclosure requirements, enhance interim disclosure requirements and provide new segment disclosure requirements for entities with a single reportable segment. The Group adopted this guidance on January 1, 2024 and the adoption did not have material impact on the Group's consolidated financial statements, please refer to Note 21 for additional information.

**Recently accounting pronouncements not yet adopted**

In December 2023, the FASB issued ASU 2023-09 "Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 intends to improve the transparency of income tax disclosures. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024 and is to be adopted on a prospective basis with the option to apply retrospectively. The Group is assessing the impact of this guidance, however, it is not expected to have a material impact to the Group's consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03 "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" ("ASU 2024-03"). The amendments in this update intend to improve the disclosures about a public business entity's expenses and address requests from investors for more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) in commonly presented expense captions (such as cost of sales, selling, general and administrative expenses, and research and development). ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. The Group is currently evaluating the impact from the adoption of this ASU on its consolidated financial statements.

## 3. GUARANTEE RECEIVABLE

The Group's guarantee receivable as of December 31, 2023 and 2024 are as follows:

| | December 31, 2023 | December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Guarantee receivable | 6,221 | 537,791 |
| Allowance for uncollectible receivables | (3,331) | (63,659) |
| Guarantee receivable, net | 2,890 | 474,132 |

The movement of guarantee receivable for the years ended December 31, 2023 and 2024 is as follows:

| | Year ended December 31, 2023 | Year ended December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Balance at beginning of year | 6,038 | 6,221 |
| Addition in the current year | 50,182 | 1,027,383 |
| Collection in the current year | (47,178) | (490,356) |
| Write-off | (2,821) | (5,457) |
| Balance at end of year | 6,221 | 537,791 |

The movement of allowance for uncollectible receivables for the years ended December 31, 2023 and 2024 is as follows:

| | Year ended December 31, 2023 | Year ended December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Balance at beginning of year | (3,017) | (3,331) |
| Addition in the current year | (3,135) | (65,785) |
| Write-off | 2,821 | 5,457 |
| Balance at end of year | (3,331) | (63,659) |

## 4. CONTRACT ASSETS, NET

Contract assets as of December 31, 2023 and 2024 are as follows:

| | As of December 31, 2023 | As of December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Contract assets | 1,142,192 | 1,126,636 |
| Allowance | (164,141) | (117,716) |
| Contract assets, net | 978,051 | 1,008,920 |

The following table presents the movement of allowance for contract assets for the years ended December 31, 2023 and 2024:

| | Year ended December 31, 2023 | Year ended December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Balance at beginning of the year | 153,435 | 164,141 |
| Allowance for contract assets | 196,426 | 234,122 |
| Write-off | (185,720) | (280,547) |
| Balance at end of the year | 164,141 | 117,716 |

## 5. PREPAID EXPENSES AND OTHER ASSETS

| | December 31, 2023 | December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Deposits (i) | 327,987 | 1,295,010 |
| Prepayment of investment | — | 938,516 |
| Prepaid expenses | 17,247 | 57,102 |
| Funds receivable from external payment network providers (ii) | 41,354 | 38,953 |
| Interest receivable | 14,905 | 10,065 |
| Goodwill (iii) | 4,778 | 4,778 |
| Funds receivable for disposal of financing receivables | 1,989 | 1,274 |
| Others | 15,361 | 15,887 |
| Total | 423,621 | 2,361,585 |

(i) As of December 31, 2023 and 2024, the balance of deposit mainly includes the business cooperation deposit of RMB319 million and RMB1,286 million, respectively.

(ii) The Group opened accounts with external online payment service providers to collect the loan principal, interest and service fees. The balance of funds receivable from external payment network providers mainly includes accumulated amounts of service fees received at the balance sheet date, which was collected subsequently.

(iii) In April 2020, the Group acquired an insurance brokerage licensee company for total consideration of RMB15.5 million. The purchase price allocated to the fair value of assets acquired and liabilities assumed were RMB53.8 million and RMB38.3 million, respectively. RMB4.8 million of goodwill was recognized in this acquisition. The Group did not record any impairment of goodwill during the years ended December 31, 2022, 2023 and 2024.

## 6. FAIR VALUE OF ASSETS AND LIABILITIES

**Assets and Liabilities Recorded at Fair Value**

The Group does not have assets or liabilities measured at fair value on a non-recurring basis.

The fair value hierarchy for assets and liabilities measured at fair value on a recurring basis subsequent to initial recognition is as follows:

| December 31, 2023 | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Balance at Fair Value |
|---|---|---|---|---|
| | RMB | RMB | RMB | RMB |
| **Assets** | | | | |
| Cash and cash equivalents | 5,791,333 | — | — | 5,791,333 |
| Restricted cash | 267,271 | — | — | 267,271 |
| Trading securities | 76,053 | — | — | 76,053 |
| Loans at fair value | — | — | 677,835 | 677,835 |
| Other financial investments | 276,084 | 127,000 | 35,000 | 438,084 |
| **Total Assets** | **6,410,741** | **127,000** | **712,835** | **7,250,576** |
| **Liabilities** | | | | |
| Payable to investors at fair value (i) | — | — | 447,279 | 447,279 |
| **Total Liabilities** | **—** | **—** | **447,279** | **447,279** |

## 6. FAIR VALUE OF ASSETS AND LIABILITIES — continued

### Assets and Liabilities Recorded at Fair Value — continued

| December 31, 2024 | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Balance at Fair Value |
|---|---|---|---|---|
| | RMB | RMB | RMB | RMB |
| **Assets** | | | | |
| Cash and cash equivalents | 3,841,284 | — | — | 3,841,284 |
| Restricted cash | 260,273 | — | — | 260,273 |
| Trading securities | 77,426 | — | — | 77,426 |
| Loans at fair value | — | — | 421,922 | 421,922 |
| Other financial investments | 291,190 | 27,000 | 35,000 | 353,190 |
| **Total Assets** | **4,470,173** | **27,000** | **456,922** | **4,954,095** |
| **Liabilities** | | | | |
| Payable to investors at fair value (i) | — | — | 368,022 | 368,022 |
| **Total Liabilities** | **—** | **—** | **368,022** | **368,022** |

(i): Among the payable to investors at fair value, RMB1,517 and nil are recorded as amount due to related parties as of December 31, 2023 and 2024, respectively.

As the Group's loans and related payable to investors do not trade in an active market with readily observable prices, the Group uses discounted cash flow methodology involving significant unobservable inputs to measure the fair value of these assets and liabilities, including discount rates, net cumulative expected loss rates, and cumulative prepayment rates. Financial instruments are categorized as Level 3 valuation hierarchy based on the significance of unobservable factors in the overall fair value measurement. The Group did not transfer any assets or liabilities in or out of Level 3 during the years ended December 31, 2023 and 2024.

### Significant Unobservable Inputs

| Financial Instrument | Unobservable Input | December 31, 2023 Range of Inputs Weighted- Average | December 31, 2024 Range of Inputs Weighted- Average |
|---|---|---|---|
| Loans at fair value | Discount rates | 14.0%-20.0 % | 20.0%-24.0 % |
| | Net cumulative expected loss rates (i) | 0.5%-8.3 % | 1.1%-9.4 % |
| | Cumulative prepayment rates (i) | 7.5%-18.2 % | 8.2%-18.1 % |
| Payable to investors at fair value | Discount rates | 7.5%-8.3 % | 6.5%-7.0 % |

(i) Expressed as a percentage of the loan volume.

The above inputs can cause significant increases or decreases in fair value. Specifically, increases in the discount rate can significantly lower the fair value of loans; conversely a decrease in the discount rate can significantly increase the fair value of loans. The discount rate is determined based on the market rates.

## 6. FAIR VALUE OF ASSETS AND LIABILITIES — continued

### Significant Unobservable Inputs — continued

Changes in fair value of loans and payable to investors are reported net as "Fair value adjustments gain/(loss)" in the consolidated statements of operations. The additional information about Level 3 loans and payable to investors measured at fair value on a recurring basis for the years ended December 31, 2023 and 2024 is as follows:

| Loans At Fair Value | Year ended December 31, 2023 RMB | Year ended December 31, 2024 RMB |
|---|---|---|
| Balance at beginning of year | 54,049 | 677,835 |
| Origination of loans | 1,494,096 | 1,246,178 |
| Collection of principals | (772,398) | (1,526,676) |
| Change in fair value | (97,912) | 24,585 |
| Balance at end of year | 677,835 | 421,922 |

| Payable to investors At Fair Value | Year ended December 31, 2023 RMB | Year ended December 31, 2024 RMB |
|---|---|---|
| Balance at beginning of year | — | 445,762 |
| Contribution from investors of the consolidated ABFE | 450,000 | 212,500 |
| Interest and penalties received | 58,481 | 114,026 |
| Deductible expenses associated with the consolidated ABFE operation | (5,815) | (5,579) |
| Principal and interest payments to investors of the consolidated ABFE | (7,770) | (322,881) |
| Changes in fair value | (52,220) | (77,323) |
| Amount due to related parties (i) | 3,086 | 1,517 |
| Balance at end of year | 445,762 | 368,022 |

(i): Among the investors of the ABFE, RMB1,517 and nil are recorded as amount due to related parties as of December 31, 2023 and 2024, respectively.

### Financial Instruments Not Recorded at Fair Value

Financial instruments, including accounts receivable, other receivables, financing receivables, loans to third parties, prepaid expenses and other assets, held-to-maturity investments and amounts due from/to related parties, accounts payable, accrued expenses and other liabilities are not recorded at fair value. The fair values of these financial instruments are approximate their carrying value reported in the consolidated balance sheets due to the short-term nature of these assets and liabilities.

## 7. FINANCING RECEIVABLES

The Group's financing receivables as of December 31, 2023 and 2024 are as follows:

| | As of December 31, 2023 RMB | As of December 31, 2024 RMB |
|---|---|---|
| Financing receivables | 168,022 | 136,700 |
| Allowance | (51,858) | (119,185) |
| Financing receivables, net | 116,164 | 17,515 |

As of December 31, 2023 and 2024, the accrued interest receivables were RMB3.5 million and RMB39 thousand (net of allowance RMB1.2 million and RMB0.2 million, respectively), which is recorded under financing receivables.

## 7. FINANCING RECEIVABLES — continued

The principal of financing receivables by year of origination as of December 31,2023 and 2024 is as follows:

| Year of loan origination | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Total |
|---|---|---|---|---|---|---|---|
| December 31, 2023 | 1,658 | 20,855 | 135,119 | 74 | 10,316 | — | 168,022 |
| December 31, 2024 | 1,187 | 9,533 | 63,170 | 3 | 8,033 | 54,774 | 136,700 |

The following table presents the aging of loans as of December 31, 2023 and 2024:

| | Current | 1-90 days past due | 91 to 270 days past due | 271 to 360 days past due | over 360 days past due | Total |
|---|---|---|---|---|---|---|
| December 31, 2023 | 35,773 | 5,032 | 10,080 | 8,123 | 109,014 | 168,022 |
| December 31, 2024 | 15,264 | 9,271 | 26,167 | 4,782 | 81,216 | 136,700 |

The movement of allowance for financing receivables for the years ended December 31, 2023 and 2024 is as follows:

| | Year ended December 31, 2023 | Year ended December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Balance at beginning of the year | 40,735 | 51,858 |
| Current year net provision | 32,833 | 100,498 |
| Write-off | (21,710) | (33,171) |
| Balance at end of the year | 51,858 | 119,185 |

The Group has not recorded any financing income on an accrual basis for the loans that are overdue for more than 90 days in 2024. Allowance of financing receivables were RMB38.6 million, RMB32.8 million and RMB100.5 million for the years ended December 31, 2022, 2023 and 2024, respectively.

## 8. INVESTMENTS

Trading securities

As of December 31, 2024, the Group's trading securities mainly consisted of investments in marketable debt or equity assets held by the Group with the intention of selling them in the near future to earn a profit through price fluctuations. The Group measured the trading securities at fair value in the consolidated income statement. Changes in fair value of trading securities, for the years ended December 31, 2022, 2023 and 2024 were nil, RMB(4,479) and RMB5,623, respectively, recorded in the consolidated income statement.

Held-to-maturity investments

As of December 31, 2024, the Group's held-to-maturity investments mainly consisted of principal-guaranteed products that have stated maturity within one year. While these fixed-income financial products are not publicly traded, the Group estimated that their fair value approximated their amortized costs considering their short-term maturities and high credit quality. No allowance for credit loss was recognized for the years ended December 31, 2022, 2023 and 2024.

Interest income of held-to-maturity investments of RMB1,458, RMB21,294 and RMB5,908 was recognized in the consolidated statements of operations for the years ended December 31, 2022, 2023 and 2024, respectively.

## 8. INVESTMENTS — continued

Other financial investments

As of December 31, 2024, the Group's other financial investments mainly consisted of investments in debt securities, bank wealth management products and private funds. The Group measured the other financial investments at fair value, with changes in fair value deferred in other comprehensive income/(loss). Changes in fair value of other financial investments, net of tax, for the years ended December 31, 2022, 2023 and 2024 were RMB(12,351), RMB17,813 and RMB33,457, respectively, recorded in other comprehensive income/(loss). In 2022, 2023 and 2024, the realized gains (losses) that were recorded in the consolidated statements of operations due to disposal of debt securities were RMB(60), RMB(13,598) and RMB4,042, respectively. No impairment loss was recognized for the years ended December 31, 2022, 2023 and 2024.

Interest income of other financial investments of RMB15,488, RMB3,203 and RMB12,775 was recognized in the consolidated statements of operations for the years ended December 31, 2022, 2023 and 2024, respectively.

The additional information about cost and fair value of other financial investments as of December 31, 2023 and 2024 is as follows:

| December 31, 2023 | Cost | Unrealized gains in accumulated other comprehensive income | Impact of exchange rate | Fair value |
|---|---|---|---|---|
| | RMB | RMB | RMB | RMB |
| Other financial investments: | | | | |
| Bank wealth management products | 127,000 | — | — | 127,000 |
| Debt securities | 59,241 | 5,253 | 122 | 64,616 |
| Private funds | 246,410 | 2,406 | (2,348) | 246,468 |

| December 31, 2024 | Cost | Unrealized gains in accumulated other comprehensive income | Impact of exchange rate | Fair value |
|---|---|---|---|---|
| | RMB | RMB | RMB | RMB |
| Other financial investments: | | | | |
| Bank wealth management products | 27,000 | — | — | 27,000 |
| Debt securities | 35,000 | — | — | 35,000 |
| Private funds | 246,410 | 41,116 | 3,664 | 291,190 |

## 9. EQUITY INVESTMENTS

Equity investments accounted for using the equity method

As of December 31, 2024, the carrying value of the Group's equity investments accounted for using the equity method were RMB4.6 million.

For the years ended December 31, 2022, 2023 and 2024, the Group recorded investment loss of nil, nil and RMB0.4 million in "Share of results of equity investees", as a result of its proportionate share of equity investees' net losses, respectively.

Equity investments accounted for using the measurement alternative

For the years ended December 31, 2024, the Group made investments in several non-listed companies where the Group has no significant influence over the investees. These investments were accounted for as equity investments using the measurement alternative because these investments do not have readily determinable fair value. For the year ended December 31, 2022, 2023 and 2024, the Group did not recognize an impairment loss for equity investments accounted for using the measurement alternative.

## 10. PROPERTY, EQUIPMENT AND SOFTWARE, NET

| | December 31, 2023 | December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Building | 38,464 | 38,464 |
| Computer and transmission equipment | 12,106 | 16,314 |
| Furniture and office equipment | 493 | 536 |
| Leasehold improvements | 4,019 | 5,043 |
| Licenses | 32,990 | 33,784 |
| Software | 39,795 | 39,795 |
| Total property, equipment and software | 127,867 | 133,936 |
| Accumulated depreciation and amortization | 48,709 | 55,258 |
| Property, equipment and software, net | 79,158 | 78,678 |

Depreciation and amortization expenses on property, equipment and software for the years ended December 31, 2022, 2023 and 2024 were RMB26,430, RMB7,116 and RMB8,893, respectively. Impairment losses of long-lived assets for the years ended December 31, 2022, 2023 and 2024 were nil, nil and nil, respectively.

## 11. GUARANTEE LIABILITIES

The movement of guarantee liabilities during 2023 and 2024 is as follows:

Guarantee liabilities-stand ready

| | December 31, 2023 | December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Balance at beginning of year | 9,485 | 8,802 |
| Provision at the inception of new loans | 50,182 | 1,027,383 |
| Released into revenue | (50,865) | (429,299) |
| Balance at end of year | 8,802 | 606,886 |

Guarantee liabilities-contingent

| | December 31, 2023 | December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Balance at beginning of year | 42,281 | 28,351 |
| Provision for contingent liabilities | 27,035 | 869,280 |
| Net payout (i) | (40,965) | (318,834) |
| Balance at end of year | 28,351 | 578,797 |

(i): Net payout represents the amount paid upon borrowers' default net of subsequent recoveries from the borrowers during a given period.

As of December 31, 2023 and 2024, the contractual amounts of the outstanding loans subject to guarantee by the Group is estimated to be RMB166.7 million and RMB6,828.3 million, respectively.

## 12. ACCRUED EXPENSES AND OTHER LIABILITIES

| | December 31, 2023 | December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Tax payable | 931,191 | 1,152,313 |
| Accrued payroll and welfare | 153,554 | 206,225 |
| Accrued advertisement expenses | 134,601 | 168,378 |
| Payable to investors (i) | 145,655 | 9,828 |
| Funds collected on behalf of third-party guarantee companies | 11,387 | 6,264 |
| Accrued customer incentives | 3,263 | 1,354 |
| Others | 83,718 | 77,688 |
| Total accrued expenses and other liabilities | 1,463,369 | 1,622,050 |

(i) Payable to investor represents interest and principal collected by the Group on behalf of lenders.

## 13. RELATED PARTY BALANCES AND TRANSACTIONS

The Group accounts for related party transactions based on various service agreements and reflects for all periods presented herein. The major related parties and their relationships with the Group, and the nature of their services provided to the Group are summarized as follows:

| Company name | Relationship with the Group | Major transaction with the Group |
|---|---|---|
| Pucheng Credit Assessment and Management (Beijing) Co., Ltd. (“Pucheng Credit”) | Subsidiary of Consolidated VIE of CreditEase | Collection services, management consulting services, customers acquisition and referral services and related party loans |
| Puxin Hengye Technology Development (Beijing) Co., Ltd. (“Puxin”) | Subsidiary of CreditEase | System support services, sales of goods and related party loans |
| Zhuoyue | Consolidated VIE of CreditEase | Customers acquisition and referral services and related party loans |
| Beijing Zhicheng Credit Service Co., Ltd. (“Beijing Zhicheng”) | Consolidated VIE of CreditEase | Credit assessment services |
| Zhicheng A’Fu Technology Development Co.,Ltd. (“Zhicheng A’Fu”) | Consolidated VIE of CreditEase | Credit assessment services |
| Hengcheng | Consolidated VIE of CreditEase (from January 2021) | Post-loan management services, technical support services and acquisition and referral services |
| China Rise Insurance Broker Limited (“Huajin”) | Subsidiary of Consolidated VIE of CreditEase | Customers acquisition and referral services |
| Xinda Hongtao Technology Development (Beijing) Co., Ltd. (“Xinda Hongtao”) | Consolidated VIE of CreditEase | Customers acquisition and referral services |
| Goodhope Entry-Exit Consulting Services (Beijing) Company Limited. (“Goodhope”) | Consolidated VIE of CreditEase | Sales of goods |
| Creditease Puze (Beijing) Fund Sales Co., Ltd. (“Creditease Puze”) | Subsidiary of Consolidated VIE of CreditEase | Customers acquisition and referral services |
| Qiyun Technology Development (Beijing) Co., Ltd. | Subsidiary of Consolidated VIE of CreditEase | Customers acquisition and referral services |
| CreditEase E-Share Technology (Beijing) Limited (“Qixiang”) | Consolidated VIE of CreditEase | Customers acquisition and referral services |
| Beijing Yixin Public Welfare Foundation | Non-Governmental Organizations | Donation |
| Hainan CreditEase Puhui Small Loan Co., Ltd. (“Hainan CreditEase”) | Subsidiary of Consolidated VIE of CreditEase | Customers acquisition and referral services |
| Ruicheng Family Information Consulting (Beijing) Co., Ltd.(“Ruicheng”) | Consolidated VIE of CreditEase | Customers acquisition and referral services |

**13. RELATED PARTY BALANCES AND TRANSACTIONS — continued**

The information about costs and expenses incurred for services provided by CreditEase, its subsidiaries and affiliates for the years ended December 31, 2022, 2023 and 2024 is as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| | RMB | RMB | RMB |
| System support services | 100,635 | 72,035 | 280,141 |
| Credit assessment services | 110,566 | 118,395 | 163,589 |
| Collection services | 22,735 | 29,188 | 110,383 |
| Customers acquisition and referral services | 216,958 | 175,471 | 9,935 |
| Others services | 91 | 1,824 | 1,003 |
| Total costs and expenses | 450,985 | 396,913 | 565,051 |

The costs and expenses incurred for customers acquisition and referral service provided by Ruicheng for the years ended December 31, 2022, 2023 and 2024 amounted to RMB155,093, RMB175,824 and RMB9,641, respectively, accounting for 20%, 18% and 1% of origination, servicing and other operating costs.

Revenue derived from services provided by the Group to CreditEase, its subsidiaries and affiliates for the years ended December 31, 2022, 2023 and 2024 is recorded as other revenue and is as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| | RMB | RMB | RMB |
| Customers acquisition and referral service | 409,688 | 140,782 | 32,192 |
| Others services | 1,322 | 813 | — |
| Total revenue | 411,010 | 141,595 | 32,192 |

The information about loans collected from/(issued to) CreditEase, its subsidiaries and affiliates recorded in investing activities of the Company's consolidated statements of cash flows for the years ended December 31, 2022, 2023 and 2024 is as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| | RMB | RMB | RMB |
| Pucheng Credit | (200,000) | — | (100,000) |
| Puxin | — | — | (1,000,000) |
| Total | (200,000) | — | (1,100,000) |

## 13. RELATED PARTY BALANCES AND TRANSACTIONS — continued

The information about loans received from/(repaid to) CreditEase, its subsidiaries and affiliates recorded in financing activities of the Company's consolidated statements of cash flows for the years ended December 31, 2022, 2023 and 2024 is as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| | RMB | RMB | RMB |
| Qichuang | (43,000) | — | — |
| Hengda Hongyuan (a) | (139,000) | (195,800) | — |
| Total | (182,000) | (195,800) | — |

(a) Amounts related to transfer financial receivable to related party which only include principal, as discussed in Note 14.

Details of related party balances as of December 31, 2023 and 2024 are as follows:

(i) Amounts due from related parties

| | December 31, 2023 | December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Pucheng Credit (c) | 203,353 | 1,755,644 |
| Puxin (b) | 139,071 | 1,109,759 |
| Zhuoyue (a) | 310,354 | 224,024 |
| Hainan CreditEase (a) | 26,073 | 1,416 |
| Huichuang (a) | 76,118 | 2 |
| Others | 65,212 | 297,107 |
| Total | 820,181 | 3,387,952 |

(ii) Amounts due to related parties

| | December 31, 2023 | December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Puxin(e) | — | 98,071 |
| Pucheng Credit (d) | 9,084 | 31,172 |
| Zhicheng A'Fu (d) | 3,786 | — |
| Others | 1,544 | 386 |
| Total | 14,414 | 129,629 |

(a) Amounts relate to the referral services provided to the related parties.

(b) Amounts relate to the prepayment of system support services and loans provided to the related party. Interest income for the years ended December 31, 2022, 2023 and 2024 were nil, nil and RMB8,316, respectively.

(c) Amounts relate to the loans provided to the related party and prepayment of investment. Interest income for the years ended December 31, 2022, 2023 and 2024 were RMB3,774, RMB6,937 and RMB9,067, respectively.

(d) Amounts relate to the provision of credit assessment, collection services provided by the related parties.

(e) Amounts relate to the provision of AI technology services and system development fees.

## 13. RELATED PARTY BALANCES AND TRANSACTIONS — continued

*Non-competition arrangement*

The Group entered into a non-competition agreement with CreditEase, under which they agreed not to compete with each other's core business. The non-competition agreement was amended and restated on December 31, 2020. CreditEase agreed not to compete with the Group in a business that is of the same nature as (i) the online wealth business targeting the mass affluent(which refers to individuals with RMB1million to RMB10 million investable financial assets), unsecured and secured consumer lending, financing leasing, small and medium enterprise lending and other related services and businesses ("Yiren Digital Business"), and (ii) other businesses that the Group and CreditEase may mutually agree from time to time. The Group agreed not to compete with CreditEase in the business conducted by CreditEase, other than (i) the Yiren Digital Business and (ii) other businesses that the Group and CreditEase may mutually agree from time to time.

## 14. SECURED BORROWINGS

In 2020 and 2021, Yichuang Financial Leasing entered into several financing arrangements. According to the arrangements, Yichuang Financial Leasing transferred its creditor's right or beneficial interests of certain financing receivables totaling nil, nil and nil with remaining lease terms ranging from 1 to 3 years originating from its finance leasing services business to external creditors. As the transfer of creditor's right or beneficial interests of financing receivables does not constitute a true sale for transfer of assets under PRC law, the proceeds from the external creditors were considered as secured borrowings. The Group's secured borrowings have maturities ranging from 1 to 3 years. In 2022, 2023 and 2024, the interest rate related to the secured borrowing is ranging from 7% to 11%, and the interest expenses were RMB109.2 million, RMB39.0 million and nil, respectively.

## 15. INCOME TAXES

Yiren Digital is a company incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, Yiren Digital is not subject to tax on either income or capital gain.

Under the current Hong Kong Inland Revenue Ordinance, YouRace HK is subject to 8.25% Profits Tax rate on assessable profits up to HK$2 million, and 16.5% on any part of assessable profits over HK$2 million.

Under the PRC Enterprise Income Tax Law (the "EIT Law"), the standard enterprise income tax rate for domestic enterprises and foreign invested enterprises is 25%. YouRace Hengchuang was recognized as a Software Enterprise and thereby entitled to full exemption from EIT for two years beginning with its first profitable year, i.e., 2015 and 2016, and a 50% reduction for the subsequent three years. In November 2018, YouRace Hengchuang qualified as "high and new technology enterprise strongly supported by the State" ("HNTE") under the EIT Law and was entitled to preferential income tax rate of 15%, and the status was reaffirmed in December 2021. Yiren Hengsheng Technology Development (Beijing) Co., Ltd. ("Yiren Hengsheng") obtained the software enterprise certificate in March 2021, and was qualified as a Software Enterprise and thereby entitled to full exemption from EIT for two years beginning with its first profitable year, i.e., 2020 and 2021, and a 50% reduction for the subsequent three years, and the status was revaluated in April 2024. Hengyuda, Chongqing Hengfengyi Technology Co., Ltd. ("Hengfengyi"), Beihai Youce Yike Technology Co., Ltd. ("Youce Yike"), Beihai Youjia Innovation Technology Co., Ltd. ("Youjia Innovation") and Beihai Hengze Innovation Technology Co., Ltd. ("Hengze Innovation") have been recognized as within encouraged industries in the Western Regions of China and enjoyed a preferential income tax rate of 15%. In addition, Youce Yike, Youjia Innovation and Hengze Innovation enjoy a 40% local tax reduction. Xinjiang Hengyu Innovation Technology Development Co., Ltd., Hesi Shengju Technology Development (Xinjiang) Co., Ltd., and Hesi Shengrui Technology Development (Xinjiang) Co., Ltd. are eligible for an exemption of enterprise tax for five years since the tax year they generate their first sum of production and business revenue according to the Notice on Corporate Income Tax Incentives for Newly Established Enterprises in Xinjiang's Difficult Areas and the Kashgar and Khorgos Special Economic Development Zones. Except for the small low-profit enterprises, whose taxable income is computed at a reduced rate of 5%, Yiren Digital's other subsidiaries, the consolidated VIEs and the consolidated VIEs' subsidiaries established in the PRC are subject to income tax rate of 25%, according to the EIT Law. The consolidated ABFE are not subject to income tax.

## 15. INCOME TAXES — continued

Under the EIT Law and its implementation rules which became effective on January 1, 2008, dividends generated after January 1, 2008 and payable by foreign-invested enterprise in the PRC to its foreign investors who are non-resident enterprises are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement. Under the taxation arrangement between the PRC and Hong Kong, a qualified Hong Kong tax resident which is the "beneficial owner" and directly holds 25% or more of the equity interest in a PRC resident enterprise is entitled to a reduced withholding tax rate of 5%. The Cayman Islands, where the Company is incorporated, does not have a tax treaty with the PRC.

Since January 1, 2014, the relevant tax authorities of the Group's subsidiaries have not conducted a tax examination on the Group's PRC entities. In accordance with relevant PRC tax administration laws, tax years from 2015 of the Group's PRC subsidiaries and VIEs, remain subject to tax audits as of December 31, 2022, at the tax authority's discretion.

Income tax (benefits)/expenses are comprised of the following:

| | December 31, 2022 | December 31, 2023 | December 31, 2024 |
|---|---|---|---|
| | RMB | RMB | RMB |
| Current tax | 410,106 | 512,054 | 364,628 |
| Deferred tax | (109,594) | 53,109 | (85,446) |
| Total | 300,512 | 565,163 | 279,182 |

Reconciliation between the income tax at the PRC statutory tax rate and income tax expenses is as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| | RMB | RMB | RMB |
| Income before provision for income taxes | 1,495,383 | 2,645,360 | 1,861,921 |
| Statutory tax rate in the PRC | 25 % | 25 % | 25 % |
| Income tax expenses at statutory tax rate | 373,846 | 661,340 | 465,480 |
| Non-deductible expenses | 365 | — | 723 |
| Research and development super deduction | (5,697) | (11,620) | (19,925) |
| Effect of income not taxable | (29,398) | (58,359) | — |
| Effect of tax holiday and preferential tax rate | (45,074) | (108,806) | (354,366) |
| Adjustment on current income tax of the prior periods | (9,085) | 80 | (341) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 5,731 | 26,793 | (8,234) |
| Withholding income tax | — | 40,000 | 20,000 |
| Change in valuation allowance | 9,824 | 15,735 | 175,845 |
| Income tax expenses | 300,512 | 565,163 | 279,182 |

The aggregate amount and per share effect of the tax holiday and preferential tax rate are as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| | RMB | RMB | RMB |
| The aggregate amount of tax holiday and preferential tax rate | (45,074) | (108,806) | (354,366) |
| The aggregate effect on basic and diluted net income per share: | | | |
| - Basic | (0.2580) | (0.6156) | (2.0453) |
| - Diluted | (0.2570) | (0.6089) | (2.0283) |

## 15. INCOME TAXES — continued

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The components of the deferred tax assets are as follows:

| | December 31, 2023 | December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Deferred tax assets: | | |
| Deferred revenue | 8,105 | 1,410 |
| Accrued expenses and other liabilities | 4,093 | 698 |
| Guarantee liabilities | 7,088 | 86,931 |
| Fair value changes | 17,350 | 17,241 |
| Allowance for uncollectible receivables | 121,080 | 166,999 |
| Advertising expenses in excess of deduction limit | 2,068 | 47,978 |
| Valuation allowance (i) | (38,545) | (141,086) |
| Total | 121,239 | 180,171 |
| | | |
| Deferred tax liabilities: | | |
| Contract assets, net | 162,767 | 136,213 |
| Contract cost | 10 | 49 |
| Intangible assets | 7,123 | 7,917 |
| Total | 169,900 | 144,179 |
| | | |
| Net deferred tax (liabilities)/assets | (48,661) | 35,992 |

(i) A valuation allowance is provided against deferred tax assets when the Group determines that it is more likely than not that the deferred tax assets will not be utilized in the future. In making such determination, the Group evaluates a variety of factors including the Group's entities' operating history, accumulated deficit, forecasts of future profitability, existence of taxable temporary differences and reversal periods. The valuation allowance is considered on an individual entity basis. The Group has recognized a valuation allowance against deferred tax assets of RMB38,545 and RMB141,086 for the years ended December 31, 2023 and 2024, respectively.

The authoritative guidance requires that the Group recognizes the impact of a tax position in the financial statements if that position is more likely than not of being sustained upon audit by the tax authority, based on the technical merits of the position. Under the PRC laws and regulations, arrangements and transactions among related parties may be subject to examination by the PRC tax authorities. If the PRC tax authorities determine that the contractual arrangements among related companies do not represent a price under normal commercial terms, they may make adjustments to the companies' income and expenses. A transfer pricing adjustment could result in additional tax liabilities.

Uncertainties exist with respect to how the current income tax law in the PRC applies to the Group's overall operations, and more specifically, with regard to tax residency status. The EIT Law includes a provision specifying that legal entities organized outside of the PRC will be considered residents for Chinese income tax purposes if the place of effective management or control is within the PRC. The implementation rules to the EIT Law provide that non-resident legal entities will be considered PRC residents if substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc., occurs within the PRC. Despite the present uncertainties resulting from the limited PRC tax guidance on the issue, the Group does not believe that the legal entities organized outside of the PRC within the Group should be treated as residents for the EIT law purposes. If the PRC tax authorities subsequently determine that the Company and its subsidiaries registered outside the PRC should be deemed resident enterprises, the Company and its subsidiaries registered outside the PRC will be subject to the PRC income taxes, at a rate of 25%.

The Group did not identify significant unrecognized tax benefits for the years ended December 31, 2022, 2023 and 2024. The Group did not incur any interest related to unrecognized tax benefits, did not recognize any penalties as income tax expenses and also does not anticipate any significant change in unrecognized tax benefits within 12 months from December 31, 2024.

**15. INCOME TAXES — continued**

Under the EIT Law and its implementation rules, a withholding tax at 10%, unless reduced by a tax treaty or arrangement, is applied on dividends received by non-PRC-resident corporate investors from the PRC-resident enterprises, such as the Company's PRC subsidiaries. Under the China-HK Tax Arrangement and the relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% equity interests or more of a PRC enterprise is entitled to a reduced withholding rate of 5%. The Company believes that YouRace HK will apply the 10% withholding tax rate. On July 29, 2017, the Board also approved a semi-annual dividend policy. Under this policy, semi-annual dividends are set at an amount equivalent to approximately 15% of the Company's anticipated net income after tax in each half year commencing from the second half of 2017, which are derived from the earnings of the Group's PRC companies. On August 14, 2018, the Board decided to terminate the semi-annual dividend policy going forward.

Aggregate undistributed earnings of the Company's PRC subsidiaries and the consolidated VIEs that are available for distribution were approximately RMB3,690 million and RMB5,095 million as of December 31, 2023 and 2024, respectively. A deferred tax liability should be recorded for taxable temporary differences attributable to the excess of financial reporting amounts over tax basis amount in the PRC subsidiaries and the consolidated VIEs. However, the aggregate undistributed earnings of the Company's subsidiaries and the consolidated VIEs and its subsidiaries located in the PRC that are available for distribution as of December 31, 2024 are considered to be indefinitely reinvested and accordingly, no provision has been made for the Chinese dividend withholding taxes that would be payable upon the distribution of those amounts to any entity within the Group that is outside the PRC.

**16. SHARE-BASED COMPENSATION**

***Share incentive plan***

In September 2015, the Company adopted the 2015 Share Incentive Plan (the "2015 Plan"), In July 2017, the Company adopted the 2017 Share Incentive Plan (the "2017 Plan"), In June 2020, the Company adopted the 2020 Share Incentive Plan (the "2020 Plan") which permits the grant of three types of awards: options, restricted shares and restricted share units ("RSUs"). Persons eligible to participate in the 2015 Plan, the 2017 Plan and the 2020 Plan include employees (including part-time employees) and the directors of the Company or any of affiliates, which include CreditEase, its subsidiaries and any entities in which CreditEase or a subsidiary of the Company holds a substantial ownership interest. According to the resolutions of the Board and the shareholders of the Company in July 2017, the 2015 Plan was amended. Under the amended 2015 plan, the maximum ordinary shares available for issuance were decreased to 3,939,100. Under the 2017 Plan, the maximum of 6,060,900 ordinary shares were reserved for issuance. Under the 2020 Plan, the maximum of 18,560,000 ordinary shares were reserved for issuance.

Over the life of the Plan 2017, 43,386 RSUs were granted on July 1, 2019, at the fair value of US$6.92 per ordinary share, which was determined based on the closing price of the Company's American depositary shares ("ADSs") on The New York Stock Exchange on the grant date. Approximately 20.0% of the share awards were immediately vested with the rest to vest in various days over the next four years. Over the life of the Plan 2020, 2,592,140 RSUs were granted on June 30, 2020, at fair value of US $2.07 per ordinary share. Approximately 15.4% of the share awards were immediately vested with the rest to vest in various days over the next three years. 143,560 RSUs were granted on December 31, 2020, at fair value of US $1.67 per ordinary share, which were to vest in various days over the next three years. 1,830,024 RSUs were granted on June 30, 2021, at fair value of US$3.01 per ordinary share, which were to vest in various days over the next three years. 1,381,350 RSUs were granted on July 1, 2021, at fair value of US $2.79 per ordinary share, and all share awards were immediately vested. 168,022 RSUs were granted on January 1, 2022, at fair value of US$1.43 per ordinary share, Approximately 3.1% of the share awards were immediately vested with the rest to vest in various days over the next three years. 10,754,250 RSUs were granted on July 1, 2022, at fair value of US$0.88 per ordinary share, Approximately 79.5% of the share awards were immediately vested with the rest to vest in various days over the next three years. 479,814 RSUs were granted on January 1, 2023, at fair value of US$0.69 per ordinary share, Approximately 30.2% of the share awards were immediately vested with the rest to vest in various days over the next three years. 430,028 RSUs were granted on July 1, 2023, at fair value of US$1.14 per ordinary share, which are to vest in various days over the next three years. 192,034 RSUs were granted on January 1, 2024, at fair value of US$1.56 per ordinary share, which are to vest in various days over the next three years. 1,602,102 RSUs were granted on July 1, 2024, at fair value of US$2.26 per ordinary share, Approximately 96.0% of the share awards were immediately vested with the rest to vest in various days over the next three years.

**16. SHARE-BASED COMPENSATION — continued**

***Share incentive plan — continued***

Out of all the RSUs granted, 43,386 RSUs were granted to directors and employees of the Group under the 2017 Plan on July 1, 2019. 2,089,724 RSUs were granted under the 2020 Plan on June 30, 2020. 139,912 RSUs were granted on December 31, 2020. 1,060,464 RSUs were granted under the 2020 Plan on June 30, 2021. 447,698 RSUs were granted under the 2020 Plan on July 1, 2021. 79,732 RSUs were granted under the 2020 Plan on January 1, 2022. 3,633,302 RSUs were granted under the 2020 Plan on July 1, 2022. 192,794 RSUs were granted under the 2020 Plan on January 1, 2023. 237,554 RSUs were granted under the 2020 Plan on July 1, 2023. 192,034 RSUs were granted under the 2020 Plan on January 1, 2024. 852,932 RSUs were granted under the 2020 Plan on July 1, 2024. The awards granted to the employees of the Group are recognized as share-based compensation expenses, and measured based on the fair value as of the grant date. The Company recognized compensation expenses in general and administrative expense of RMB22,135, RMB6,752 and RMB16,928 for the years ended December 31, 2022, 2023 and 2024, respectively.

The remaining 502,416 RSUs were granted to employees of CreditEase and its consolidated subsidiaries and VIEs under the 2020 Plan on June 30, 2020. 3,648 RSUs were granted under the 2020 Plan on December 31, 2020. 769,560 RSUs were granted under the 2020 Plan on June 30, 2021. 933,652 RSUs were granted under the 2020 Plan on July 1, 2021. 88,290 RSUs were granted under the 2020 Plan on January 1, 2022. 7,120,948 RSUs were granted under the 2020 Plan on July 1, 2022. 287,020 RSUs were granted under the 2020 Plan on January 1, 2023. 192,474 RSUs were granted under the 2020 Plan on July 1, 2023. 749,170 RSUs were granted under the 2020 Plan on July 1, 2024. The awards granted to employees of CreditEase and its consolidated subsidiaries and VIEs were recognized as deemed dividend from the Company to CreditEase as the employees of CreditEase do not provide services directly related to the Company. The awards are measured based on the fair value as of the grant date. The amount recognized as deemed dividend were RMB38,168, RMB3,698 and RMB10,299 for the years ended December 31, 2022, 2023 and 2024, respectively.

The total fair value of RSUs vested for the years ended on December 31, 2022, 2023 and 2024 were RMB73,068, RMB15,476 and RMB31,116, respectively.

***RSUs***

A summary of RSUs activities is as follows:

| | Number of RSUs | Weighted-Average Grant-Date Fair Value |
|---|---|---|
| | | US$ |
| Unvested as of December 31, 2022 | 3,203,830 | 1.48 |
| Granted | 909,842 | 0.90 |
| Vested | (1,349,098) | 1.62 |
| Forfeited | (604,826) | 1.42 |
| Unvested as of December 31, 2023 | 2,159,748 | 1.17 |
| Granted | 1,794,136 | 2.18 |
| Vested | (2,228,986) | 1.94 |
| Forfeited | (572,112) | 1.47 |
| Unvested as of December 31, 2024 | 1,152,786 | 1.12 |

As of December 31, 2024, unrecognized compensation cost related to unvested awards granted to employees of the Group, adjusted for estimated forfeitures, was RMB1,876. This cost is expected to be recognized over a weighted average period of 0.8 years on an accelerated basis.

As of December 31, 2024, unrecognized deemed dividend related to unvested awards granted to employees of CreditEase and its consolidated subsidiaries and VIEs, adjusted for estimated forfeitures, was RMB609. Such deemed dividend will be recorded over a weighted average period of 0.8 years on an accelerated basis.

## 17. SHARE REPURCHASE PROGRAM

In June 2018, the Board authorized a share repurchase program under which the Company may repurchase up to US$20 million worth of its ADSs. In September 2022, the Board authorized a share repurchase program under which the Company may repurchase up to US$20 million worth of its ADSs. The 2018 Share Repurchase Program was simultaneously terminated. The share repurchases may be made in accordance with applicable laws and regulations through open market transactions, privately negotiated transactions or other legally permissible means as determined by the management.

During the years ended December 31, 2023 and 2024, the Company had repurchased 2,609,949 ADSs for RMB48,117 (US$6,777) and 2,165,090 ADSs for RMB75,612 (US$10,359) on the open market, at a weighted average price of US$2.61 per ADS and US$4.85 per ADS, respectively. The Company accounts for the repurchased ordinary shares under the cost method and includes such treasury stock as a component of the equity.

## 18. NET INCOME PER SHARE AND NET INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

The basic and diluted net income per share for each of the years presented are calculated as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| | RMB | RMB | RMB |
| Numerator: | | | |
| Net income | 1,194,871 | 2,080,197 | 1,582,299 |
| Denominator: | | | |
| Weighted average number of ordinary shares outstanding, basic | 174,695,959 | 176,749,706 | 173,256,348 |
| Plus incremental weighted average ordinary shares from assumed vesting of RSUs using the treasury stock method | 695,373 | 1,938,613 | 1,455,221 |
| Weighted average number of ordinary shares outstanding, diluted | 175,391,332 | 178,688,319 | 174,711,569 |
| | | | |
| Basic net income per share | 6.8397 | 11.7692 | 9.1327 |
| Diluted net income per share | 6.8126 | 11.6415 | 9.0566 |

## 19. DIVIDENDS

On August 20, 2024, the board of directors of the Company approved the adoption of a semi-annual cash dividend policy. Under the policy, the Company will declare and distribute semi-annual dividends at an amount equivalent to no less than 10% of the Company's anticipated net income after tax in each half year commencing from the first half of 2024. The determination to declare and pay such semi-annual dividends and the amount of dividends in any particular half year will be made at the discretion of the Board and will be based upon the Company's operations, earnings, cash flow, financial condition and other relevant factors that the Board may deem appropriate.

In 2024, the board of directors of the Company has approved dividends for the first half of 2024 in accordance with the Company's dividend policy with the total amount of RMB122,333.

## 20. LEASES

The Group leases certain office premises to support its core business under non-cancelable leases. The Group determines if an arrangement is a lease at inception. Some lease agreements contain lease and non-lease components, which the Group chooses not to account for as separate components as the Group has elected the practical expedient. As of December 31, 2024, the Group had no long-term leases that were classified as a financing lease. As of December 31, 2024, the Group had no significant lease contract that has been entered into but not yet commenced.

A summary of supplemental information related to non-cancelable leases as of December 31, 2024 is as follows:

| | Year ended December 31, 2023 | Year ended December 31, 2024 |
|---|---|---|
| Operating lease ROU assets | 23,382 | 39,695 |
| Operating lease liabilities | 23,648 | 40,765 |
| Operating leases - Weighted average remaining lease term | 1.46 years | 3.01 years |
| Operating leases - Weighted average discount rate | 3.3 % | 3.6 % |

A summary of lease cost recognized and recorded in sales and marketing and general and administrative expenses in the consolidated statements of operations and supplemental cash information related to operating leases is as follows:

| | Year ended December 31, 2023 | Year ended December 31, 2024 |
|---|---|---|
| Operating lease cost | 19,209 | 18,970 |
| Short-term lease cost | 168 | 335 |
| Total | 19,377 | 19,305 |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows for operating leases | 20,263 | 18,230 |
| Non-cash ROU assets in exchange for new lease liabilities: | | |
| Operating leases | 7,958 | 41,652 |

As of December 31, 2024, the maturity of operating lease liabilities under the Group's operating leases is as follows:

| | As of December 31, 2023 | As of December 31, 2024 |
|---|---|---|
| | RMB | RMB |
| Less than 1 year | 18,976 | 15,557 |
| 1-2 year | 4,445 | 13,389 |
| 2-3 year | 821 | 11,483 |
| 3-4 year | — | 2,482 |
| Subtotal | 24,242 | 42,911 |
| Less: imputed interest | 594 | 2,146 |
| Present value of operating lease liabilities | 23,648 | 40,765 |

**YIREN DIGITAL LTD.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — continued**
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2023 AND 2024**
**(Amounts in thousands, except for share and per share data, or otherwise noted)**

## 21. SEGMENT INFORMATION

The Group's chief operating decision maker ("CODM") has been identified as the Chief Executive Officer who reviews the consolidated results of operations when making decisions about allocating resources and assessing performance of the Group. As most of the Group's long-lived assets are located in the PRC and most of the Group's revenues are derived from the PRC, no geographical information is presented. In 2023, the Group adjusted the categorization of our business segments to more accurately reflect the nature of each segment's operations. Following this adjustment, our business is organized into three segments: the financial services business, the insurance brokerage business, and the consumption and lifestyle Business and others.

The summary of each segment's operating results for the years ended December 31, 2022, 2023 and 2024 is as follows:

| | For the Year Ended December 31, 2022 | | | |
|---|---|---|---|---|
| | Financial services business | Insurance brokerage business | Consumption & lifestyle business and others | Total |
| | RMB | RMB | RMB | RMB |
| **Net Revenue** | 1,959,732 | 731,797 | 743,091 | 3,434,620 |
| **Operating costs and expenses :** | | | | |
| Sales and marketing | (383,950) | (17,417) | (172,607) | (573,974) |
| Origination and servicing | (151,539) | (524,767) | (100,535) | (776,841) |
| Research and development | (80,866) | (2,920) | (2,806) | (86,592) |
| General and administrative | (81,651) | (21,003) | (92,673) | (195,327) |
| Allowance for contract assets, receivables and others | (158,868) | (431) | (1,647) | (160,946) |
| Provision for contingent liabilities | (21,501) | — | — | (21,501) |
| **Total segment income from operations** | **1,081,357** | **165,259** | **372,823** | **1,619,439** |
| Unallocated expense | — | — | — | (147,575) |
| Other income | — | — | — | 23,519 |
| **Income before provision for income taxes** | **1,081,357** | **165,259** | **372,823** | **1,495,383** |

| | For the Year Ended December 31, 2023 | | | |
|---|---|---|---|---|
| | Financial services business | Insurance brokerage business | Consumption & lifestyle business and others | Total |
| | RMB | RMB | RMB | RMB |
| **Net Revenue** | 2,515,119 | 963,822 | 1,416,692 | 4,895,633 |
| **Operating costs and expenses :** | | | | |
| Sales and marketing | (498,055) | (12,887) | (145,661) | (656,603) |
| Origination and servicing | (223,468) | (697,669) | (55,035) | (976,172) |
| Research and development | (44,467) | (651) | (6,566) | (51,684) |
| General and administrative | (53,031) | (13,835) | (77,457) | (144,323) |
| Allowance for contract assets, receivables and others | (262,607) | 390 | 771 | (261,446) |
| Provision for contingent liabilities | (27,035) | — | — | (27,035) |
| **Total segment income from operations** | **1,406,456** | **239,170** | **1,132,744** | **2,778,370** |
| Unallocated expense | — | — | — | (183,588) |
| Other income | — | — | — | 50,578 |
| **Income before provision for income taxes** | **1,406,456** | **239,170** | **1,132,744** | **2,645,360** |

## 21. SEGMENT INFORMATION — continued

| | For the Year Ended December 31, 2024 | | | |
|---|---|---|---|---|
| | Financial services business | Insurance brokerage business | Consumption & lifestyle business and others | Total |
| | RMB | RMB | RMB | RMB |
| **Net Revenue** | 3,473,109 | 408,369 | 1,924,423 | 5,805,901 |
| **Operating costs and expenses ：** | | | | |
| Sales and marketing | (1,102,737) | (13,706) | (79,986) | (1,196,429) |
| Origination and servicing | (442,312) | (407,225) | (33,420) | (882,957) |
| Research and development | (342,495) | (979) | (8,672) | (352,146) |
| General and administrative | (107,648) | (15,389) | (31,503) | (154,540) |
| Allowance for contract assets, receivables and others | (519,895) | 663 | (908) | (520,140) |
| Provision for contingent liabilities | (869,280) | — | — | (869,280) |
| **Total segment income from operations** | **88,742** | **(28,267)** | **1,769,934** | **1,830,409** |
| Unallocated expense | — | — | — | (183,345) |
| Other income | — | — | — | 214,857 |
| **Income before provision for income taxes** | **88,742** | **(28,267)** | **1,769,934** | **1,861,921** |

Depreciation and amortization expenses of Financial services business for the years ended December 31, 2022, 2023 and 2024 were RMB19,032, RMB1,019 and RMB1,861, respectively, while such expenses of Insurance brokerage business for the years ended December 31, 2022, 2023 and 2024 were RMB135, RMB101 and RMB359, respectively, while such expenses of Consumption & lifestyle business and others for the years ended December 31, 2022, 2023 and 2024 were RMB1,774, RMB1,506 and RMB968, respectively.

## 22. EMPLOYEE BENEFIT PLAN

Full time employees of the Group in the PRC participate in a government-mandated defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. The Group accrues for these benefits based on certain percentages of the employees' salaries. The total contribution for such employee benefits were RMB89,682, RMB68,192 and RMB72,867 for the years ended December 31, 2022, 2023 and 2024, respectively.

## 23. STATUTORY RESERVES AND RESTRICTED NET ASSETS

In accordance with the PRC laws and regulations, the Company's PRC subsidiaries, the consolidated VIEs and the consolidated VIEs' subsidiaries are required to make appropriation to certain statutory reserves, namely general reserve, enterprise expansion reserve, and staff welfare and bonus reserve, all of which are appropriated from net profit as reported in their PRC statutory accounts. The Group's PRC entities are required to appropriate at least 10% of their after-tax profits to the general reserve until such reserve has reached 50% of their respective registered capital.

Appropriations to the enterprise expansion reserve and the staff welfare and bonus reserve are to be made at the discretion of the board of directors of each of the Group's PRC entities. There were no appropriations to these reserves by the Group's PRC entities for the years ended December 31, 2022, 2023 and 2024.

## 23. STATUTORY RESERVES AND RESTRICTED NET ASSETS — continued

As a result of the PRC laws and regulations and the requirement that distributions by the PRC entity can only be paid out of distributable profits computed in accordance with the PRC GAAP, the PRC entity is restricted from transferring a portion of its net assets to the Company. Amounts restricted include paid-in capital, capital reserve and statutory reserves of the Company's PRC entities. As of December 31, 2023 and 2024, the aggregated amounts of paid-in capital, capital reserve and statutory reserves represented the amount of net assets of the relevant entities of the Group not available for distribution amounted to RMB7,067,300 and RMB7,852,866, respectively (including the statutory reserve fund of RMB497,826 and RMB531,564 as of December 31, 2023 and 2024, respectively).

## 24. COMMITMENTS AND CONTINGENCIES

Contingencies

The Group is subject to periodic legal or administrative proceedings in the ordinary course of business. The Group does not believe that any legal or administrative proceeding to which the Group is a party will have a material effect on its business or financial condition.

## 25. SUBSEQUENT EVENTS

On March 15, 2025, the Board of Directors of the Company unanimously approved a cash dividend of US$0.22 (RMB1.61) per ADS, and is expected to be distributed on or around May 15, 2025 to shareholders of record as of the close of business on April 30, 2025.

Except for the matters mentioned above and those disclosed elsewhere in the consolidated financial statements, there were no other subsequent events occurred that would require recognition or disclosure in the Group's consolidated financial statements.

**YIREN DIGITAL LTD.**

**SCHEDULE I-CONDENSED BALANCE SHEETS**
**(Amounts in thousands, except for share and per share data, or otherwise noted)**

| | December 31, 2023 | December 31, 2024 | December 31, 2024 |
|---|---|---|---|
| | RMB | RMB | US$ |
| Assets: | | | |
| Cash and cash equivalents | 23,160 | 158,632 | 21,733 |
| Amounts due from its subsidiaries and the consolidated VIEs | 1,350,493 | 1,096,163 | 150,174 |
| Amounts due from related parties | — | 501 | 69 |
| Other financial investments | 29,615 | — | — |
| Investments in its subsidiaries and the consolidated VIEs | 6,689,748 | 8,362,945 | 1,145,718 |
| Total assets | 8,093,016 | 9,618,241 | 1,317,694 |
| Liabilities: | | | |
| Accrued expenses and other liabilities | 7,467 | 12,275 | 1,682 |
| Amounts due to its subsidiaries and the consolidated VIEs | — | 63,536 | 8,704 |
| Total liabilities | 7,467 | 75,811 | 10,386 |
| Equity: | | | |
| Ordinary shares (US$0.0001 par value; 500,000,000 shares authorized; 200,648,440 and 202,877,426 shares issued as of December 31, 2023 and 2024, respectively; 174,706,968 and 172,605,774 shares outstanding as of December 31, 2023 and 2024, respectively) | 130 | 132 | 18 |
| Treasury stock (7,381,472 and 11,711,652 shares as of December 31, 2023 and 2024, respectively) | (94,851) | (170,463) | (23,353) |
| Additional paid-in capital | 5,171,232 | 5,198,457 | 712,186 |
| Accumulated other comprehensive income | 23,669 | 79,268 | 10,860 |
| Retained earnings | 2,985,369 | 4,435,036 | 607,597 |
| Total equity | 8,085,549 | 9,542,430 | 1,307,308 |
| Total liabilities and equity | 8,093,016 | 9,618,241 | 1,317,694 |

**YIREN DIGITAL LTD.**

**SCHEDULE I-CONDENSED STATEMENTS OF OPERATIONS**
**(Amounts in thousands, except for share and per share data, or otherwise noted)**

| | Years ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 |
| | RMB | RMB | RMB | US$ |
| Operating expenses | (44,655) | (27,675) | (42,036) | (5,759) |
| Interest income/(expenses) | 1,833 | (12,982) | 5,767 | 790 |
| Non-operating (expense)/income, net | (39) | 1,178 | 769 | 105 |
| Share of income of its subsidiaries and the consolidated VIEs | 1,237,732 | 2,119,676 | 1,617,799 | 221,638 |
| Net income | 1,194,871 | 2,080,197 | 1,582,299 | 216,774 |

**YIREN DIGITAL LTD.**

**SCHEDULE I-CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**
**(Amounts in thousands, except for share and per share data, or otherwise noted)**

| | Years ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 |
| | RMB | RMB | RMB | US$ |
| Net income | 1,194,871 | 2,080,197 | 1,582,299 | 216,774 |
| Other comprehensive (loss)/income, net of tax of nil: | | | | |
| Foreign currency translation adjustment | 8,563 | (1,909) | 22,142 | 3,033 |
| Unrealized (loss)/gain on other financial investments | (12,351) | 17,813 | 33,457 | 4,584 |
| Comprehensive income | 1,191,083 | 2,096,101 | 1,637,898 | 224,391 |

**YIREN DIGITAL LTD.**

**SCHEDULE I-CONDENSED STATEMENTS OF CASH FLOWS**
**(Amounts in thousands, except for share and per share data, or otherwise noted)**

| | Years ended December 31, | | | |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 |
| | RMB | RMB | RMB | US$ |
| Cash Flows from Operating Activities: | | | | |
| Net cash used in operating activities | (22,907) | (25,459) | 239,590 | 32,824 |
| Cash Flows from Investing Activities: | | | | |
| Amounts due from/to its subsidiaries, the consolidated VIEs and related parties | 9,766 | 49,654 | 64,241 | 8,801 |
| Proceeds on disposal of other financial investments | 33,215 | 22,682 | 30,908 | 4,234 |
| Net cash provided by investing activities | 42,981 | 72,336 | 95,149 | 13,035 |
| Cash Flows from Financing Activities: | | | | |
| Dividends paid to shareholders | — | — | (122,333) | (16,760) |
| Repurchase of ordinary shares | (3,837) | (48,117) | (75,612) | (10,359) |
| Net cash used in financing activities | (3,837) | (48,117) | (197,945) | (27,119) |
| Effect of foreign exchange rate changes | 1,273 | 426 | (1,322) | (181) |
| Net increase/(decrease) in cash and cash equivalents | 17,510 | (814) | 135,472 | 18,559 |
| Cash and cash equivalents, beginning of year | 6,464 | 23,974 | 23,160 | 3,174 |
| Cash and cash equivalents, end of year | 23,974 | 23,160 | 158,632 | 21,733 |

**YIREN DIGITAL LTD.**

**SCHEDULE I-NOTES TO THE CONDENSED FINANCIAL INFORMATION**

**1. BASIS FOR PREPARATION**

The condensed financial information of the Parent Company has been prepared using the same accounting policies as set out in the Group's consolidated financial statements, except that the Parent Company used the equity method to account for investments in its subsidiaries and the consolidated VIEs and the consolidated VIEs' subsidiaries.

Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The footnote disclosures contain supplemental information relating to the operations of the Group and, as such, these statements should be read in conjunction with the notes to the consolidated financial statements.

**2. INVESTMENTS IN SUBSIDIARIES AND THE CONSOLIDATED VIES**

The Company, its subsidiaries, the consolidated VIEs and the consolidated VIEs' subsidiaries are included in the consolidated financial statements where the inter-company balances and transactions are eliminated upon consolidation. For the purpose of the Parent Company's stand-alone financial statements, its investments in its subsidiaries and the consolidated VIEs and the consolidated VIEs' subsidiaries are reported using the equity method of accounting. The Parent Company's share of income and losses of its subsidiaries and the consolidated VIEs and the consolidated VIEs' subsidiaries are reported as shares of income/(loss) of its subsidiaries and the consolidated VIEs and the consolidated VIEs' subsidiaries in the condensed financial information to the Parent Company.

**3. AMOUNTS DUE FROM ITS SUBSIDIARIES AND THE CONSOLIDATED VIES**

As of December 31, 2023 and 2024, the amounts mainly represent interest-free, unsecured and repayable on demand loans provided to Yiren Vision and Creditease Puhui.

**Exhibit 4.13**

**Amended and Restated Loan Agreement**

This Amended and Restated Loan Agreement (this "Agreement") is made and entered into by and between the Parties below as of July 12, 2024 in Beijing, China:

(1) **Chongqing Hengyuda Technology Co., Ltd.**, a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing;

(2) **CreditEase Pucheng Credit Management (Beijing) Co., Ltd.** ("Borrower"), a limited liability company organized and existing under the laws of China, with its address at Room **1601**, Floor 13, Building 1, West Dawang Street, Chaoyang District, Beijing;.

Each of the Lender and the Borrower shall be hereinafter referred to as a "Party" respectively, and as the "Parties" collectively.

**Whereas:**

1. The Parties hereto entered into a Loan Agreement dated December 19, 2019 (the "Prior Agreement"). The loan provided by the Lender to the Borrower under the Prior Agreement shall be regarded as part of the loan provided by the Lender to the Borrower under this Agreement;

2. As of the date hereof, Borrower holds 95% of equity interests in Yiren Finance Information Service (Beijing) Co., Ltd. ("Borrower Company"). All of the equity interest now held and hereafter acquired by Borrower in Borrower Company shall be referred to as Borrower Equity Interest;

3. Lender confirms that it agrees to provide Borrower with a loan which equals to RMB47,500,000 to be used for the purposes set forth under this Agreement.

Now, therefore, the Parties have mutually agreed to execute this Agreement upon the following terms, which will terminate and replace the Prior Agreement in its entirety and in all aspects.

**1 <u>Loan</u>**

1.1 In accordance with the terms and conditions of this Agreement, Lender agrees to provide to Borrower a loan in the aggregate amount of RMB47,500,000 (the "Loan"). Once Lender receives a notice from Borrower requesting the provision of all or any part of the Loan during the term of this Agreement, Lender shall within one (1) month after receiving such notice provide that portion of Loan to Borrower. The term of the Loan shall be 10 years from the effective date of this Agreement, which may be extended upon mutual written consent of the Parties. During the term of the Loan or the extended term of the Loan, Borrower shall immediately repay the full amount of the Loan in the event any one or more of the following circumstances occur:

1.1.1 30 days elapse after Borrower receives a written notice from Lender requesting repayment of the Loan;

1.1.2 Borrower's bankruptcy, winding up or liquidation;

1.1.3 Borrower ceases (for any reason) to hold any equity interest in Borrower Company;

1.1.4 Borrower engages in criminal act or is involved in criminal activities;

1.1.5 According to the applicable laws of China, foreign investors are permitted to invest in the principle business that is currently conducted by Borrower

Company in China with a controlling stake and/or in the form of wholly-foreign-owned enterprises, the relevant competent authorities of China begin to approve such investments, and Lender exercises the exclusive option under the Amended and Restated Exclusive Option Agreement (the "Exclusive Option Agreement") described in this Agreement.

1.2 Borrower agrees to accept the aforementioned Loan provided by Lender, and hereby agrees and warrants using the Loan to subscribe the registered capital of Borrower Company. Without Lender's prior written consent, Borrower shall not use the Loan for any purpose other than as set forth herein.

1.3 Lender and Borrower hereby agree and acknowledge that Borrower's method of repayment shall be at the sole discretion of Lender, and shall at Lender's option take the form of Borrower's transferring the Borrower Equity Interest in whole to Lender or Lender's designated persons (legal or natural persons) pursuant to the Lender's exercise of its right to acquire the Borrower Equity Interest under the Exclusive Option Agreement, and any proceeds from the transfer of the Borrower Equity Interest (to the extent permissible) shall be used by the Borrower to repay the Loan to Lender, in accordance with this Agreement and in the manner designated by Lender.

1.4 Lender and Borrower hereby agree and acknowledge that to the extent permitted by applicable laws, Lender shall have the right but not the obligation to purchase or designate other persons (legal or natural persons) to purchase Borrower Equity Interest in part or in whole at any time, at the price stipulated in the Exclusive Option Agreement.

1.5 Borrower also undertakes to execute an irrevocable Power of Attorney (the "Power of Attorney"), which authorizes Lender or a legal or natural person designated by Lender to exercise all of Borrower's rights as a shareholder of Borrower Company.

1.6 When Borrower transfers Borrower Equity Interest to Lender or Lender's designated person(s), in the event that the transfer price of such equity interest equals or is lower than the principal of the Loan under this Agreement, the Loan under this Agreement shall be deemed an interest-free loan. In the event that the transfer price of such equity interest exceeds the principal of the Loan under this Agreement, the excess over the principal shall be deemed the interest of the Loan under this Agreement payable by Borrower to Lender.

## 2 Representations and Warranties

2.1 Between the date of this Agreement and the date of termination of this Agreement, Lender hereby makes the following representations and warranties to Borrower:

2.1.1 Lender is a corporation duly organized and legally existing in accordance with the laws of China;

2.1.2 Lender has the legal capacity to execute and perform this Agreement. The execution and performance by Lender of this Agreement is consistent with Lender's scope of business and the provisions of Lender's corporate bylaws and other organizational documents, and Lender has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement; and

2.1.3 This Agreement constitutes Lender's legal, valid and binding obligations enforceable in accordance with its terms.

2.2 Between the date of this Agreement and the date of termination of this Agreement, Borrower hereby makes the following representations and warranties:

2.2.1 Borrower has the legal capacity to execute and perform this Agreement. Borrower has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement;

2.2.2 This Agreement constitutes Borrower's legal, valid and binding obligations enforceable in accordance with its terms; and

2.2.3 There are no disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower, nor are there any potential disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower.

**3 <u>Borrower's Covenants</u>**

3.1 As and when he becomes, and for so long as he remains a shareholder of Borrower Company, Borrower covenants irrevocably that during the term of this Agreement, Borrower shall cause Borrower Company:

3.1.1 to strictly abide by the provisions of the Exclusive Option Agreement and the Exclusive Business Cooperation Agreement ("Exclusive Business Cooperation Agreement") to which the Borrower Company is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability of the Exclusive Option Agreement and Exclusive Business Cooperation Agreement.

3.1.2 at the request of Lender (or a party designated by Lender), to execute contracts/agreements on business cooperation with Lender (or a party designated by Lender), and to strictly abide by such contracts/agreements;

3.1.3 to provide Lender with all of the information on Borrower Company's business operations and financial condition at Lender's request;

3.1.4 to immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Company's assets, business or income;

3.1.5 at the request of Lender, to appoint any persons designated by Lender as directors of Borrower Company;

3.2 Borrower covenants that during the term of this Agreement, he shall:

3.2.1 endeavor to keep Borrower Company to engage in its principle businesses;

3.2.2 abide by the provisions of this Agreement, the Power of Attorney, the Amended and Restated Equity Interest Pledge Agreement ("Equity Interest Pledge Agreement") and the Exclusive Option Agreement to which the Borrower is a party, perform his obligations under this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, and refrain from any action/omission that may affect the effectiveness and enforceability of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement;

3.2.3 not sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest or the encumbrance, except in accordance with the Equity Interest Pledge Agreement;

3.2.4 cause any shareholders' meeting and/or the board of directors of Borrower Company not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in Borrower Equity Interest,

or allow the encumbrance thereon of any security interest, except to Lender or Lender's designated person;

3.2.5 cause any shareholders' meeting and/or the board of directors of the Borrower Company not to approve the merger or consolidation of Borrower Company with any person, or its acquisition of or investment in any person, without the prior written consent of Lender;

3.2.6 immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Equity Interest;

3.2.7 to the extent necessary to maintain his ownership of the Borrower Equity Interest, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defense against all claims;

3.2.8 without the prior written consent of Lender, refrain from any action /omission that may have a material impact on the assets, business and liabilities of Borrower Company;

3.2.9 appoint any designee of Lender as director of Borrower Company, at the request of Lender;

3.2.10 to the extent permitted by the laws of China, at the request of Lender at any time, promptly and unconditionally transfer all of Borrower Equity Interest to Lender or Lender's designated representative(s) at any time, and cause the other shareholders of Borrower Company to waive their right of first refusal with respect to the share transfer described in this Section;

3.2.11 to the extent permitted by the laws of China, at the request of Lender at any time, cause the other shareholders of Borrower Company to promptly and unconditionally transfer all of their equity interests to Lender or Lender's designated representative(s) at any time, and Borrower hereby waives his right of first refusal (if any) with respect to the share transfer described in this Section;

3.2.12 in the event that Lender purchases Borrower Equity Interest from Borrower in accordance with the provisions of the Exclusive Option Agreement, use such purchase price obtained thereby to repay the Loan to Lender; and

3.2.13 without the prior written consent of Lender, not to cause Borrower Company to supplement, change, or amend its articles of association in any manner, increase or decreases its registered capital or change its share capital structure in any manner.

**4 <u>Liability for Default</u>**

4.1 If Borrower conducts any material breach of any term of this Agreement, Lender shall have right to terminate this Agreement and require the Borrower to compensate all damages; this Section 4.1 shall not prejudice any other rights of Lender herein.

4.2 Borrower shall not terminate this Agreement in any event unless otherwise required by applicable laws.

4.3 In the event that Borrower fails to perform the repayment obligations set forth in this Agreement, Borrower shall pay overdue interest of 0.01% per day for the outstanding payment, until the day Borrower repays the full principal of the Loan, overdue interests and other payable amounts.

## 5 Notices

5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery.

5.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notices, the addresses of the Parties are as follows:

| | |
|---|---|
| **Lender:** | **Chongqing Hengyuda Technology Co., Ltd.** |
| Address: | Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing |
| **Borrower:** | **CreditEase Pucheng Credit Management (Beijing) Co., Ltd.** |
| Address: | Room 1601, Floor 13, Building 1, West Dawang Street, Chaoyang District, Beijing |

5.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

## 6 Confidentiality

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

## 7 Governing Law and Resolution of Disputes

7.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes shall be governed by the laws of China.

7.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on all Parties.

7.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**8 Miscellaneous**

8.1 This Agreement should become effective upon execution by the Parties, and shall expire upon the date of full performance by the Parties of their respective obligations under this Agreement. This Agreement shall terminate and replace the Prior Agreement in its entirety and in all aspects.

8.2 This Agreement shall be written in both Chinese and English language in two copies, each Party having one copy. The Chinese version and English version shall have equal legal validity.

8.3 This Agreement may be amended or supplemented through written agreement by and between Lender and Borrower. Such written amendment agreement and/or supplementary agreement executed by and between Lender and Borrower are an integral part of this Agreement, and shall have the same legal validity as this Agreement.

8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

8.5 The attachments (if any) to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof. The provisions of Sections 4, 6, 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Agreement as of the date firs above written.

**Lender:** **Chongqing Hengyuda Technology Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Borrower:** **CreditEase Pucheng Credit Management (Beijing) Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Amended and Restated Loan Agreement**

This Amended and Restated Loan Agreement (this "Agreement") is made and entered into by and between the Parties below as of July 12, 2024 in Beijing, China:

(1) **Chongqing Hengyuda Technology Co., Ltd.**, a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing;

(2) **Ning TANG** ("Borrower"), a citizen of China with Chinese Identification No.: *****.

Each of the Lender and the Borrower shall be hereinafter referred to as a "Party" respectively, and as the "Parties" collectively.

**Whereas:**

1. The Parties hereto entered into an Amended and Restated Loan Agreement dated December 19, 2019 (the "Prior Agreement"). The loan provided by the Lender to the Borrower under the Prior Agreement shall be regarded as part of the loan provided by the Lender to the Borrower under this Agreement;

2. As of the date hereof, Borrower holds 3.8 % of equity interests in Yiren Finance Information Service (Beijing) Co., Ltd. ("Borrower Company"). All of the equity interest now held and hereafter acquired by Borrower in Borrower Company shall be referred to as Borrower Equity Interest;

3. Lender confirms that it agrees to provide Borrower with a loan which equals to RMB 1,900,000 to be used for the purposes set forth under this Agreement.

Now, therefore, the Parties have mutually agreed to execute this Agreement upon the following terms, which will terminate and replace the Prior Agreement in its entirety and in all aspects

**1 <u>Loan</u>**

1.1 In accordance with the terms and conditions of this Agreement, Lender agrees to provide to Borrower a loan in the aggregate amount of RMB 1,900,000 (the "Loan"). Once Lender receives a notice from Borrower requesting the provision of all or any part of the Loan during the term of this Agreement, Lender shall within one (1) month after receiving such notice provide that portion of Loan to Borrower. The term of the Loan shall be 10 years from the effective date of this Agreement, which may be extended upon mutual written consent of the Parties. During the term of the Loan or the extended term of the Loan, Borrower shall immediately repay the full amount of the Loan in the event any one or more of the following circumstances occur:

1.1.1 30 days elapse after Borrower receives a written notice from Lender requesting repayment of the Loan;

1.1.2 Borrower's death, lack or limitation of civil capacity;

1.1.3 Borrower ceases (for any reason) to be an employee of Lender, Borrower Company or their affiliates;

1.1.4 Borrower engages in criminal act or is involved in criminal activities;

1.1.5 According to the applicable laws of China, foreign investors are permitted to invest in the principle business that is currently conducted by Borrower Company in China with a controlling stake and/or in the form of wholly-foreign-owned enterprises, the relevant

competent authorities of China begin to approve such investments, and Lender exercises the exclusive option under the Amended and Restated Exclusive Option Agreement (the "Exclusive Option Agreement") described in this Agreement.

1.2 The Loan provided by Lender under this Agreement shall inure to Borrower's benefit only and not to Borrower's successors or assigns.

1.3 Borrower agrees to accept the aforementioned Loan provided by Lender, and hereby agrees and warrants using the Loan to subscribe the registered capital of Borrower Company. Without Lender's prior written consent, Borrower shall not use the Loan for any purpose other than as set forth herein.

1.4 Lender and Borrower hereby agree and acknowledge that Borrower's method of repayment shall be at the sole discretion of Lender, and shall at Lender's option take the form of Borrower's transferring the Borrower Equity Interest in whole to Lender or Lender's designated persons (legal or natural persons) pursuant to the Lender's exercise of its right to acquire the Borrower Equity Interest under the Exclusive Option Agreement, and any proceeds from the transfer of the Borrower Equity Interest (to the extent permissible) shall be used by the Borrower to repay the Loan to Lender, in accordance with this Agreement and in the manner designated by Lender.

1.5 Lender and Borrower hereby agree and acknowledge that to the extent permitted by applicable laws, Lender shall have the right but not the obligation to purchase or designate other persons (legal or natural persons) to purchase Borrower Equity Interest in part or in whole at any time, at the price stipulated in the Exclusive Option Agreement.

1.6 Borrower also undertakes to execute an irrevocable Power of Attorney (the "Power of Attorney"), which authorizes Lender or a legal or natural person designated by Lender to exercise all of Borrower's rights as a shareholder of Borrower Company.

1.7 When Borrower transfers Borrower Equity Interest to Lender or Lender's designated person(s), in the event that the transfer price of such equity interest equals or is lower than the principal of the Loan under this Agreement, the Loan under this Agreement shall be deemed an interest-free loan. In the event that the transfer price of such equity interest exceeds the principal of the Loan under this Agreement, the excess over the principal shall be deemed the interest of the Loan under this Agreement payable by Borrower to Lender.

## 2 Representations and Warranties

2.1 Between the date of this Agreement and the date of termination of this Agreement, Lender hereby makes the following representations and warranties to Borrower:

2.1.1 Lender is a corporation duly organized and legally existing in accordance with the laws of China;

2.1.2 Lender has the legal capacity to execute and perform this Agreement. The execution and performance by Lender of this Agreement is consistent with Lender's scope of business and the provisions of Lender's corporate bylaws and other organizational documents, and Lender has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement; and

2.1.3 This Agreement constitutes Lender's legal, valid and binding obligations enforceable in accordance with its terms.

2.2 Between the date of this Agreement and the date of termination of this Agreement, Borrower hereby makes the following representations and warranties:

2.2.1 Borrower has the legal capacity to execute and perform this Agreement. Borrower has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement;

2.2.2 This Agreement constitutes Borrower's legal, valid and binding obligations enforceable in accordance with its terms; and

2.2.3 There are no disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower, nor are there any potential disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower.

**3 <u>Borrower's Covenants</u>**

3.1 As and when he becomes, and for so long as he remains a shareholder of Borrower Company, Borrower covenants irrevocably that during the term of this Agreement, Borrower shall cause Borrower Company:

3.1.1 to strictly abide by the provisions of the Exclusive Option Agreement and the Exclusive Business Cooperation Agreement ("Exclusive Business Cooperation Agreement") to which the Borrower Company is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability of the Exclusive Option Agreement and Exclusive Business Cooperation Agreement.

3.1.2 at the request of Lender (or a party designated by Lender), to execute contracts/agreements on business cooperation with Lender (or a party designated by Lender), and to strictly abide by such contracts/agreements;

3.1.3 to provide Lender with all of the information on Borrower Company's business operations and financial condition at Lender's request;

3.1.4 to immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Company's assets, business or income;

3.1.5 at the request of Lender, to appoint any persons designated by Lender as directors of Borrower Company;

3.2 Borrower covenants that during the term of this Agreement, he shall:

3.2.1 endeavor to keep Borrower Company to engage in its principle businesses;

3.2.2 abide by the provisions of this Agreement, the Power of Attorney, the Amended and Restated Equity Interest Pledge Agreement ("Equity Interest Pledge Agreement") and the Exclusive Option

Agreement to which the Borrower is a party, perform his obligations under this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, and refrain from any action/omission that may affect the effectiveness and enforceability of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement;

3.2.3 not sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest or the encumbrance, except in accordance with the Equity Interest Pledge Agreement;

3.2.4 cause any shareholders' meeting and/or the board of directors of Borrower Company not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest, except to Lender or Lender's designated person;

3.2.5 cause any shareholders' meeting and/or the board of directors of the Borrower Company not to approve the merger or consolidation of Borrower Company with any person, or its acquisition of or investment in any person, without the prior written consent of Lender;

3.2.6 immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Equity Interest;

3.2.7 to the extent necessary to maintain his ownership of the Borrower Equity Interest, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defense against all claims;

3.2.8 without the prior written consent of Lender, refrain from any action /omission that may have a material impact on the assets, business and liabilities of Borrower Company;

3.2.9 appoint any designee of Lender as director of Borrower Company, at the request of Lender;

3.2.10 to the extent permitted by the laws of China, at the request of Lender at any time, promptly and unconditionally transfer all of Borrower Equity Interest to Lender or Lender's designated representative(s) at any time, and cause the other shareholders of Borrower Company to waive their right of first refusal with respect to the share transfer described in this Section;

3.2.11 to the extent permitted by the laws of China, at the request of Lender at any time, cause the other shareholders of Borrower Company to promptly and unconditionally transfer all of their equity interests to Lender or Lender's designated representative(s) at any time, and Borrower hereby waives his right of first refusal (if any) with respect to the share transfer described in this Section;

3.2.12 in the event that Lender purchases Borrower Equity Interest from Borrower in accordance with the provisions of the Exclusive Option Agreement, use such purchase price obtained thereby to repay the Loan to Lender; and

3.2.13 without the prior written consent of Lender, not to cause Borrower Company to supplement, change, or amend its articles of association in any manner, increase or decreases its registered capital or change its share capital structure in any manner.

**4 Liability for Default**

4.1 If Borrower conducts any material breach of any term of this Agreement, Lender shall have right to terminate this Agreement and require the Borrower to compensate all damages; this Section 4.1 shall not prejudice any other rights of Lender herein.

4.2 Borrower shall not terminate this Agreement in any event unless otherwise required by applicable laws.

4.3 In the event that Borrower fails to perform the repayment obligations set forth in this Agreement, Borrower shall pay overdue interest of 0.01% per day for the outstanding payment, until the day Borrower repays the full principal of the Loan, overdue interests and other payable amounts.

**5 Notices**

5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery.

5.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notices, the addresses of the Parties are as follows:

**Lender:** **Chongqing Hengyuda Technology Co., Ltd.**
Address: Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing

**Borrower:** **Ning TANG**
Address: *****

5.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

**6 Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction

contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

**7 Governing Law and Resolution of Disputes**

7.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes shall be governed by the laws of China.

7.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on all Parties.

7.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**8 Miscellaneous**

8.1 This Agreement should become effective upon execution by the Parties, and shall expire upon the date of full performance by the Parties of their respective obligations under this Agreement. This Agreement shall terminate and replace the Prior Agreement in its entirety and in all aspects.

8.2 This Agreement shall be written in both Chinese and English language in two copies, each Party having one copy. The Chinese version and English version shall have equal legal validity.

8.3 This Agreement may be amended or supplemented through written agreement by and between Lender and Borrower. Such written amendment agreement and/or supplementary agreement executed by and between Lender and Borrower are an integral part of this Agreement, and shall have the same legal validity as this Agreement.

8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

8.5 The attachments (if any) to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

8.6 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the

expiration or early termination thereof. The provisions of Sections 4, 6, 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Agreement as of the date firs above written.

**Lender: Chongqing Hengyuda Technology Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Borrower: Ning TANG**

By: /s/ Ning Tang

**Amended and Restated Loan Agreement**

This Amended and Restated Loan Agreement (this "Agreement") is made and entered into by and between the Parties below as of July 12, 2024 in Beijing, China:

(1) **Chongqing Hengyuda Technology Co., Ltd.**, a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing;

(2) **Yan TIAN** ("Borrower"), a citizen of China with Chinese Identification No.: *****.

Each of the Lender and the Borrower shall be hereinafter referred to as a "Party" respectively, and as the "Parties" collectively.

**Whereas:**

1. The Parties hereto entered into an Amended and Restated Loan Agreement dated December 19, 2019 (the "Prior Agreement") . The loan provided by the Lender to the Borrower under the Prior Agreement shall be regarded as part of the loan provided by the Lender to the Borrower under this Agreement;

2. As of the date hereof, Borrower holds 1.2% of equity interests in Yiren Finance Information Service (Beijing) Co., Ltd. ("Borrower Company"). All of the equity interest now held and hereafter acquired by Borrower in Borrower Company shall be referred to as Borrower Equity Interest;

3. Lender confirms that it agrees to provide Borrower with a loan which equals to RMB 600,000 to be used for the purposes set forth under this Agreement.

Now, therefore, the Parties have mutually agreed to execute this Agreement upon the following terms, which will terminate and replace the Prior Agreement in its entirety and in all aspects

**1 Loan**

1.1 In accordance with the terms and conditions of this Agreement, Lender agrees to provide to Borrower a loan in the aggregate amount of RMB 600,000 (the "Loan"). Once Lender receives a notice from Borrower requesting the provision of all or any part of the Loan during the term of this Agreement, Lender shall within one (1) month after receiving such notice provide that portion of Loan to Borrower. The term of the Loan shall be 10 years from the effective date of this Agreement, which may be extended upon mutual written consent of the Parties. During the term of the Loan or the extended term of the Loan, Borrower shall immediately repay the full amount of the Loan in the event any one or more of the following circumstances occur:

1.1.1 30 days elapse after Borrower receives a written notice from Lender requesting repayment of the Loan;

1.1.2 Borrower's death, lack or limitation of civil capacity;

1.1.3 Borrower ceases (for any reason) to be an employee of Lender, Borrower Company or their affiliates;

1.1.4 Borrower engages in criminal act or is involved in criminal activities;

1.1.5 According to the applicable laws of China, foreign investors are permitted to invest in the principle business that is currently conducted by Borrower Company in China with a controlling stake and/or in the form of wholly-foreign-owned enterprises, the relevant

competent authorities of China begin to approve such investments, and Lender exercises the exclusive option under the Amended and Restated Exclusive Option Agreement (the "Exclusive Option Agreement") described in this Agreement.

1.2 The Loan provided by Lender under this Agreement shall inure to Borrower's benefit only and not to Borrower's successors or assigns.

1.3 Borrower agrees to accept the aforementioned Loan provided by Lender, and hereby agrees and warrants using the Loan to subscribe the registered capital of Borrower Company. Without Lender's prior written consent, Borrower shall not use the Loan for any purpose other than as set forth herein.

1.4 Lender and Borrower hereby agree and acknowledge that Borrower's method of repayment shall be at the sole discretion of Lender, and shall at Lender's option take the form of Borrower's transferring the Borrower Equity Interest in whole to Lender or Lender's designated persons (legal or natural persons) pursuant to the Lender's exercise of its right to acquire the Borrower Equity Interest under the Exclusive Option Agreement, and any proceeds from the transfer of the Borrower Equity Interest (to the extent permissible) shall be used by the Borrower to repay the Loan to Lender, in accordance with this Agreement and in the manner designated by Lender.

1.5 Lender and Borrower hereby agree and acknowledge that to the extent permitted by applicable laws, Lender shall have the right but not the obligation to purchase or designate other persons (legal or natural persons) to purchase Borrower Equity Interest in part or in whole at any time, at the price stipulated in the Exclusive Option Agreement.

1.6 Borrower also undertakes to execute an irrevocable Power of Attorney (the "Power of Attorney"), which authorizes Lender or a legal or natural person designated by Lender to exercise all of Borrower's rights as a shareholder of Borrower Company.

1.7 When Borrower transfers Borrower Equity Interest to Lender or Lender's designated person(s), in the event that the transfer price of such equity interest equals or is lower than the principal of the Loan under this Agreement, the Loan under this Agreement shall be deemed an interest-free loan. In the event that the transfer price of such equity interest exceeds the principal of the Loan under this Agreement, the excess over the principal shall be deemed the interest of the Loan under this Agreement payable by Borrower to Lender.

**2 Representations and Warranties**

2.1 Between the date of this Agreement and the date of termination of this Agreement, Lender hereby makes the following representations and warranties to Borrower:

2.1.1 Lender is a corporation duly organized and legally existing in accordance with the laws of China;

2.1.2 Lender has the legal capacity to execute and perform this Agreement. The execution and performance by Lender of this Agreement is consistent with Lender's scope of business and the provisions of Lender's corporate bylaws and other organizational documents, and Lender has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement; and

2.1.3 This Agreement constitutes Lender's legal, valid and binding obligations enforceable in accordance with its terms.

2.2 Between the date of this Agreement and the date of termination of this Agreement, Borrower hereby makes the following representations and warranties:

2.2.1 Borrower has the legal capacity to execute and perform this Agreement. Borrower has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement;

2.2.2 This Agreement constitutes Borrower's legal, valid and binding obligations enforceable in accordance with its terms; and

2.2.3 There are no disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower, nor are there any potential disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower.

**3 Borrower's Covenants**

3.1 As and when he becomes, and for so long as he remains a shareholder of Borrower Company, Borrower covenants irrevocably that during the term of this Agreement, Borrower shall cause Borrower Company:

3.1.1 to strictly abide by the provisions of the Exclusive Option Agreement and the Exclusive Business Cooperation Agreement ("Exclusive Business Cooperation Agreement") to which the Borrower Company is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability of the Exclusive Option Agreement and Exclusive Business Cooperation Agreement.

3.1.2 at the request of Lender (or a party designated by Lender), to execute contracts/agreements on business cooperation with Lender (or a party designated by Lender), and to strictly abide by such contracts/agreements;

3.1.3 to provide Lender with all of the information on Borrower Company's business operations and financial condition at Lender's request;

3.1.4 to immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Company's assets, business or income;

3.1.5 at the request of Lender, to appoint any persons designated by Lender as directors of Borrower Company;

3.2 Borrower covenants that during the term of this Agreement, he shall:

3.2.1 endeavor to keep Borrower Company to engage in its principle businesses;

3.2.2 abide by the provisions of this Agreement, the Power of Attorney, the Amended and Restated Equity Interest Pledge Agreement ("Equity Interest Pledge Agreement") and the Exclusive Option

Agreement to which the Borrower is a party, perform his obligations under this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, and refrain from any action/omission that may affect the effectiveness and enforceability of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement;

3.2.3 not sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest or the encumbrance, except in accordance with the Equity Interest Pledge Agreement;

3.2.4 cause any shareholders' meeting and/or the board of directors of Borrower Company not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest, except to Lender or Lender's designated person;

3.2.5 cause any shareholders' meeting and/or the board of directors of the Borrower Company not to approve the merger or consolidation of Borrower Company with any person, or its acquisition of or investment in any person, without the prior written consent of Lender;

3.2.6 immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Equity Interest;

3.2.7 to the extent necessary to maintain his ownership of the Borrower Equity Interest, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defense against all claims;

3.2.8 without the prior written consent of Lender, refrain from any action /omission that may have a material impact on the assets, business and liabilities of Borrower Company;

3.2.9 appoint any designee of Lender as director of Borrower Company, at the request of Lender;

3.2.10 to the extent permitted by the laws of China, at the request of Lender at any time, promptly and unconditionally transfer all of Borrower Equity Interest to Lender or Lender's designated representative(s) at any time, and cause the other shareholders of Borrower Company to waive their right of first refusal with respect to the share transfer described in this Section;

3.2.11 to the extent permitted by the laws of China, at the request of Lender at any time, cause the other shareholders of Borrower Company to promptly and unconditionally transfer all of their equity interests to Lender or Lender's designated representative(s) at any time, and Borrower hereby waives his right of first refusal (if any) with respect to the share transfer described in this Section;

3.2.12 in the event that Lender purchases Borrower Equity Interest from Borrower in accordance with the provisions of the Exclusive Option Agreement, use such purchase price obtained thereby to repay the Loan to Lender; and

3.2.13 without the prior written consent of Lender, not to cause Borrower Company to supplement, change, or amend its articles of association in any manner, increase or decreases its registered capital or change its share capital structure in any manner.

**4 Liability for Default**

4.1 If Borrower conducts any material breach of any term of this Agreement, Lender shall have right to terminate this Agreement and require the Borrower to compensate all damages; this Section 4.1 shall not prejudice any other rights of Lender herein.

4.2 Borrower shall not terminate this Agreement in any event unless otherwise required by applicable laws.

4.3 In the event that Borrower fails to perform the repayment obligations set forth in this Agreement, Borrower shall pay overdue interest of 0.01% per day for the outstanding payment, until the day Borrower repays the full principal of the Loan, overdue interests and other payable amounts.

**5 Notices**

5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

5.2 1Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery.

5.3 2Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.4 For the purpose of notices, the addresses of the Parties are as follows:

**Lender:** **Chongqing Hengyuda Technology Co., Ltd.**
Address: Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing

**Borrower:** **Tian Yan**
Address: *****

5.5 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

**6 Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels

or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

**7 Governing Law and Resolution of Disputes**

7.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes shall be governed by the laws of China.

7.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on all Parties.

7.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**8 Miscellaneous**

8.1 This Agreement should become effective upon execution by the Parties, and shall expire upon the date of full performance by the Parties of their respective obligations under this Agreement. This Agreement shall terminate and replace the Prior Agreement in its entirety and in all aspects.

8.2 This Agreement shall be written in both Chinese and English language in two copies, each Party having one copy. The Chinese version and English version shall have equal legal validity.

8.3 This Agreement may be amended or supplemented through written agreement by and between Lender and Borrower. Such written amendment agreement and/or supplementary agreement executed by and between Lender and Borrower are an integral part of this Agreement, and shall have the same legal validity as this Agreement.

8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

8.5 The attachments (if any) to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

8.6 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the

expiration or early termination thereof. The provisions of Sections 4, 6, 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Agreement as of the date firs above written.

**Lender: Chongqing Hengyuda Technology Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Borrower: Tian Yan**

By: /s/ Tian Yan

**Amended and Restated Equity Interest Pledge Agreement**

This Amended and Restated Equity Interest Pledge Agreement (this "Agreement") has been executed by and among the following parties on July 12, 2024 in Beijing, the People's Republic of China ("China" or the "PRC"):

Party A: Chongqing Hengyuda Technology Co., Ltd. (hereinafter "Pledgee"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing;

Party B: CreditEase Pucheng Credit Management (Beijing) Co., Ltd. (hereinafter "Pledgor"), a limited liability company organized and existing under the laws of China, with its address at Room 1601, Floor 13, Building 1, West Dawang Street, Chaoyang District, Beijing; and

Party C: Yiren Financial Information Services (Beijing) Co., Ltd., a limited liability company organized and existing under the laws of the PRC, with its address at 350 meters north of Roundabout, Yanfu Road, Yancun Town, Fangshan District, Beijing.

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. All the Parties hereto entered into an Interest Pledge Agreement dated December 19, 2019 (the "Prior Agreement");

2. Pledgor is a limited liability company organized and existing under the laws of China who as of the date hereof holds 95% of equity interests of Party C, representing RMB47,500,000 in the registered capital of Party C. Party C is a limited liability company registered in Beijing, China. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;

3. Pledge is a wholly foreign-owned enterprise registered in China. Pledgee and Party C which is partially owned by Pledgor have executed an Exclusive Business Cooperation Agreement (as defined below); Party C, Pledgee and Pledgor have executed an Exclusive Option Agreement (as defined below); Pledgee and Pledgor have executed a Loan Agreement (as defined below); Pledgor has executed a Power of Attorney (as defined below) in favor of Pledgee.

4. To ensure that Party C and Pledgor fully perform their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest that Pledgor holds in Party C as security for Party C's and Pledgor's obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the provisions of the Transaction Documents (as defined below), the Parties have mutually agreed to execute this Agreement upon the following terms, which will terminate and replace the Prior Agreement in its entirety and in all aspects.

**1. Definitions**

Unless otherwise provided herein, the terms below shall have the following meanings:

1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Section 2 of this Agreement, i.e., the right of Pledgee to be paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest.

1.2 Equity Interest: shall refer to 95% equity interests in Yiren Financial Information Services (Beijing) Co., Ltd. currently held by Pledgor, representing RMB47,500,000 in the registered capital of Yiren Financial Information Services (Beijing) Co., Ltd., and all of the equity interest

hereafter acquired by Pledgor in Party C.

1.3 Term of Pledge: shall refer to the term set forth in Section 3 of this Agreement.

1.4 Transaction Documents: shall refer to the Exclusive Business Cooperation Agreement executed by and between Party C and Pledgee on October 13, 2016 (the "Exclusive Business Cooperation Agreement"), the Amended and Restated Loan Agreement executed by and between Pledgee and Pledgor on July 12, 2024 (the "Loan Agreement"), the Amended and Restated Exclusive Option Agreement executed by and among Party C, Pledgee and Pledgor on July 12, 2024 (the "Exclusive Option Agreement"), Power of Attorney executed on July 12, 2024 by Pledgor (the "Power of Attorney") and any modification, amendment and restatement to the aforementioned documents.

1.5 Contract Obligations: shall refer to all the obligations of Pledgor under the Exclusive Option Agreement, the Loan Agreement, the Power of Attorney and this Agreement; all the obligations of Party C under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and this Agreement.

1.6 Secured Indebtedness: shall refer to all the direct, indirect and derivative losses and losses of anticipated profits, suffered by Pledgee, incurred as a result of any Event of Default. The amount of such loss shall be calculated in accordance with the reasonable business plan and profit forecast of Pledgee, the consulting and service fees payable to Pledgee under the Exclusive Business Cooperation Agreement, all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligations and etc.

1.7 Event of Default: shall refer to any of the circumstances set forth in Section 7 of this Agreement.

1.8 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

**2. Pledge**

2.1 Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligations and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.

2.2 During the term of the Pledge, Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent of Pledgee. Dividends received by Pledgor on Equity Interest after deduction of individual income tax paid by Pledgor shall be, as required by Pledgee, (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally donated to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

2.3 Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by Pledgor as a result of Pledgor's subscription of the increased registered capital of the Company shall also be deemed as Equity Interest.

2.4 In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to Pledgor upon Party C's dissolution or liquidation shall, upon the request of the Pledgee, be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally donated to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

**3. Term of Pledge**

3.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein is registered with relevant administration for industry and commerce (the

"AIC"). The Pledge shall remain effective until all Contract Obligations have been fully performed and all Secured Indebtedness have been fully paid. Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the AIC for the registration of the Pledge of the Equity Interest contemplated herein within 30 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract, the parties shall be bound by the provisions of this Agreement. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after submission for filing.

3.2 During the Term of Pledge, in the event Pledgor and/or Party C fails to perform the Contract Obligations or pay Secured Indebtedness, Pledgee shall have the right, but not the obligation, to exercise the Pledge in accordance with the provisions of this Agreement.

**4. Custody of Records for Equity Interest subject to Pledge**

4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

**5. Representations and Warranties of Pledgor and Party C**

As of the execution date of this Agreement, Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that:

5.1 Pledgor is the sole legal and beneficial owner of the Equity Interest.

5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.

5.3 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.

5.4 Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution, delivery and performance of this Agreement.

5.5 The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

**6. Covenants of Pledgor and Party C**

6.1 During the term of this Agreement, Pledgor and Party C hereby jointly and severally covenant to the Pledgee:

6.1.1 Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of Pledgee, except for the performance of the Transaction Documents;

6.1.2 Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within five (5) days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;

6.1.3 Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.

6.1.4 Party C shall complete the registration procedures for extension of the term of operation within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.

6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.

6.3 To protect or perfect the security interest granted by this Agreement for the Contract Obligations and Secured Indebtedness, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.

6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

**7. Event of Breach**

7.1 The following circumstances shall be deemed Event of Default:

7.1.1 Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.1.2 Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor and Party C shall immediately notify Pledgee in writing accordingly.

7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee and /or Party C delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding the Pledgor to immediately exercise the Pledge in accordance with the provisions of Section 8 of this Agreement.

**8. Exercise of Pledge**

8.1 Pledgee shall issue a written Notice of Default to Pledgor when it exercises the Pledge.

8.2 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.

8.3 After Pledgee issues a Notice of Default to Pledgor in accordance with Section 8.1, Pledgee may exercise any remedy measure under applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to being paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall not be liable for any loss incurred by its duly exercise of such rights and powers.

8.4 The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred as result of disposing the Equity Interest and to perform Contract Obligations and pay the Secured Indebtedness to the Pledgee prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides, with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws, Pledgor shall unconditionally donate the aforementioned proceeds to Pledgee or any other person designated by Pledgee.

8.5 Pledgee may exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to being paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.

8.6 Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf, and Pledgor or Party C shall not raise any objection to such exercise.

8.7 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

**9. Breach of Agreement**

9.1 If Pledgor or Party C conducts any material breach of any term of this Agreement, Pledgee shall have right to terminate this Agreement and/or require Pledgor or Party C to indemnify all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;

9.2 Pledgor or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by applicable laws.

**10. Assignment**

10.1 Without Pledgee's prior written consent, Pledgor and Party C shall not have the right to assign or delegate their rights and obligations under this Agreement.

10.2 This Agreement shall be binding on Pledgor and his/her successors and permitted assigns, and shall be valid with respect to Pledgee and each of his/her successors and assigns.

10.3 At any time, Pledgee may assign any and all of its rights and obligations under the Transaction Documents and this Agreement to its designee(s), in which case the assigns shall have the rights and obligations of Pledgee under the Transaction Documents and this Agreement, as if it were the original party to the Transaction Documents and this Agreement.

10.4 In the event of change of Pledgee due to assignment, Pledgor and/or Party C shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.

10.5 Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

**11. Termination**

11.1 Upon the fulfillment of all Contract Obligations and the full payment of all Secured Indebtedness by Pledgor and Party C, Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.

11.2 The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

**12. Handling Fees and Other Expenses**

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

**13. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

**14. Governing Law and Resolution of Disputes**

14.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.

14.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on all Parties.

14.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**15. Notices**

15.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

15.2 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

15.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

15.4 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Chongqing Hengyuda Technology Co., Ltd.
Address: Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing

Party B: CreditEase Pucheng Credit Management (Beijing) Co., Ltd.
Address: Room 1601, Floor 13, Building 1, West Dawang Street, Chaoyang District, Beijing

Party C: Yiren Financial Information Services (Beijing) Co., Ltd.
Address: 350 metres north of Roundabout, Yanfu Road, Yancun Town, Fangshan District, Beijing

15.5 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

**16. Severability**

In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**17. Attachments**

The attachments set forth herein shall be an integral part of this Agreement.

**18. Effectiveness**

18.1 This Agreement shall become effective upon execution by the Parties. This Agreement shall terminate and replace the Prior Agreement in its entirety and in all aspects.

18.2 Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

18.3 As of the effective date of this Agreement, the Prior Agreement shall terminate automatically.

**19. Language and Counterparts**

This Agreement is written in Chinese and English in four copies. Pledgor, Pledgee and Party C shall

hold one copy respectively and the other copy shall be used for registration. The Chinese version and English version shall have equal legal validity.

*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Agreement as of the date first above written.

**Party A: Chongqing Hengyuda Technology Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Party B: CreditEase Pucheng Credit Management (Beijing) Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Party C: Yiren Financial Information Services (Beijing) Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Attachments:**

1. Shareholders' Register of Party C
2. The Capital Contribution Certificate for Party C
3. Exclusive Business Cooperation Agreement
4. Amended and Restated Loan Agreement
5. Amended and Restated Exclusive Option Agreement
6. Power of Attorney

**Amended and Restated Equity Interest Pledge Agreement**

This Amended and Restated Equity Interest Pledge Agreement (this "Agreement") has been executed by and among the following parties on July 12, 2024 in Beijing, the People's Republic of China ("China" or the "PRC"):

Party A: Chongqing Hengyuda Technology Co., Ltd. (hereinafter "Pledgee"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing;

Party B: Ning TANG (hereinafter "Pledgor"), a Chinese citizen with Chinese Identification No.: *****; and

Party C: Yiren Financial Information Services (Beijing) Co., Ltd., a limited liability company organized and existing under the laws of the PRC, with its address at 350 meters north of Roundabout, Yanfu Road, Yancun Town, Fangshan District, Beijing.

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. All the Parties hereto entered into an Amended and Restated Equity Interest Pledge Agreement dated December 19, 2019 (the "Prior Agreement");

2. Pledgor is a citizen of China who as of the date hereof holds 3.8% of equity interests of Party C, representing RMB1,900,000 in the registered capital of Party C. Party C is a limited liability company registered in Beijing, China. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;

3. Pledgee is a wholly foreign-owned enterprise registered in China. Pledgee and Party C which is partially owned by Pledgor have executed an Exclusive Business Cooperation Agreement (as defined below); Party C, Pledgee and Pledgor have executed an Exclusive Option Agreement (as defined below); Pledgee and Pledgor have executed a Loan Agreement (as defined below); Pledgor has executed a Power of Attorney (as defined below) in favor of Pledgee.

4. To ensure that Party C and Pledgor fully perform their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement, and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest that Pledgor holds in Party C as security for Party C's and Pledgor's obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the provisions of the Transaction Documents (as defined below), the Parties have mutually agreed to execute this Agreement upon the following terms, which will terminate and replace the Prior Agreement in its entirety and in all aspects.

**1. Definitions**

Unless otherwise provided herein, the terms below shall have the following meanings:

1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Section 2 of this Agreement, i.e., the right of Pledgee to be paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest.

1.2 Equity Interest: shall refer to 3.8 % equity interests in Yiren Financial Information Services (Beijing) Co., Ltd. currently held by Pledgor, representing RMB1,900,000 in the registered capital of Yiren Financial Information Services (Beijing) Co., Ltd., and all of the equity interest hereafter acquired by Pledgor in Party C.

1.3 Term of Pledge: shall refer to the term set forth in Section 3 of this Agreement.

1.4 Transaction Documents: shall refer to the Exclusive Business Cooperation Agreement executed by and between Party C and Pledgee on October 13, 2016 (the "Exclusive Business Cooperation Agreement"), the Amended and Restated Loan Agreement executed by and between Pledgee and Pledgor on July 12, 2024 (the "Loan Agreement"), the Amended and Restated Exclusive Option Agreement executed by and among Party C, Pledgee and Pledgor on July 12, 2024 (the "Exclusive Option Agreement"), Power of Attorney executed on July 12, 2024 by Pledgor (the "Power of Attorney") and any modification, amendment and restatement to the aforementioned documents.

1.5 Contract Obligations: shall refer to all the obligations of Pledgor under the Exclusive Option Agreement, the Loan Agreement, the Power of Attorney and this Agreement; all the obligations of Party C under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and this Agreement.

1.6 Secured Indebtedness: shall refer to all the direct, indirect and derivative losses and losses of anticipated profits, suffered by Pledgee, incurred as a result of any Event of Default. The amount of such loss shall be calculated in accordance with the reasonable business plan and profit forecast of Pledgee, the consulting and service fees payable to Pledgee under the Exclusive Business Cooperation Agreement, all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligations and etc.

1.7 Event of Default: shall refer to any of the circumstances set forth in Section 7 of this Agreement.

1.8 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

**2. Pledge**

2.1 Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligations and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.

2.2 During the term of the Pledge, Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent of Pledgee. Dividends received by Pledgor on Equity Interest after deduction of individual income tax paid by Pledgor shall be, as required by Pledgee, (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally donated to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

2.3 Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by Pledgor as a result of Pledgor's subscription of the increased registered capital of the Company shall also be deemed as Equity Interest.

2.4 In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to Pledgor upon Party C's dissolution or liquidation shall, upon the request of the Pledgee, be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally donated to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

**3. Term of Pledge**

3.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein is registered with relevant administration for industry and commerce (the "AIC"). The Pledge shall remain effective until all Contract Obligations have been fully performed and all Secured Indebtedness have been fully paid. Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the AIC for the registration of the

Pledge of the Equity Interest contemplated herein within 30 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract, the parties shall be bound by the provisions of this Agreement. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after submission for filing.

3.2 During the Term of Pledge, in the event Pledgor and/or Party C fails to perform the Contract Obligations or pay Secured Indebtedness, Pledgee shall have the right, but not the obligation, to exercise the Pledge in accordance with the provisions of this Agreement.

**4. Custody of Records for Equity Interest subject to Pledge**

4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

5. **Representations and Warranties of Pledgor and Party C**

As of the execution date of this Agreement, Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that:

5.1 Pledgor is the sole legal and beneficial owner of the Equity Interest.

5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.

5.3 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.

5.4 Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution, delivery and performance of this Agreement.

5.5 The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

**6. Covenants of Pledgor and Party C**

6.1 During the term of this Agreement, Pledgor and Party C hereby jointly and severally covenant to the Pledgee:

6.1.1 Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of Pledgee, except for the performance of the Transaction Documents;

6.1.2 Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within five (5) days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities

regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;

6.1.3 Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.

6.1.4 Party C shall complete the registration procedures for extension of the term of operation within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.

6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.

6.3 To protect or perfect the security interest granted by this Agreement for the Contract Obligations and Secured Indebtedness, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.

6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

**7. Event of Breach**

7.1 The following circumstances shall be deemed Event of Default:

7.1.1 Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.1.2 Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor and Party C shall immediately notify Pledgee in writing accordingly.

7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee and /or Party C delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding the Pledgor to immediately exercise the Pledge in accordance with the provisions of Section 8 of this Agreement.

**8. Exercise of Pledge**

8.1 Pledgee shall issue a written Notice of Default to Pledgor when it exercises the Pledge.

8.2 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once

Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.

8.3 After Pledgee issues a Notice of Default to Pledgor in accordance with Section 8.1, Pledgee may exercise any remedy measure under applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to being paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall not be liable for any loss incurred by its duly exercise of such rights and powers.

8.4 The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred as result of disposing the Equity Interest and to perform Contract Obligations and pay the Secured Indebtedness to the Pledgee prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides, with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws, Pledgor shall unconditionally donate the aforementioned proceeds to Pledgee or any other person designated by Pledgee.

8.5 Pledgee may exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to being paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.

8.6 Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf, and Pledgor or Party C shall not raise any objection to such exercise.

8.7 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

**9. Breach of Agreement**

9.1 If Pledgor or Party C conducts any material breach of any term of this Agreement, Pledgee shall have right to terminate this Agreement and/or require Pledgor or Party C to indemnify all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;

9.2 Pledgor or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by applicable laws.

**10. Assignment**

10.1 Without Pledgee's prior written consent, Pledgor and Party C shall not have the right to assign or delegate their rights and obligations under this Agreement.

10.2 This Agreement shall be binding on Pledgor and his/her successors and permitted assigns, and shall be valid with respect to Pledgee and each of his/her successors and assigns.

10.3 At any time, Pledgee may assign any and all of its rights and obligations under the Transaction Documents and this Agreement to its designee(s), in which case the assigns shall have the rights and obligations of Pledgee under the Transaction Documents and this Agreement, as if it were the original party to the Transaction Documents and this Agreement.

10.4 In the event of change of Pledgee due to assignment, Pledgor and/or Party C shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.

10.5 Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any

action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

**11. Termination**

11.1 Upon the fulfillment of all Contract Obligations and the full payment of all Secured Indebtedness by Pledgor and Party C, Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.

11.2 The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

**12. Handling Fees and Other Expenses**

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

**13. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

**14. Governing Law and Resolution of Disputes**

14.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.

14.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on all Parties.

14.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**15. Notices**

15.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth

below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

15.2 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

15.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

15.4 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Chongqing Hengyuda Technology Co., Ltd.

Address: Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing

Party B: Ning TANG

Address: *****

Party C: Yiren Financial Information Services (Beijing) Co., Ltd.

Address: 350 metres north of Roundabout, Yanfu Road, Yancun Town, Fangshan District, Beijing

15.5 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

**16. Severability**

In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**17. Attachments**

The attachments set forth herein shall be an integral part of this Agreement.

**18. Effectiveness**

18.1 This Agreement shall become effective upon execution by the Parties. This Agreement shall terminate and replace the Prior Agreement in its entirety and in all aspects.

18.2 Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

18.3 As of the effective date of this Agreement, the Prior Agreement shall terminate automatically.

**19. Language and Counterparts**

This Agreement is written in Chinese and English in four copies. Pledgor, Pledgee and Party C shall hold one copy respectively and the other copy shall be used for registration. The Chinese version and English version shall have equal legal validity.

*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Agreement as of the date first above written.

**Party A: Chongqing Hengyuda Technology Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Party B: Ning TANG**

By: /s/ Ning Tang

**Party C: Yiren Financial Information Services (Beijing) Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Attachments:**

1. Shareholders' Register of Party C
2. The Capital Contribution Certificate for Party C
3. Exclusive Business Cooperation Agreement
4. Amended and Restated Loan Agreement
5. Amended and Restated Exclusive Option Agreement
6. Power of Attorney

**Amended and Restated Equity Interest Pledge Agreement**

This Amended and Restated Equity Interest Pledge Agreement (this "Agreement") has been executed by and among the following parties on July 12, 2024 in Beijing, the People's Republic of China ("China" or the "PRC"):

Party A: Chongqing Hengyuda Technology Co., Ltd. (hereinafter "Pledgee"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing;

Party B: Yan TIAN (hereinafter "Pledgor"), a Chinese citizen with Chinese Identification No.: *****; and

Party C: Yiren Financial Information Services (Beijing) Co., Ltd., a limited liability company organized and existing under the laws of the PRC, with its address at 350 meters north of Roundabout, Yanfu Road, Yancun Town, Fangshan District, Beijing.

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. All the Parties hereto entered into an Amended and Restated Equity Interest Pledge Agreement dated December 19, 2019 (the "Prior Agreement");

2. Pledgor is a citizen of China who as of the date hereof holds 1.2 % of equity interests of Party C, representing RMB 600,000 in the registered capital of Party C. Party C is a limited liability company registered in Beijing, China. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;

3. Pledgee is a wholly foreign-owned enterprise registered in China. Pledgee and Party C which is partially owned by Pledgor have executed an Exclusive Business Cooperation Agreement (as defined below); Party C, Pledgee and Pledgor have executed an Exclusive Option Agreement (as defined below); Pledgee and Pledgor have executed a Loan Agreement (as defined below); Pledgor has executed a Power of Attorney (as defined below) in favor of Pledgee.

4. To ensure that Party C and Pledgor fully perform their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest that Pledgor holds in Party C as security for Party C's and Pledgor's obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the provisions of the Transaction Documents (as defined below), the Parties have mutually agreed to execute this Agreement upon the following terms, which will terminate and replace the Prior Agreement in its entirety and in all aspects.

**1. Definitions**

Unless otherwise provided herein, the terms below shall have the following meanings:

1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Section 2 of this Agreement, i.e., the right of Pledgee to be paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest.

1.2 Equity Interest: shall refer to 1.2% equity interests in Yiren Financial Information Services (Beijing) Co., Ltd. currently held by Pledgor, representing RMB 600,000 in the registered capital of Yiren Financial Information Services (Beijing) Co., Ltd., and all of the equity interest hereafter acquired by Pledgor in Party C.

1.3 Term of Pledge: shall refer to the term set forth in Section 3 of this Agreement.

1.4 Transaction Documents: shall refer to the Exclusive Business Cooperation Agreement executed by and between Party C and Pledgee on October 13, 2016 (the "Exclusive Business Cooperation Agreement"), the Amended and Restated Loan Agreement executed by and between Pledgee and Pledgor on July 12, 2024 (the "Loan Agreement"), the Amended and Restated Exclusive Option Agreement executed by and among Party C, Pledgee and Pledgor on July 12, 2024 (the "Exclusive Option Agreement"), Power of Attorney executed on July 12, 2024 by Pledgor (the "Power of Attorney") and any modification, amendment and restatement to the aforementioned documents.

1.5 Contract Obligations: shall refer to all the obligations of Pledgor under the Exclusive Option Agreement, the Loan Agreement, the Power of Attorney and this Agreement; all the obligations of Party C under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and this Agreement.

1.6 Secured Indebtedness: shall refer to all the direct, indirect and derivative losses and losses of anticipated profits, suffered by Pledgee, incurred as a result of any Event of Default. The amount of such loss shall be calculated in accordance with the reasonable business plan and profit forecast of Pledgee, the consulting and service fees payable to Pledgee under the Exclusive Business Cooperation Agreement, all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligations and etc.

1.7 Event of Default: shall refer to any of the circumstances set forth in Section 7 of this Agreement.

1.8 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

**2. Pledge**

2.1 Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligations and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.

2.2 During the term of the Pledge, Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent of Pledgee. Dividends received by Pledgor on Equity Interest after deduction of individual income tax paid by Pledgor shall be, as required by Pledgee, (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally donated to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

2.3 Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by Pledgor as a result of Pledgor's subscription of the increased registered capital of the Company shall also be deemed as Equity Interest.

2.4 In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to Pledgor upon Party C's dissolution or liquidation shall, upon the request of the Pledgee, be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally donated to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

**3. Term of Pledge**

3.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein is registered with relevant administration for industry and commerce (the "AIC"). The Pledge shall remain effective until all Contract Obligations have been fully performed and all Secured Indebtedness have been fully paid. Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the AIC for the registration of the

Pledge of the Equity Interest contemplated herein within 30 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract, the parties shall be bound by the provisions of this Agreement. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after submission for filing.

3.2 During the Term of Pledge, in the event Pledgor and/or Party C fails to perform the Contract Obligations or pay Secured Indebtedness, Pledgee shall have the right, but not the obligation, to exercise the Pledge in accordance with the provisions of this Agreement.

**4. Custody of Records for Equity Interest subject to Pledge**

4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

**5. Representations and Warranties of Pledgor and Party C**

As of the execution date of this Agreement, Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that:

5.1 Pledgor is the sole legal and beneficial owner of the Equity Interest.

5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.

5.3 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.

5.4 Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution, delivery and performance of this Agreement.

5.5 The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

**6. Covenants of Pledgor and Party C**

6.1 During the term of this Agreement, Pledgor and Party C hereby jointly and severally covenant to the Pledgee:

6.1.1 Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of Pledgee, except for the performance of the Transaction Documents;

6.1.2 Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within five (5) days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities

regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;

6.1.3 Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.

6.1.4 Party C shall complete the registration procedures for extension of the term of operation within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.

6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.

6.3 To protect or perfect the security interest granted by this Agreement for the Contract Obligations and Secured Indebtedness, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.

6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

**7. Event of Breach**

7.1 The following circumstances shall be deemed Event of Default:

7.1.1 Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.1.2 Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor and Party C shall immediately notify Pledgee in writing accordingly.

7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee and /or Party C delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding the Pledgor to immediately exercise the Pledge in accordance with the provisions of Section 8 of this Agreement.

**8. Exercise of Pledge**

8.1 Pledgee shall issue a written Notice of Default to Pledgor when it exercises the Pledge.

8.2 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once

Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.

8.3 After Pledgee issues a Notice of Default to Pledgor in accordance with Section 8.1, Pledgee may exercise any remedy measure under applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to being paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall not be liable for any loss incurred by its duly exercise of such rights and powers.

8.4 The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred as result of disposing the Equity Interest and to perform Contract Obligations and pay the Secured Indebtedness to the Pledgee prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides, with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws, Pledgor shall unconditionally donate the aforementioned proceeds to Pledgee or any other person designated by Pledgee.

8.5 Pledgee may exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to being paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.

8.6 Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf, and Pledgor or Party C shall not raise any objection to such exercise.

8.7 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

**9. Breach of Agreement**

9.1 If Pledgor or Party C conducts any material breach of any term of this Agreement, Pledgee shall have right to terminate this Agreement and/or require Pledgor or Party C to indemnify all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;

9.2 Pledgor or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by applicable laws.

**10. Assignment**

10.1 Without Pledgee's prior written consent, Pledgor and Party C shall not have the right to assign or delegate their rights and obligations under this Agreement

10.2 This Agreement shall be binding on Pledgor and his/her successors and permitted assigns, and shall be valid with respect to Pledgee and each of his/her successors and assigns.

10.3 At any time, Pledgee may assign any and all of its rights and obligations under the Transaction Documents and this Agreement to its designee(s), in which case the assigns shall have the rights and obligations of Pledgee under the Transaction Documents and this Agreement, as if it were the original party to the Transaction Documents and this Agreement.

10.4 In the event of change of Pledgee due to assignment, Pledgor and/or Party C shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.

10.5 Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any

action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

**11. Termination**

11.1 Upon the fulfillment of all Contract Obligations and the full payment of all Secured Indebtedness by Pledgor and Party C, Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.

11.2 The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

**12. Handling Fees and Other Expenses**

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

**13. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

**14. Governing Law and Resolution of Disputes**

14.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.

14.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on all Parties.

14.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**15. Notices**

15.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth

below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

15.2 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

15.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

15.4 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Chongqing Hengyuda Technology Co., Ltd.
Address: Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing
Attn: *****
Phone: *****
Email: *****

Party B: Yan TIAN
Address: *****Attn: Yan TIAN
Phone: *****
Email: *****

Party C: Yiren Financial Information Services (Beijing) Co., Ltd.
Address: 350 metres north of Roundabout, Yanfu Road, Yancun Town, Fangshan District, Beijing
Attn: *****
Phone: *****
Email: *****

15.5 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

**16. Severability**

In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**17. Attachments**

The attachments set forth herein shall be an integral part of this Agreement.

**18. Effectiveness**

18.1 This Agreement shall become effective upon execution by the Parties. This Agreement shall terminate and replace the Prior Agreement in its entirety and in all aspects.

18.2 Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

18.3 As of the effective date of this Agreement, the Prior Agreement shall terminate automatically.

**19. Language and Counterparts**

This Agreement is written in Chinese and English in four copies. Pledgor, Pledgee and Party C shall hold one copy respectively and the other copy shall be used for registration. The Chinese version and English version shall have equal legal validity.

*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Agreement as of the date first above written.

**Party A: Chongqing Hengyuda Technology Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Party B: Yan TIAN**

By: /s/ Yan Tian

**Party C: Yiren Financial Information Services (Beijing) Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Attachments:**

1. Shareholders' Register of Party C
2. The Capital Contribution Certificate for Party C
3. Exclusive Business Cooperation Agreement
4. Amended and Restated Loan Agreement
5. Amended and Restated Exclusive Option Agreement
6. Power of Attorney

**Exhibit 4.15**

**Power of Attorney**

CreditEase Pucheng Credit Management (Beijing) Co., Ltd. (the "Company"), a limited liability company organized and existing under the laws of China, with its address at Room 1601, Floor 13, Building 1, West Dawang Street, Chaoyang District, Beijing, and a holder of 95% of the entire registered capital in Yiren Financial Information Services (Beijing) Co., Ltd. ("Yiren Financial") as of the date when the Power of Attorney is executed, hereby irrevocably authorize Chongqing Hengyuda Technology Co., Ltd. ("WFOE") to exercise the following rights relating to all equity interests held by the Company now and in the future in Yiren Financial (the "Company's Shareholding") during the term of this Power of Attorney:

The WFOE is hereby authorized to act on the Company's behalf as the Company's exclusive agent and attorney with respect to all matters concerning The Company's Shareholding, including but not limited to: 1) attending shareholders' meetings of Yiren Financial; 2) exercising all the shareholder's rights and shareholder's voting rights that I am entitled to under the relevant PRC laws and Yiren Financial's Articles of Association, including but not limited to the sale, transfer, pledge, or disposition of the Company's Shareholding in part or in whole; and 3) designating and appointing on the Company's behalf the legal representative, directors, supervisors, chief executive officer, and other senior management members of Yiren Financial.

Without limiting the generality of the powers granted hereunder, the WFOE shall have the power and authority to, on my behalf, execute all the documents I shall sign as stipulated in the Amended and Restated Exclusive Option Agreement entered into by and among myself, the WFOE, and Yiren Financial on July 12, 2024and the Amended and Restated Equity Pledge Agreement entered into by and among me, the WFOE, and Yiren Financial on July 12, 2024 (including any modifications, amendments, and restatements thereto, collectively referred to as the "Transaction Documents"), and perform the terms of the Transaction Documents.

All the actions associated with the Company's Shareholding conducted by the WFOE shall be deemed as the Company's own actions, and all the documents related to The Company's Shareholding executed by the WFOE shall be deemed as executed by the Company. I hereby acknowledge and ratify those actions and/or documents by the WFOE.

The WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to the Company or obtaining the Company's consent. If required by PRC laws, the WFOE shall designate a PRC citizen to exercise the aforementioned rights.

During the period that the Company is a shareholder of Yiren Financial, this Power of Attorney shall be irrevocable and continuously effective and valid from the date of execution of this Power of Attorney.

During the term of this Power of Attorney, I hereby waive all the rights associated with the Company's Shareholding, which have been authorized to the WFOE through this Power of Attorney, and the Company itself shall not exercise such rights.

This Power of Attorney is written in Chinese and English. The Chinese version and English version shall have equal legal validity.

**CreditEase Pucheng Credit Management**
**(Beijing) Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

Accepted by:

**Chongqing Hengyuda Technology Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

Acknowledged by:

**Yiren Financial Information Services (Beijing) Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Power of Attorney**

I, Ning TANG, a People's Republic of China ("China" or the "PRC") citizen with PRC Identification Card No.: *****, and a holder of 3.8 % of the entire registered capital in Yiren Financial Information Services (Beijing) Co., Ltd. ("Yiren Financial") as of the date when the Power of Attorney is executed, hereby irrevocably authorize Chongqing Hengyuda Technology Co., Ltd. ("WFOE") to exercise the following rights relating to all equity interests held by me now and in the future in Yiren Financial ("My Shareholding") during the term of this Power of Attorney:

The WFOE is hereby authorized to act on my behalf as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including but not limited to: 1) attending shareholders' meetings of Yiren Financial; 2) exercising all the shareholder's rights and shareholder's voting rights that I am entitled to under the relevant PRC laws and Yiren Financial's Articles of Association, including but not limited to the sale, transfer, pledge, or disposition of My Shareholding in part or in whole; and 3) designating and appointing on my behalf the legal representative, directors, supervisors, chief executive officer, and other senior management members of Yiren Financial.

Without limiting the generality of the powers granted hereunder, the WFOE shall have the power and authority to, on my behalf, execute all the documents I shall sign as stipulated in the Amended and Restated Exclusive Option Agreement entered into by and among myself, the WFOE, and Yiren Financial on July 12, 2024and the Amended and Restated Equity Pledge Agreement entered into by and among me, the WFOE, and Yiren Financial on July 12, 2024 (including any modifications, amendments, and restatements thereto, collectively referred to as the "Transaction Documents"), and perform the terms of the Transaction Documents.

All the actions associated with My Shareholding conducted by the WFOE shall be deemed as my own actions, and all the documents related to My Shareholding executed by the WFOE shall be deemed as executed by me. I hereby acknowledge and ratify those actions and/or documents by the WFOE.

The WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent. If required by PRC laws, the WFOE shall designate a PRC citizen to exercise the aforementioned rights.

During the period that I am a shareholder of Yiren Financial, this Power of Attorney shall be irrevocable and continuously effective and valid from the date of execution of this Power of Attorney.

During the term of this Power of Attorney, I hereby waive all the rights associated with My Shareholding, which have been authorized to the WFOE through this Power of Attorney, and shall not exercise such rights by myself.

This Power of Attorney is written in Chinese and English. The Chinese version and English version shall have equal legal validity.

I entered into a Power of Attorney dated December 19, 2019 (the "Prior Power of Attorney"), which will be terminated and replaced in its entirety and in all aspects by this Power of Attorney.

**Ning TANG**

By: /s/ Ning Tang

Accepted by:

**Chongqing Hengyuda Technology Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

Acknowledged by:

**Yiren Financial Information Services (Beijing) Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Power of Attorney**

I, Yan TIAN, a People's Republic of China ("China" or the "PRC") citizen with PRC Identification Card No.: *****, and a holder of 1.2% of the entire registered capital in Yiren Financial Information Services (Beijing) Co., Ltd. ("Yiren Financial") as of the date when the Power of Attorney is executed, hereby irrevocably authorize Chongqing Hengyuda Technology Co., Ltd. ("WFOE") to exercise the following rights relating to all equity interests held by me now and in the future in Yiren Financial ("My Shareholding") during the term of this Power of Attorney:

The WFOE is hereby authorized to act on my behalf as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including but not limited to: 1) attending shareholders' meetings of Yiren Financial; 2) exercising all the shareholder's rights and shareholder's voting rights that I am entitled to under the relevant PRC laws and Yiren Financial's Articles of Association, including but not limited to the sale, transfer, pledge, or disposition of My Shareholding in part or in whole; and 3) designating and appointing on my behalf the legal representative, directors, supervisors, chief executive officer, and other senior management members of Yiren Financial.

Without limiting the generality of the powers granted hereunder, the WFOE shall have the power and authority to, on my behalf, execute all the documents I shall sign as stipulated in the Amended and Restated Exclusive Option Agreement entered into by and among myself, the WFOE, and Yiren Financial on July 12, 2024 and the Amended and Restated Equity Pledge Agreement entered into by and among me, the WFOE, and Yiren Financial on July 12, 2024 (including any modifications, amendments, and restatements thereto, collectively referred to as the "Transaction Documents"), and perform the terms of the Transaction Documents.

All the actions associated with My Shareholding conducted by the WFOE shall be deemed as my own actions, and all the documents related to My Shareholding executed by the WFOE shall be deemed as executed by me. I hereby acknowledge and ratify those actions and/or documents by the WFOE.

The WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent. If required by PRC laws, the WFOE shall designate a PRC citizen to exercise the aforementioned rights.

During the period that I am a shareholder of Yiren Financial, this Power of Attorney shall be irrevocable and continuously effective and valid from the date of execution of this Power of Attorney.

During the term of this Power of Attorney, I hereby waive all the rights associated with My Shareholding, which have been authorized to the WFOE through this Power of Attorney, and shall not exercise such rights by myself.

This Power of Attorney is written in Chinese and English. The Chinese version and English version shall have equal legal validity.

I entered into a Power of Attorney dated December 19, 2019 (the "Prior Power of Attorney"), which will be terminated and replaced in its entirety and in all aspects by this Power of Attorney.

**Yan TIAN**

By: /s/ Yan Tian

Accepted by:

**Chongqing Hengyuda Technology Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

Acknowledged by:

**Yiren Financial Information Services (Beijing) Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Amended and Restated Exclusive Option Agreement**

This Amended and Restated Exclusive Option Agreement (this "Agreement") is executed by and among the following Parties as of July 12, 2024 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A:** Chongqing Hengyuda Technology Co., Ltd., a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing;

**Party B:** CreditEase Pucheng Credit Management (Beijing) Co., Ltd., a limited liability company organized and existing under the laws of China, with its address at Room 1601, Floor 13, Building 1, West Dawang Street, Chaoyang District, Beijing; and

**Party C:** Yiren Financial Information Services (Beijing) Co., Ltd., a limited liability company organized and existing under the laws of the PRC, with its address at 350 meters north of Roundabout, Yanfu Road, Yancun Town, Fangshan District, Beijing.

In this Agreement, Party A, Party B, and Party C shall each be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties."

Whereas:

1. All the Parties hereto executed an Exclusive Option Agreement on December 19, 2019 (the "Prior Agreement").

2. Party B is a shareholder of Party C and as of the date hereof holds 95% of the equity interests of Party C, representing RMB95,000,000 in the registered capital of Party C.

3. Party A and Party B executed an Amended and Restated Loan Agreement ("Loan Agreement") on July 12, 2024, pursuant to which Party A agrees to provide Party B with a loan in the aggregate amount of RMB47,500,000 for the purpose as designated in the Loan Agreement.

After mutual discussions and negotiations, the Parties have now reached the following agreement.

**1. Sale and Purchase of Equity Interest**

1.1 Option Granted

Party B hereby irrevocably and unconditionally grants Party A a binding and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the equity interests in Party C then held by Party B at once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "Equity Interest Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts, or non-corporate organizations.

1.2 Steps for Exercise of the Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "Equity Interest Purchase Option Notice"), specifying: (a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests or the date for transfer of the Optioned Interests.

1.3 Equity Interest Purchase Price

The total price for the purchase by Party A of all Optioned Interests held by Party B upon exercise of the Equity Interest Purchase Option by Party A shall equal to the amount of registered capital contributed by Party B in Party C for such Optioned Interests (or such price may be as set forth in the equity transfer agreement to be executed between Party A (or the Designee) and Party B separately, provided that such price does not violate PRC laws and regulations and is acceptable to Party A); if Party A exercises the Equity Interest Purchase Option to purchase part of the Optioned Interests held by Party B in Party C, then the purchase price shall be calculated on a pro rata basis. If at the time when Party A exercises the Equity Interest Purchase Option, the PRC laws impose mandatory requirements on the purchase price of such Optioned Interests, such that the minimum price permitted under PRC law is higher than the aforementioned price, then the purchase price shall be such minimum price permitted by PRC law (collectively, the "Equity Interest Purchase Price").

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

1.4.1 Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);

1.4.2 Party B shall obtain written statements from the other shareholders of Party C giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto;

1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention, or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement, and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Amended and Restated Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modifications, amendments, and restatements thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with a power of attorney and any modifications, amendments, and restatements thereto.

1.5 Payment

The Parties have agreed in the Loan Agreement that any proceeds obtained by Party B through the transfer of its equity interests in Party C shall be used for repayment of the loan provided by Party A (and any interest thereon) in accordance with the Loan Agreement. Accordingly, upon exercise of the Equity Interest Purchase Option, Party A may make the payment of the Equity Interest Purchase Price by way of offset of the outstanding debts owed by Party B to Party A (including without limitation the outstanding amount of the loan owed by Party B to Party A and any interest thereon under the Loan Agreement) (such debts, the "Offset Debts"), in which case Party A shall not be required to pay any additional purchase price to Party B, unless the

Equity Interest Purchase Price set forth herein is required to be adjusted in accordance with the PRC laws. If the PRC laws impose mandatory requirements on the Equity Interest Purchase Price agreed under this Agreement, such that the minimum Equity Interest Purchase Price permitted under PRC laws exceeds the price already offset with the Offset Debts, the Party B shall promptly donate all of the amount exceeding the Offset Debts received by it to Party A or any other person designated by Party A in the manner permitted by the applicable PRC laws / Party B hereby waives its right to receive the amount of price that exceeds the amount offset with the Offset Debts.

**2. Covenants**

2.1 Covenants regarding Party C

Party B (as a shareholder of Party C) and Party C hereby covenant on the following:

2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change, or amend the articles of association of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;

2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices, as well as obtain and maintain all necessary government licenses and permits by prudently and effectively operating its business and handling its affairs;

2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage, or dispose of in any manner any material assets of Party C or legal or beneficial interest in the material business or revenues of Party C of more than RMB 500,000, or allow the encumbrance thereon of any security interests;

2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee, or suffer the existence of any debt, except for payables incurred in the ordinary course of business other than through loans;

2.1.5 They shall always operate all of Party C's businesses within the normal business scope to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;

2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for the purpose of this subsection, a contract with a price exceeding RMB 500,000 shall be deemed a major contract);

2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with a loan or credit;

2.1.8 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;

2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;

2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire, or invest in any person;

2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to Party C's assets, business, or revenue;

2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;

2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders;

2.1.14 At the request of Party A, they shall appoint any person designated by Party A as the director or executive director of Party C.

2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates; and

2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants to the following:

2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage, or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;

2.2.2 Without the prior written consent of Party A, Party B shall cause the shareholders' meeting and/or the directors (or the executive director) of Party C not to approve any sale, transfer, mortgage, or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;

2.2.3 Without the prior written consent of Party A, Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person;

2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to the equity interests in Party C held by Party B;

2.2.5 Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;

2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;

2.2.7 Party B shall appoint any designee of Party A as the director or the executive director of Party C, at the request of Party A;

2.2.8 Party B hereby waives its right of first refusal in regards to the transfer of equity interest by any other shareholder of Party C to Party A (if any), and gives consent to the execution by each other shareholder of Party C with Party A and Party C the exclusive option agreement, the equity interest pledge agreement and the power of attorney

similar to this Agreement, Party B's Equity Interest Pledge Agreement, and Party B's Power of Attorney, and accepts not to take any actions in conflict with such documents executed by the other shareholders;

2.2.9 Party B shall promptly donate any profits, interests, dividends, or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under the applicable PRC laws; and

2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C, and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under Party B's Equity Interest Pledge Agreement or under Party B's Power of Attorney, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

**3. Representations and Warranties**

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

3.1 They have the power, capacity, and authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid, and binding obligations, and shall be enforceable against them in accordance with the provisions thereof;

3.2 Party B and Party C have obtained any and all approvals and consents from the relevant government authorities and third parties (if required) for the execution, delivery, and performance of this Agreement.

3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violations of any applicable PRC laws; (ii) be inconsistent with the articles of association, bylaws, or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;

3.4 Party B has a good and merchantable title to the equity interests held by Party B in Party C. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests;

3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;

3.6 Party C does not have any outstanding debts, except for (i) debt incurred within its normal business scope; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.

3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and

3.8 There are no pending or threatened litigation, arbitration, or administrative proceedings relating to the equity interests in Party C, assets of Party C, or Party C.

**4. Effective Date and Term**

This Agreement shall become effective upon execution by the Parties, and remain in effect until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

**5. Governing Law and Dispute Resolution**

5.1 Governing Law

The execution, effectiveness, construction, performance, amendment, and termination of this Agreement as well as any dispute resolution hereunder shall be governed by the laws of the PRC.

5.2 Methods of Dispute Resolution

In the event of any dispute arising with respect to the construction and performance of this Agreement, the Parties shall first attempt to resolve the dispute through friendly negotiations. In the event that the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for dispute resolution through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the arbitration award shall be final and binding to all Parties.

**6. Taxes and Fees**

Each Party shall pay any and all transfer and registration taxes, expenses, and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

**7. Notices**

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, commercial courier services, or facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, courier services, registered mail, or prepaid postage shall be deemed effectively given on the date of receipt or refusal at the address specified for such notices;

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of the transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Chongqing Hengyuda Technology Co., Ltd.
Address: Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing

Party B: CreditEase Pucheng Credit Management (Beijing) Co., Ltd.
Address: Room 1601, Floor 13, Building 1, West Dawang Street, Chaoyang District, Beijing

Party C: Yiren Financial Information Services (Beijing) Co., Ltd.
Address: 350 metres north of Roundabout, Yanfu Road, Yancun Town, Fangshan District, Beijing

7.3 Any Party may at any time change its address for notices by having a notice delivered to the other Parties in accordance with the terms hereof.

**8. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement, and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain the confidentiality of all such confidential information, and without obtaining the written consent of other Parties, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be featured in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels, or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels, or financial advisors shall be bound by the confidential obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of, or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and that Party shall be held liable for breach of this Agreement.

**9. Further Warranties**

The Parties agree to promptly execute the documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and to take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

**10. Breach of Agreement**

10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;

10.2 Party B or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by the applicable laws.

**11. Miscellaneous**

11.1 Amendments, changes, and supplements

Any amendments, changes, and supplements to this Agreement shall require the execution of a written agreement by all of the Parties.

11.2 Entire agreement

Except for the amendments, supplements, or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supersede all prior oral and written consultations, representations, and contracts reached with respect to the subject matter of this Agreement, including but not limited to the Prior Agreement.

11.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain, or otherwise affect the meanings of the provisions of this Agreement.

11.4 Language

This Agreement is written in both Chinese and English, and contains three copies, with each Party having one copy. The Chinese version and English version shall have equal legal validity.

11.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal, or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality, or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal, or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by the relevant laws and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal, or unenforceable provisions.

11.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 Survival

11.7.1 Any obligations that occur or are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 The provisions of Sections 5, 8, 10, and this Section 11.7 shall survive the termination of this Agreement.

11.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Agreement as of the date first above written.

**Party A: Chongqing Hengyuda Technology Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Party B: CreditEase Pucheng Credit Management (Beijing) Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Party C: Yiren Financial Information Services (Beijing) Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Amended and Restated Exclusive Option Agreement**

This Amended and Restated Exclusive Option Agreement (this "Agreement") is executed by and among the following Parties as of July 12, 2024 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A:** Chongqing Hengyuda Technology Co., Ltd., a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing;

**Party B:** Ning TANG, a Chinese citizen with Chinese Identification No.: *****; and

**Party C:** Yiren Financial Information Services (Beijing) Co., Ltd., a limited liability company organized and existing under the laws of the PRC, with its address at 350 meters north of Roundabout, Yanfu Road, Yancun Town, Fangshan District, Beijing.

In this Agreement, Party A, Party B, and Party C shall each be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties."

Whereas:

1. All the Parties hereto executed an Amended and Restated Exclusive Option Agreement on December 19, 2019 (the "Prior Agreement").

2. Party B is a shareholder of Party C and as of the date hereof holds 3.8% of the equity interests of Party C, representing RMB3,800,000 in the registered capital of Party C.

3. Party A and Party B executed an Amended and Restated Loan Agreement ("Loan Agreement") on July 12, 2024, pursuant to which Party A agrees to provide Party B with a loan in the aggregate amount of RMB1,900,000 for the purpose as designated in the Loan Agreement.

After mutual discussions and negotiations, the Parties have now reached the following agreement, which will terminate and replace the Prior Agreement in its entirety and in all aspects.

**1. Sale and Purchase of Equity Interest**

1.1 Option Granted

Party B hereby irrevocably and unconditionally grants Party A a binding and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the equity interests in Party C then held by Party B at once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "Equity Interest Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts, or non-corporate organizations.

1.2 Steps for Exercise of the Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "Equity Interest Purchase Option Notice"), specifying: (a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests or the date for transfer of the Optioned Interests.

1.3 Equity Interest Purchase Price

The total price for the purchase by Party A of all Optioned Interests held by Party B upon exercise of the Equity Interest Purchase Option by Party A shall equal to the amount of registered capital contributed by Party B in Party C for such Optioned Interests (or such price may be as set forth in the equity transfer agreement to be executed between Party A (or the Designee) and Party B separately, provided that such price does not violate PRC laws and regulations and is acceptable to Party A); if Party A exercises the Equity Interest Purchase Option to purchase part of the Optioned Interests held by Party B in Party C, then the purchase price shall be calculated on a pro rata basis. If at the time when Party A exercises the Equity Interest Purchase Option, the PRC laws impose mandatory requirements on the purchase price of such Optioned Interests, such that the minimum price permitted under PRC law is higher than the aforementioned price, then the purchase price shall be such minimum price permitted by PRC law (collectively, the "Equity Interest Purchase Price").

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

1.4.1 Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);

1.4.2 Party B shall obtain written statements from the other shareholders of Party C giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto;

1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention, or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement, and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Amended and Restated Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modifications, amendments, and restatements thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with a power of attorney and any modifications, amendments, and restatements thereto.

1.5 Payment

The Parties have agreed in the Loan Agreement that any proceeds obtained by Party B through the transfer of its equity interests in Party C shall be used for repayment of the loan provided by Party A (and any interest thereon) in accordance with the Loan Agreement. Accordingly, upon exercise of the Equity Interest Purchase Option, Party A may make the payment of the Equity Interest Purchase Price by way of offset of the outstanding debts owed by Party B to Party A (including without limitation the outstanding amount of the loan owed by Party B to Party A and any interest thereon under the Loan Agreement) (such debts, the "Offset Debts"), in which case Party A shall not be required to pay any additional purchase price to Party B, unless the

Equity Interest Purchase Price set forth herein is required to be adjusted in accordance with the PRC laws. If the PRC laws impose mandatory requirements on the Equity Interest Purchase Price agreed under this Agreement, such that the minimum Equity Interest Purchase Price permitted under PRC laws exceeds the price already offset with the Offset Debts, the Party B shall promptly donate all of the amount exceeding the Offset Debts received by it to Party A or any other person designated by Party A in the manner permitted by the applicable PRC laws / Party B hereby waives its right to receive the amount of price that exceeds the amount offset with the Offset Debts.

**2. Covenants**

2.1 Covenants regarding Party C

Party B (as a shareholder of Party C) and Party C hereby covenant on the following:

2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change, or amend the articles of association of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;

2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices, as well as obtain and maintain all necessary government licenses and permits by prudently and effectively operating its business and handling its affairs;

2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage, or dispose of in any manner any material assets of Party C or legal or beneficial interest in the material business or revenues of Party C of more than RMB 500,000, or allow the encumbrance thereon of any security interests;

2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee, or suffer the existence of any debt, except for payables incurred in the ordinary course of business other than through loans;

2.1.5 They shall always operate all of Party C's businesses within the normal business scope to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;

2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for the purpose of this subsection, a contract with a price exceeding RMB 500,000 shall be deemed a major contract);

2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with a loan or credit;

2.1.8 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;

2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;

2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire, or invest in any person;

2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to Party C's assets, business, or revenue;

2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;

2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders;

2.1.14 At the request of Party A, they shall appoint any person designated by Party A as the director or executive director of Party C.

2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates; and

2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants to the following:

2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage, or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;

2.2.2 Without the prior written consent of Party A, Party B shall cause the shareholders' meeting and/or the directors (or the executive director) of Party C not to approve any sale, transfer, mortgage, or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;

2.2.3 Without the prior written consent of Party A, Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person;

2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to the equity interests in Party C held by Party B;

2.2.5 Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;

2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;

2.2.7 Party B shall appoint any designee of Party A as the director or the executive director of Party C, at the request of Party A;

2.2.8 Party B hereby waives its right of first refusal in regards to the transfer of equity interest by any other shareholder of Party C to Party A (if any), and gives consent to the execution by each other shareholder of Party C with Party A and Party C the exclusive option agreement, the equity interest pledge agreement and the power of attorney

similar to this Agreement, Party B's Equity Interest Pledge Agreement, and Party B's Power of Attorney, and accepts not to take any actions in conflict with such documents executed by the other shareholders;

2.2.9 Party B shall promptly donate any profits, interests, dividends, or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under the applicable PRC laws; and

2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C, and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under Party B's Equity Interest Pledge Agreement or under Party B's Power of Attorney, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

**3. Representations and Warranties**

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

3.1 They have the power, capacity, and authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid, and binding obligations, and shall be enforceable against them in accordance with the provisions thereof;

3.2 Party B and Party C have obtained any and all approvals and consents from the relevant government authorities and third parties (if required) for the execution, delivery, and performance of this Agreement.

3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violations of any applicable PRC laws; (ii) be inconsistent with the articles of association, bylaws, or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;

3.4 Party B has a good and merchantable title to the equity interests held by Party B in Party C. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests;

3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;

3.6 Party C does not have any outstanding debts, except for (i) debt incurred within its normal business scope; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.

3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and

3.8 There are no pending or threatened litigation, arbitration, or administrative proceedings relating to the equity interests in Party C, assets of Party C, or Party C.

**4. Effective Date and Term**

This Agreement shall become effective upon execution by the Parties, and remain in effect until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

**5. Governing Law and Dispute Resolution**

5.1 Governing Law

The execution, effectiveness, construction, performance, amendment, and termination of this Agreement as well as any dispute resolution hereunder shall be governed by the laws of the PRC.

5.2 Methods of Dispute Resolution

In the event of any dispute arising with respect to the construction and performance of this Agreement, the Parties shall first attempt to resolve the dispute through friendly negotiations. In the event that the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for dispute resolution through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the arbitration award shall be final and binding to all Parties.

**6. Taxes and Fees**

Each Party shall pay any and all transfer and registration taxes, expenses, and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

**7. Notices**

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, commercial courier services, or facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, courier services, registered mail, or prepaid postage shall be deemed effectively given on the date of receipt or refusal at the address specified for such notices;

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of the transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Chongqing Hengyuda Technology Co., Ltd.
Address: Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing

Party B: Ning TANG
Address: *****

Party C: Yiren Financial Information Services (Beijing) Co., Ltd.

7.3 Any Party may at any time change its address for notices by having a notice delivered to the other Parties in accordance with the terms hereof.

**8. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement, and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain the confidentiality of all such confidential information, and without obtaining the written consent of other Parties, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be featured in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels, or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels, or financial advisors shall be bound by the confidential obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of, or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and that Party shall be held liable for breach of this Agreement.

**9. Further Warranties**

The Parties agree to promptly execute the documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and to take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

**10. Breach of Agreement**

10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;

10.2 Party B or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by the applicable laws.

**11. Miscellaneous**

11.1 Amendments, changes, and supplements

Any amendments, changes, and supplements to this Agreement shall require the execution of a written agreement by all of the Parties.

11.2 Entire agreement

Except for the amendments, supplements, or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supersede all prior oral and written consultations, representations, and contracts reached with respect to the subject matter of this Agreement, including but not limited to the Prior Agreement.

11.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain, or otherwise affect the meanings of the provisions of this Agreement.

11.4 Language

This Agreement is written in both Chinese and English, and contains three copies, with each Party having one copy. The Chinese version and English version shall have equal legal validity.

11.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal, or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality, or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal, or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by the relevant laws and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal, or unenforceable provisions.

11.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 Survival

11.7.1 Any obligations that occur or are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 The provisions of Sections 5, 8, 10, and this Section 11.7 shall survive the termination of this Agreement.

11.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Agreement as of the date first above written.

**Party A: Chongqing Hengyuda Technology Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Party B: Ning TANG**

By: /s/ Ning Tang

**Party C: Yiren Financial Information Services (Beijing) Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Amended and Restated Exclusive Option Agreement**

This Amended and Restated Exclusive Option Agreement (this "Agreement") is executed by and among the following Parties as of July 12, 2024 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A:** Chongqing Hengyuda Technology Co., Ltd., a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing;

**Party B:** Yan TIAN, a Chinese citizen with Chinese Identification No.: *****; and

**Party C:** Yiren Financial Information Services (Beijing) Co., Ltd., a limited liability company organized and existing under the laws of the PRC, with its address at 350 meters north of Roundabout, Yanfu Road, Yancun Town, Fangshan District, Beijing.

In this Agreement, Party A, Party B, and Party C shall each be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties."

Whereas:

1. All the Parties hereto executed an Amended and Restated Exclusive Option Agreement on December 19, 2019 (the "Prior Agreement").

2. Party B is a shareholder of Party C and as of the date hereof holds 1.2% of the equity interests of Party C, representing RMB600,000 in the registered capital of Party C.

3. Party A and Party B executed an Amended and Restated Loan Agreement ("Loan Agreement") on July 12, 2024, pursuant to which Party A agrees to provide Party B with a loan in the aggregate amount of RMB600,000 for the purpose as designated in the Loan Agreement.

After mutual discussions and negotiations, the Parties have now reached the following agreement, which will terminate and replace the Prior Agreement in its entirety and in all aspects.

**1. Sale and Purchase of Equity Interest**

1.1 Option Granted

Party B hereby irrevocably and unconditionally grants Party A a binding and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the equity interests in Party C then held by Party B at once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "Equity Interest Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts, or non-corporate organizations.

1.2 Steps for Exercise of the Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "Equity Interest Purchase Option Notice"), specifying: (a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests or the date for transfer of the Optioned Interests.

1.3 Equity Interest Purchase Price

The total price for the purchase by Party A of all Optioned Interests held by Party B upon exercise of the Equity Interest Purchase Option by Party A shall equal to the amount of registered capital contributed by Party B in Party C for such Optioned Interests (or such price may be as set forth in the equity transfer agreement to be executed between Party A (or the Designee) and Party B separately, provided that such price does not violate PRC laws and regulations and is acceptable to Party A); if Party A exercises the Equity Interest Purchase Option to purchase part of the Optioned Interests held by Party B in Party C, then the purchase price shall be calculated on a pro rata basis. If at the time when Party A exercises the Equity Interest Purchase Option, the PRC laws impose mandatory requirements on the purchase price of such Optioned Interests, such that the minimum price permitted under PRC law is higher than the aforementioned price, then the purchase price shall be such minimum price permitted by PRC law (collectively, the "Equity Interest Purchase Price").

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

1.4.1 Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);

1.4.2 Party B shall obtain written statements from the other shareholders of Party C giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto;

1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 The relevant Parties shall execute all other necessary contracts, agreements, or documents, obtain all necessary government licenses and permits, and take all necessary actions to transfer the valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention, or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement, and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Amended and Restated Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modifications, amendments, and restatements thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with a power of attorney and any modifications, amendments, and restatements thereto.

1.5 Payment

The Parties have agreed in the Loan Agreement that any proceeds obtained by Party B through the transfer of its equity interests in Party C shall be used for repayment of the loan provided by Party A (and any interest thereon) in accordance with the Loan Agreement. Accordingly, upon exercise of the Equity Interest Purchase Option, Party A may make the payment of the Equity Interest Purchase Price by way of offset of the outstanding debts owed by Party B to Party A (including without limitation the outstanding amount of the loan owed by Party B to Party A and any interest thereon under the Loan Agreement) (such debts, the "Offset Debts"), in which case Party A shall not be required to pay any additional purchase price to Party B, unless the

Equity Interest Purchase Price set forth herein is required to be adjusted in accordance with the PRC laws. If the PRC laws impose mandatory requirements on the Equity Interest Purchase Price agreed under this Agreement, such that the minimum Equity Interest Purchase Price permitted under PRC laws exceeds the price already offset with the Offset Debts, the Party B shall promptly donate all of the amount exceeding the Offset Debts received by it to Party A or any other person designated by Party A in the manner permitted by the applicable PRC laws / Party B hereby waives its right to receive the amount of price that exceeds the amount offset with the Offset Debts.

**2. Covenants**

2.1 Covenants regarding Party C

Party B (as a shareholder of Party C) and Party C hereby covenant on the following:

2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change, or amend the articles of association of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;

2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices, as well as obtain and maintain all necessary government licenses and permits by prudently and effectively operating its business and handling its affairs;

2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage, or dispose of in any manner any material assets of Party C or legal or beneficial interest in the material business or revenues of Party C of more than RMB 500,000, or allow the encumbrance thereon of any security interests;

2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee, or suffer the existence of any debt, except for payables incurred in the ordinary course of business other than through loans;

2.1.5 They shall always operate all of Party C's businesses within the normal business scope to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;

2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for the purpose of this subsection, a contract with a price exceeding RMB 500,000 shall be deemed a major contract);

2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with a loan or credit;

2.1.8 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;

2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;

2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire, or invest in any person;

2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to Party C's assets, business, or revenue;

2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;

2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders;

2.1.14 At the request of Party A, they shall appoint any person designated by Party A as the director or executive director of Party C.

2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates; and

2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants to the following:

2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage, or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;

2.2.2 Without the prior written consent of Party A, Party B shall cause the shareholders' meeting and/or the directors (or the executive director) of Party C not to approve any sale, transfer, mortgage, or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;

2.2.3 Without the prior written consent of Party A, Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person;

2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration, or administrative proceedings relating to the equity interests in Party C held by Party B;

2.2.5 Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;

2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;

2.2.7 Party B shall appoint any designee of Party A as the director or the executive director of Party C, at the request of Party A;

2.2.8 Party B hereby waives its right of first refusal in regards to the transfer of equity interest by any other shareholder of Party C to Party A (if any), and gives consent to the execution by each other shareholder of Party C with Party A and Party C the exclusive option agreement, the equity interest pledge agreement and the power of attorney

similar to this Agreement, Party B's Equity Interest Pledge Agreement, and Party B's Power of Attorney, and accepts not to take any actions in conflict with such documents executed by the other shareholders;

2.2.9 Party B shall promptly donate any profits, interests, dividends, or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under the applicable PRC laws; and

2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C, and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under Party B's Equity Interest Pledge Agreement or under Party B's Power of Attorney, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

**3. Representations and Warranties**

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

3.1 They have the power, capacity, and authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contract"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid, and binding obligations, and shall be enforceable against them in accordance with the provisions thereof;

3.2 Party B and Party C have obtained any and all approvals and consents from the relevant government authorities and third parties (if required) for the execution, delivery, and performance of this Agreement.

3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violations of any applicable PRC laws; (ii) be inconsistent with the articles of association, bylaws, or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;

3.4 Party B has a good and merchantable title to the equity interests held by Party B in Party C. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests;

3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;

3.6 Party C does not have any outstanding debts, except for (i) debt incurred within its normal business scope; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.

3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and

3.8 There are no pending or threatened litigation, arbitration, or administrative proceedings relating to the equity interests in Party C, assets of Party C, or Party C.

**4. Effective Date and Term**

This Agreement shall become effective upon execution by the Parties, and remain in effect until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

**5. Governing Law and Dispute Resolution**

5.1 Governing Law

The execution, effectiveness, construction, performance, amendment, and termination of this Agreement as well as any dispute resolution hereunder shall be governed by the laws of the PRC.

5.2 Methods of Dispute Resolution

In the event of any dispute arising with respect to the construction and performance of this Agreement, the Parties shall first attempt to resolve the dispute through friendly negotiations. In the event that the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for dispute resolution through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing, and the arbitration award shall be final and binding to all Parties.

**6. Taxes and Fees**

Each Party shall pay any and all transfer and registration taxes, expenses, and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

**7. Notices**

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, prepaid postage, commercial courier services, or facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, courier services, registered mail, or prepaid postage shall be deemed effectively given on the date of receipt or refusal at the address specified for such notices;

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of the transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

Party A: Chongqing Hengyuda Technology Co., Ltd.
Address: Unit 1, 2, 3, 4, 5, 6, Floor 22, 7 Huasheng Road, Yuzhong District, Chongqing

Party B: Yan TIAN
Address: *****

Party C: Yiren Financial Information Services (Beijing) Co., Ltd.

Address: 350 metres north of Roundabout, Yanfu Road, Yancun Town, Fangshan District, Beijing

7.3 Any Party may at any time change its address for notices by having a notice delivered to the other Parties in accordance with the terms hereof.

**8. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement, and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain the confidentiality of all such confidential information, and without obtaining the written consent of other Parties, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be featured in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels, or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels, or financial advisors shall be bound by the confidential obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of, or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and that Party shall be held liable for breach of this Agreement.

**9. Further Warranties**

The Parties agree to promptly execute the documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and to take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

**10. Breach of Agreement**

10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;

10.2 Party B or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by the applicable laws.

**11. Miscellaneous**

11.1 Amendments, changes, and supplements

Any amendments, changes, and supplements to this Agreement shall require the execution of a written agreement by all of the Parties.

11.2 Entire agreement

Except for the amendments, supplements, or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supersede all prior oral and written consultations, representations, and contracts reached with respect to the subject matter of this Agreement, including but not limited to the Prior Agreement.

11.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain, or otherwise affect the meanings of the provisions of this Agreement.

11.4 Language

This Agreement is written in both Chinese and English, and contains three copies, with each Party having one copy. The Chinese version and English version shall have equal legal validity.

11.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal, or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality, or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal, or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by the relevant laws and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal, or unenforceable provisions.

11.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 Survival

11.7.1 Any obligations that occur or are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 The provisions of Sections 5, 8, 10, and this Section 11.7 shall survive the termination of this Agreement.

11.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Agreement as of the date first above written.

**Party A: Chongqing Hengyuda Technology Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**Party B: Yan TIAN**

By: /s/ Yan Tian

**Party C: Yiren Financial Information Services (Beijing) Co., Ltd.**

By: /s/ Ning Tang
Name: Ning TANG
Title: Legal Representative

**EXHIBIT 8.1**

**List of Subsidiaries and Consolidated Variable Interest Entities**

| **Subsidiaries:** | **Place of Incorporation** |
|---|---|
| Yiren Blue Boyage Limited | Cayman Islands |
| YouRace Digital Holdings HK Limited (formerly known as Yiren Digital Hong Kong Limited) | Hong Kong |
| YouRace Hengchuang Technology Development (Beijing) Co., Ltd. (formerly known as Yiren Hengye Technology Development (Beijing) Co., Ltd.) | PRC |
| Chongqing Hengyuda Technology Co., Ltd. | PRC |
| Yiren Information Consulting (Beijing) Co., Ltd. | PRC |
| Yiren Hengsheng Technology Development (Beijing) Co., Ltd. | PRC |
| Shenzhen Zhongbang Information Consulting Service Co., Ltd. | PRC |
| Fujian Jiaying Financing Guarantee Co., Ltd. | PRC |
| Zhenzhi Youpin (Hainan) Technology Trade Co., Ltd. | PRC |
| Yiren Vision Pte. Ltd. | Singapore |
| Creditable Lending Corporation | Philippines |
| Capital para Mexicanos Emprendedores S.A. de C.V., SOFOM, ENR | Mexico |
| Chongqing Jintong Financing Guarantee Co., Ltd. | PRC |
| Chongqing Hengfengyi Technology Co., Ltd. | PRC |
| Xinjiang Hengyu Innovation Technology Development Co., Ltd. | PRC |
| Hesi Shengju Technology Development (Xinjiang) Co., Ltd. | PRC |
| Hesi Shengrui Technology Development (Xinjiang) Co., Ltd. | PRC |
| Beihai Hengze Innovation Technology Co., Ltd. | PRC |
| Beihai Youce Yike Technology Co., Ltd. | PRC |
| Beihai Youjia Innovation Technology Co., Ltd. | PRC |
| Dingrui Zhijie Technology Development (Guangxi) Co., Ltd. | PRC |
| **Consolidated variable interest entities:** | |
| CreditEase Puhui Information Consultant (Beijing) Co., Ltd. | PRC |
| Haijin Yichuang Financial Leasing Co., Ltd. | PRC |
| Hainan Haijin Yichuang Micro-lending Co., Ltd. | PRC |
| Tianjin Linyang Information and Technology Co., Ltd. | PRC |
| Hexiang Insurance Broker Co., Ltd. | PRC |
| Heanjun Auto Rescue (Wuhan) Co., Ltd. (formerly known as Hejun Auto Rescue (Wuhan) Co., Ltd.)* | PRC |
| Yiren Financial Information Service (Beijing) Co., Ltd. | PRC |
| Beijing Yiding Technology Co., Ltd. | PRC |
| Beijing Kechuang Xinlian Technology Co., Ltd. | PRC |
| Beijing Yiyouxuan Technology Information Service Co., Ltd. | PRC |
| Dekai Yichuang Asset Management (Shenzhen) Co., Ltd. | PRC |
| Hainan Haijin Yichuang Data Information Service Co., Ltd. | PRC |
| Heilongjiang Changtuo Technology Development Co., Ltd. (formerly known as Harbin Wanbang Funong Agricultural Machinery Service Co., Ltd.) | PRC |
| Baijunda Logistics (Wuhan) Co., Ltd. | PRC |
| Wuhan Linyi Business Consulting Co., Ltd. | PRC |
| Bohai Trust · 2023 Huian No. 49 Single Fund Trust* | PRC |

| | | |
|---|---|---|
| National Trust · Tianji No. 47 Collective Fund Trust** | | PRC |

* We have deconsolidated Heanjun Auto Rescue (Wuhan) Co., Ltd. and Bohai Trust · 2023 Huian No. 49 Single Fund Trust as of the date of this annual report.

** Please see note 2 to our audited consolidated financial statements included in this annual report for details of the basis of consolidation.

**YIRENDAI LTD.**

**STATEMENT OF POLICIES**
**GOVERNING MATERIAL NON-PUBLIC INFORMATION AND**
**THE PREVENTION OF INSIDER TRADING**

This Statement of Policies Governing Material Non-Public Information and the Prevention of Insider Trading (this "Statement") applies to all directors, officers, employees and consultants of Yirendai Ltd. and its subsidiaries and affiliated entities (collectively, the "Company").

This Statement consists of three sections: Section I provides an overview; Section II sets forth the Company's policies prohibiting insider trading; and Section III explains insider trading.

## I.
## SUMMARY

Preventing insider trading is necessary to comply with U.S. securities law and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it. "Insider trading" occurs when any person purchases or sells a security while in possession of inside information relating to the security. As explained in Section III below, "inside information" is information which is considered to be both "material" and "non-public."

The Company considers strict compliance with the policies set forth in this Statement (collectively, the "Policy") to be a matter of utmost importance. Violation of the Policy could cause extreme reputational damage and possible legal liability to you and the Company. Knowing or willful violations of the letter or spirit of the Policy will be grounds for immediate dismissal from the Company. Violation of the Policy might expose the violator to severe criminal penalties as well as civil liability to any person injured by the violation. The monetary damages flowing from a violation could be multiple times the profit realized by the violator, not to mention the attorney's fees of the persons injured.

**This Statement applies to all directors, officers, employees and consultants of the Company and its subsidiaries and affiliated entities and extends to all activities within and outside an individual's duties at the Company**. Every director, officer, employee and consultant of the Company must review this Statement, and when requested by the Company, must execute and return the Certificate of Compliance attached hereto within seven (7) days after receiving the request.

The Board has appointed the General Counsel as the Compliance Officer for the Company (the "Compliance Officer"). Questions regarding this Statement should be directed to the Compliance Officer by e-mail at YRDCompliance@creditease.cn.

## II.
## POLICIES PROHIBITING INSIDER TRADING

For purposes of this Statement, the terms "purchase" and "sell" of securities exclude the acceptance of options granted by the issuer thereof and the exercise of options that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the policies set forth below. The Policy does not apply to the exercise of a tax withholding right pursuant to which you elect to have the Company withhold ordinary shares or American Depositary Shares ("ADSs") subject to an option or other award to satisfy tax withholding requirements.

A. ***No Trading*** **– No director, officer, employee or consultant may purchase or sell any ADSs, ordinary shares or other securities of the Company or enter into a binding security trading plan in compliance with Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended (a "Trading Plan") while in possession of material non-public information relating to the Company or its ADSs, ordinary shares or other securities** (the "Material Information").

In the event that the Material Information possessed by you relates to the ADSs or other Company securities, the above policy will require waiting for at least forty-eight (48) hours after public disclosure of the Material Information by the Company, which forty-eight (48) hours must include in all events at least one full Trading Day on the New York Stock Exchange ("NYSE") following the public disclosure. The term "Trading Day" is defined as a day on which NYSE is open for trading. Except for public holidays in the United States, NYSE's regular trading hours are from 9:30 a.m. to 4:00 p.m., New York City time, Monday through Friday.

In addition, **no director, officer, employee or consultant may purchase or sell any Company security or enter into a Trading Plan, without the prior clearance by the Compliance Officer, during any period designated as a "limited trading period" by the Company, regardless of whether the director, officer, employee or consultant possesses any Material Information.**

Furthermore, **all transactions in Company securities (including without limitation, acquisitions and dispositions of the ADSs, the sale of ordinary shares issued upon exercise of share options and the execution of a Trading Plan, but excluding the acceptance of options granted by the Company and the exercise of options that does not involve the sale of securities) by directors, officers and key employees designated by the Company from time to time must be pre-approved by the Compliance Officer.**

Please see Section III below for an explanation of the Material Information.

B. ***Trading Window*** **– Assuming none of the "no trading" restrictions set forth in Section II-A above applies, no director, officer, employee or consultant may purchase or sell any security of the Company or enter into a Trading Plan other than during a Trading Window.**

A "Trading Window" is the period in any fiscal quarter of the Company commencing at the close of business on the second Trading Day following the date of the

Company's public disclosure of its financial results for the prior year or quarter, as applicable, and ending on December 31, March 31, June 30 or September 30, as the case may be.

In other words,

**(1) beginning on January 1 of each year, no director, officer, employee or consultant may purchase or sell any security of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company's public disclosure of its financial results for the fiscal year ended on December 31 of the prior year, and**

**(2) beginning on April 1, July 1 and October 1 of each year, no director, officer, employee or consultant may purchase or sell any security of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company's public disclosure of its financial results for the fiscal quarter ended on March 31, June 30 and September 30 of that year, respectively.**

If the Company's public disclosure of its financial results for the prior period occurs on a Trading Day more than four hours before NYSE closes, then the date of disclosure is considered to be the first Trading Day following the public disclosure.

**Please note that trading in Company securities during the Trading Window is not a "safe harbor," and all directors, officers, employees and consultants must strictly comply with all the policies set forth in this Statement.**

**When in doubt, do not trade! Check with the Compliance Officer first.**

Notwithstanding the foregoing, sale of securities pursuant to an existing Trading Plan which was entered into in accordance with the Policy and in compliance with applicable law is not subject to the restrictions on trading in Sections II-A and II-B above.

C. ***No Tipping*** – No director, officer, employee or consultant may directly or indirectly disclose any Material Information to anyone who trades in securities (so-called "tipping").

D. ***Confidentiality*** – No director, officer, employee or consultant may communicate any Material Information to anyone outside the Company under any circumstances unless approved by the Compliance Officer in advance, or to anyone within the Company other than on a need-to-know basis.

E. ***No Comment*** – No director, officer, employee or consultant may discuss any internal matters or developments of the Company with anyone outside of the Company, except as required in the performance of regular corporate duties. Unless you are expressly authorized to the contrary, if you receive any inquiries about the Company or its securities by the financial press, investment analysts or others, or any requests for comments or interviews, you are required to decline comment and direct the inquiry or request to the Company's Chief Financial Officer, who is responsible for coordinating and overseeing the release of Company information to the investing public, analysts and others in compliance with applicable laws and regulations.

F. ***Corrective Action*** – If you become aware that any potentially Material Information has been or may have been inadvertently disclosed, you must notify the Compliance Officer immediately so that the Company can determine whether or not corrective action, such as general disclosure to the public, is warranted.

## III.
## EXPLANATION OF INSIDER TRADING

As noted above, "insider trading" refers to the purchase or sale of a security while in possession of "material" "non-public" information relating to the security. "Securities" include not only stocks, bonds, notes and debentures, but also options, warrants and similar instruments. "Purchase" and "sale" are defined broadly under the U.S. federal securities law. "Purchase" includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. "Sale" includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions including conventional cash-for-stock transactions, the grant and exercise of stock options and acquisitions and exercises of warrants or puts, calls or other options related to a security. It is generally understood that insider trading includes the following:

- trading by insiders while in possession of material non-public information;
- trading by persons other than insiders while in possession of material non-public information where the information either was given in breach of an insider's fiduciary duty to keep it confidential or was misappropriated; and
- communicating or tipping material non-public information to others, including recommending the purchase or sale of a security while in possession of material non-public information.

As noted above, for purposes of this Statement, the terms "purchase" and "sell" of securities exclude the acceptance of options granted by the issuer thereof and the exercise of options that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the policies set forth in this Statement.

What Facts are Material?

The materiality of a fact depends upon the circumstances. A fact is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company's business or to any type of security, debt or equity.

Examples of material information include (but are not limited to) information concerning:

- dividends;

- corporate earnings or earnings forecasts;
- changes in financial condition or asset value;
- negotiations for the mergers or acquisitions or dispositions of significant subsidiaries or assets;
- significant new contracts or the loss of a significant contract;
- significant new products or services;
- significant marketing plans or changes in these plans;
- capital investment plans or changes in these plans;
- material litigation, administrative action or governmental investigations or inquiries about the Company or any of its subsidiaries, officers or directors;
- significant borrowings or financings;
- defaults on borrowings;
- new equity or debt offerings;
- significant personnel changes;
- changes in accounting methods and write-offs; and
- any substantial change in industry circumstances or competitive conditions which could significantly affect the Company's earnings or prospects for expansion.

A good general rule of thumb: **when in doubt, do not trade.**

What is Non-public?

Information is "non-public" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such media as Dow Jones, Reuters Economic Services, The Wall Street Journal, Bloomberg, Associated Press, PR Newswire or United Press International. Circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement, a reasonable period of time must lapse for the market to react to the information. Generally, one should allow approximately forty-eight (48) hours following publication as a reasonable waiting period before the information is deemed to be public.

Who is an Insider?

"Insiders" include directors, officers, employees and consultants of a company and anyone else who has material inside information about a company. Insiders have independent fiduciary duties to their company and its shareholders not to trade on material non-public information relating to the company's securities. All directors, officers, employees and consultants of the Company are considered insiders with respect to material non-public

information about business, activities and securities of the Company. Directors, officers, employees and consultants may not trade the Company's securities while in possession of material non-public information relating to the Company or tip (or communicate except on a need-to-know basis) the information to others.

It should be noted that trading by members of a director's, officer's, employee's or consultant's household can be the responsibility of the director, officer, employee or consultant under certain circumstances and could give rise to legal and Company-imposed sanctions.

Trading by Persons Other than Insiders

Insiders may be liable for communicating or tipping material non-public information to a third party (a "tippee"), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material non-public information tipped to them or individuals who trade on material non-public information which has been misappropriated.

Tippees inherit an insider's duties and are liable for trading on material non-public information tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material non-public information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in the unlawful conduct and their employers. The Securities and Exchange Commission and the Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the federal securities laws include:

- administrative sanctions;
- securities industry self-regulatory organization sanctions;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of all profits;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of

US$1,000,000 or three times the amount of profit gained or loss avoided by the violator;

- criminal fines for individual violators of up to US$5,000,000 (US$25,000,000 for an entity); and
- jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including immediate dismissal. Insider trading violations are not limited to violations of the U.S. federal securities laws: other U.S. federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), also may be violated upon the occurrence of insider trading.

Effective Date: December 17, 2015

Approved by: The Board of Directors of the Company on September 7, 2015

**EXHIBIT 12.1**

**Certification by the Principal Executive Officer**
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Ning Tang, certify that:

1. I have reviewed this annual report on Form 20-F of Yiren Digital Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 28, 2025

By: /s/ Ning Tang
Name: Ning Tang
Title: Chief Executive Officer

**EXHIBIT 12.2**

**Certification by the Principal Financial Officer**
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Yuning Feng, certify that:

1. I have reviewed this annual report on Form 20-F of Yiren Digital Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 28, 2025

By: /s/ Yuning Feng
Name: Yuning Feng
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 Yiren Digital Ltd. (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ning Tang, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2025

By: /s/ Ning Tang
Name: Ning Tang
Title: 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 Yiren Digital Ltd. (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yuning Feng, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2025

By: /s/ Yuning Feng
Name: Yuning Feng
Title: Chief Financial Officer

**EXHIBIT 15.1**

April 28, 2025
Yiren Digital Ltd.
28/F, China Merchants Bureau Building, 118 Jianguo Road
Chaoyang District, Beijing 100022
The People's Republic of China

Dear Sir/Madam:

We hereby consent to the reference of our name under the headings "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure" and "Item 4. Information on the Company—C. Organizational Structure" in Yiren Digital Ltd.'s annual report on Form 20-F for the year ended December 31, 2024 (the "Annual Report"), which will be filed with the Securities and Exchange Commission (the "SEC") in the month of April 2025, and further consent to the incorporation by reference into the Registration Statements on Form S-8 (No. 333-212056, No. 333-219404 and No. 333-248640). We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Very truly yours,

/s/ Han Kun Law Offices
Han Kun Law Offices

**EXHIBIT 15.2**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-212056, No. 333-219404 and No. 333-248640) of our report dated April 28, 2025 relating to the financial statements of Yiren Digital Ltd. appearing in this Annual Report on Form 20-F for the year ended December 31, 2024.

We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ Wei, Wei & Co., LLP
Wei, Wei & Co., LLP

Flushing, New York
April 28, 2025