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, 2025

OR

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

OR

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

Date of event requiring this shell company report

For the transition period from to

Commission file number: 001-38752

Qfin Holdings, Inc.

(Exact Name of Registrant as Specified in Its Charter)

N/A

(Translation of Registrant's Name Into English)

Cayman Islands

(Jurisdiction of Incorporation or Organization)

Building 1,
No. 98 Qingyijiang Road,
Putuo District,
Shanghai 200331,
People's Republic of China

(Address of Principal Executive Offices)

Alex Xu, Chief Financial Officer
Building 1,
No. 98 Qingyijiang Road,
Putuo District,
Shanghai 200331,
People's Republic of China
Phone: +86 21 5835-7668
Email: ir@qfin.com

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

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

Title of each class	Trading Symbol (s)	Name of each exchange on which registered
American depositary shares, each representing two Class A ordinary shares, par value US$0.00001 per share	QFIN	The Nasdaq Global Select Market
Class A ordinary shares, par value US$0.00001 per share	3660	The Stock Exchange of Hong Kong Limited

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

None

(Title of Class)

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

None

(Title of Class)

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

As of December 31, 2025, there were 243,823,900 class A ordinary shares issued and outstanding, par value US$0.00001 per share.

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

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

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

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

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

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

Large Accelerated Filer ☒	Accelerated Filer ☐	Non-Accelerated Filer ☐	Emerging Growth Company ☐

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

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

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

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

INTRODUCTION	1
FORWARD-LOOKING STATEMENTS	3
PART I.	4
ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS	4
ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE	4
ITEM 3 KEY INFORMATION	4
ITEM 4 INFORMATION ON THE COMPANY	76
ITEM 4A UNRESOLVED STAFF COMMENTS	125
ITEM 5 OPERATING AND FINANCIAL REVIEW AND PROSPECTS	125
ITEM 6 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	146
ITEM 7 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	158
ITEM 8 FINANCIAL INFORMATION	161
ITEM 9 THE OFFER AND LISTING	161
ITEM 10 ADDITIONAL INFORMATION	162
ITEM 11 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	177
ITEM 12 DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	178
PART II.	183
ITEM 13 DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	183
ITEM 14 MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	183
ITEM 15 CONTROLS AND PROCEDURES	183
ITEM 16 [RESERVED]	184
ITEM 16A AUDIT COMMITTEE FINANCIAL EXPERT	184
ITEM 16B CODE OF ETHICS	184
ITEM 16C PRINCIPAL ACCOUNTANT FEES AND SERVICES	184
ITEM 16D EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES	184
ITEM 16E PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS	185
ITEM 16F CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT	186
ITEM 16G CORPORATE GOVERNANCE	186
ITEM 16H MINE SAFETY DISCLOSURE	186
ITEM 16I DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS	186
ITEM 16J INSIDER TRADING POLICIES	186
ITEM 16K CYBERSECURITY	187
PART III.	189
ITEM 17 FINANCIAL STATEMENTS	189
ITEM 18 FINANCIAL STATEMENTS	189
ITEM 19 EXHIBITS	189
SIGNATURES	192

INTRODUCTION

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

- "Qfin," "we," "us," "our" and "our company" are to Qfin Holdings, Inc. and its subsidiaries, and, in the context of describing our operations and consolidated financial information, the VIEs in China and their respective subsidiaries;
- "360 Group" are to 360 Security Technology Inc. and its controlled affiliates and predecessors;
- "ADSs" are to American depositary shares, each of which represents two of our class A ordinary shares;
- "CCASS" refers to the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited;
- "China" or "the PRC" are to the People's Republic of China. Unless otherwise indicated, the policies, laws, regulations and interpretations adopted by the government of mainland China, which are specifically referenced in this annual report, are not applicable to Hong Kong, Macau or Taiwan. To the extent that mainland China laws and regulations are applied in Hong Kong, the legal and operational risks associated with operating in mainland China may also apply to our operations in Hong Kong;
- "class A ordinary shares" are to our class A ordinary shares, par value US$0.00001 per share;
- "Fuzhou Financing Guarantee" are to Fuzhou Qifu Financing Guarantee Co., Ltd.;
- "Fuzhou Microcredit" are to Fuzhou Qifu Online Microcredit Co., Ltd.;
- "Hong Kong" or "HK" or "Hong Kong S.A.R." refers to the Hong Kong Special Administrative Region of the PRC;
- "HK$" or "Hong Kong dollars" are to the legal currency of Hong Kong;
- "shares," or "ordinary shares" are to our class A ordinary shares, and in the context of describing our share capital before March 31, 2023, also include our class B ordinary shares, par value US$0.00001 per share, as the context requires and as applicable;
- "RMB" or "Renminbi" are to Renminbi, the legal currency of the PRC;
- "Shanghai Financing Guarantee" are to Shanghai Qiyaoxin Technology Co., Ltd. (formerly known as Shanghai 360 Financing Guarantee Co., Ltd.);
- "Shanghai Qibutianxia" are to Shanghai Qibutianxia Information Technology Co., Ltd. (formerly known as Beijing Qibutianxia Technology Co., Ltd.);
- "Shanghai Qiyu" are to Shanghai Qiyu Information Technology Co., Ltd.;
- "US$" or "U.S. dollars" are to United States dollars, the lawful currency of the United States;
- "U.S. GAAP" are to accounting principles generally accepted in the United States;
- "variable interest entities," "VIE" or "VIEs" are to Shanghai Qiyu, Fuzhou Financing Guarantee and Shanghai Financing Guarantee; and
- "WFOE" or "Shanghai Qiyue" are to Shanghai Qiyue Information Technology Co., Ltd.

Unless otherwise stated, all translations from RMB to U.S. dollars and from U.S. dollars to RMB in this annual report were made at a rate of RMB6.9931 to US$1.00, the exchange rate on December 31, 2025 set forth in the H.10 statistical release of the U.S. Federal Reserve Board.

In addition, unless the context indicates otherwise, for the discussion of our business references to:

- "180 day+ vintage delinquency rate" are to a percentage that is equal to (i) the total amount of principal for all loans we facilitated in a fiscal quarter that become delinquent for more than 180 days, less the total amount of recovered past due principal for all loans we facilitated that were delinquent for more than 180 days in the same fiscal quarter, divided by (ii) the total initial principal amount of loans we facilitated in such fiscal quarter; loans under Intelligent Credit Engine and other technology solutions are not included in the delinquency rate calculation;

- "30-day collection rate" are to a percentage that is equal to (i) the amount of principal that is repaid in one month among the total amount of principal that is overdue as of a specified date, divided by (ii) the total amount of principal that is overdue as of such specified date;

- "90 day+ delinquency rate" are to a percentage that is equal to (i) the outstanding loan balance of on- and off-balance sheet loans we facilitated that are 91 to 180 calendar days past due, divided by (ii) the total outstanding loan balance of on- and off-balance sheet loans we facilitated across our platform as of a specific date; loans that are charged-off and loans under Intelligent Credit Engine and other technology solutions are not included in the delinquency rate calculation;

- "capital-light model" are to a comprehensive suite of technology-enabled loan facilitation services spanning the loan lifecycle, from borrower acquisition, technology empowerment in credit assessment to post-facilitation services, under which we do not take any credit risks;

- "capital-heavy loans" are to loans under which we bear credit risks;

- "Credit-Tech" are to credit technology services, which refer to services using technology solutions to empower and enhance credit services;

- "loan facilitation volume" are to the total principal amount of loans facilitated or originated by, as the context mandates, a Credit-Tech platform, a traditional financial institution or other market players in the credit industry; in the context of the volume of loans we facilitated or originated, the total principal amount of loans we facilitated or originated during the given period, including loan volume facilitated through Intelligence Credit Engine (ICE) and other technology solutions and retrospectively excluding the impact of discontinued service under other technology solutions in 2024, which did not have and is not expected to have a material impact on our overall business, financial condition, and results of operations;

- "outstanding loan balance" are to the total amount of principal outstanding for loans facilitated or originated by a Credit-Tech platform, as the context mandates, a traditional financial institution or other market players in the credit industry at the end of each period; in the context of the outstanding balance of loans we facilitated or originated, the total amount of principal outstanding for loans we facilitated or originated at the end of each period, including loan balance for ICE and other technology solutions excluding loans delinquent for more than 180 days and retrospectively excluding the impact of discontinued service under other technology solutions in 2024, which did not have and is not expected to have a material impact on our overall business, financial condition, and results of operations;

- "repeat borrower contribution" or "loan origination contributed by repeat borrowers" are to a percentage, the numerator of which is the principal amount of loans borrowed during that period by borrowers who had historically made at least one successful drawdown, and the denominator of which is the total loan facilitation volume through our platform during that period;

- "SME" are to small- and micro-enterprises and owners of small- and micro-enterprises; and

- "users with approved credit lines" are to users who have submitted their credit applications and are approved with a credit line at the end of each period.

FORWARD-LOOKING STATEMENTS

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

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

- our goals and strategies;
- our future business development, financial conditions and results of operations;
- the expected growth of the Credit-Tech industry in China;
- our expectations regarding demand for and market acceptance of our Credit-Tech products;
- our expectations regarding keeping and strengthening our relationships with borrowers, financial institution partners, data partners and other parties we collaborate with;
- competition in our industry; and
- government policies and regulations relating to our industry.

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

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

PART I.

ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3 KEY INFORMATION

Our Holding Company Structure and Contractual Arrangements with the VIEs and VIEs' subsidiaries

Qfin Holdings, Inc. is not a Chinese operating company but rather a Cayman Islands holding company that does not conduct business directly and has no equity ownership in the VIEs and VIEs' subsidiaries. We conduct our operations in China through (i) our PRC subsidiaries and (ii) the VIEs with which we have maintained contractual arrangements. PRC laws and regulations restrict and impose conditions on foreign investment in internet-based businesses, such as the distribution of online information. For example, foreign investors are generally not allowed to own more than 50% of the equity interests in a value-added telecommunications service provider in accordance with the Special Management Measures for the Access of Foreign Investment (Negative List) and other applicable laws and regulations. We are a Cayman Islands exempt company and our PRC subsidiaries are considered foreign-invested enterprises. Accordingly, we operate certain of our businesses in China through the VIEs, and rely on contractual arrangements among our PRC subsidiaries, the VIEs and the nominee shareholders of the VIEs to control the business operations of the VIEs. Revenues contributed by the VIEs accounted for 94%, 95% and 96% of our total net revenue for the years of 2023, 2024 and 2025, respectively. As used in this annual report, "we," "us," "our company," "our" or "Qfin Holdings," refers to Qfin Holdings, Inc., its subsidiaries, and, in the context of describing our operations and consolidated financial information, the VIEs and their subsidiaries in China, including, but not limited to Shanghai Qiyu, Fuzhou Financing Guarantee, Shanghai Financing Guarantee and Fuzhou Microcredit. Investors in our ADSs are not purchasing equity interest in the VIEs in China but instead are purchasing equity interest in a holding company incorporated in the Cayman Islands.

A series of contractual agreements, including (i) voting proxy agreements, equity interest pledge agreements and loan agreements, which provide us with effective control over the VIEs in China, (ii) exclusive business cooperation agreements, which allow us to receive economic benefits from the VIEs in China, and (iii) exclusive option agreements, which provide us with the option to purchase the equity interests in, and assets of, the VIEs (collectively, "contractual arrangements"). Terms contained in each set of contractual arrangements with the VIEs and their respective shareholders are substantially similar. For more details of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders."

However, the contractual arrangements may not be as effective as direct ownership in providing us with control over the VIEs and we may incur substantial costs to enforce the terms of the arrangements. All of these contractual arrangements are governed by and interpreted in accordance with PRC law, and disputes arising from these contractual arrangements between us and the VIEs will be resolved through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes arising from these contracts would be resolved in accordance with PRC legal procedures. These arrangements have not been tested in arbitral tribunals or courts. The legal system in the PRC is different from the legal system of some other jurisdictions, and the uncertainties involved in it could limit our ability to enforce these contractual arrangements. Further, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a VIE should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the VIEs and the shareholders of the VIEs for all of our business operations, which may not be as effective as direct ownership in providing operational control" and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—Any failure by the VIEs or the shareholders of the VIEs to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business."

There are also substantial uncertainties regarding the interpretation and application of 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 VIEs and its nominee shareholders. It is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If we or any of the VIEs is found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures. If the PRC government deems that our contractual arrangements with the VIEs 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. Our holding company, our PRC subsidiaries and VIEs, 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 VIEs and, consequently, significantly affect the financial performance of the VIEs and VIEs' subsidiaries 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."

We face various risks and uncertainties related to doing business in China. Our business operations are primarily conducted in China, and we are subject to complex and evolving PRC laws and regulations. For example, we face risks associated with regulatory approvals 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. Pursuant to the Holding Foreign Companies Accountable Act, or the HFCAA, if the U.S. Securities and Exchange Commission, or the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the Public Company Accounting Oversight Board, or the PCAOB, for two consecutive years, the SEC will prohibit our shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of the annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. As of the date of this annual report, the PCAOB has not issued any new determination regarding its ability to inspect or investigate registered public accounting firms headquartered in mainland China and Hong Kong. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in certain jurisdictions and we use an accounting firm headquartered in one of those jurisdictions to issue an audit report on our financial statements to be filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections" and "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment."

PRC government's significant authority in regulating our operations and its oversight and control over offerings conducted offshore by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations in this nature may cause the value of such securities to significantly decline or become worthless. 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 and any failure to comply with PRC laws and regulations could result in a material adverse change in our operations and the value of the 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 in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to us."

Permissions Required from the PRC Government Authorities for Our Operations

We conduct our business primarily through our subsidiaries, the VIEs and their subsidiaries in China. Our operations in China are governed by PRC laws and regulations. As of the date of this annual report, our PRC subsidiaries, the VIEs or their subsidiaries have obtained the requisite licenses and permits from the PRC government authorities that are material for the business operations of our holding company, our PRC subsidiaries and the VIEs in China, including, among others, financing guarantee business license owned by Fuzhou Financing Guarantee, value-added telecommunications license owned by Shanghai Qiyu and Fuzhou Microcredit, and micro-lending business license owned by Fuzhou Microcredit. Given the uncertainties of interpretation and implementation of the laws and regulations and the enforcement practice by government authorities, we 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 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."

Furthermore, we and the VIEs will be required to obtain permissions from or complete the filing procedures with the China Securities Regulatory Commission, or the CSRC, and may be required to go through cybersecurity review by the Cyberspace Administration of China, or the CAC, in case of any future issuance of securities to foreign investors. Any failure to obtain or delay in obtaining such approval or completing such procedures would subject us to sanctions by the CSRC, CAC or other PRC regulatory authorities. 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 ADSs. 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 and any failure to comply with PRC laws and regulations could result in a material adverse change in our operations and the value of the ADSs" 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 will be required if we conduct offshore offerings in the future, and we cannot predict whether or for how long we will be able to obtain such approval or complete such filing."

Cash and Asset Flows through Our Organization

Qfin Holdings, Inc. is a holding company with no material operations of its own. We conduct our operations in China primarily through our subsidiaries, the VIEs and their subsidiaries in China. As a result, although other means are available for us to obtain financing at the holding company level, Qfin Holdings, Inc.'s ability to pay dividends to the shareholders and to service any debt it may incur may depend upon dividends paid by our PRC subsidiaries and service fees paid by the VIEs.

If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to Qfin Holdings, Inc. In addition, our PRC subsidiaries are permitted to pay dividends to Qfin Holdings, Inc. only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Further, our PRC subsidiaries and the VIEs are required to make appropriations to certain statutory reserve funds or may make appropriations to certain discretionary funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies. For more details, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Holding Company Structure." 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 may 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."

Under PRC laws and regulations, our PRC subsidiaries and the VIEs are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets to us. Remittance of dividends by a wholly foreign-owned enterprise out of China is also subject to examination by the banks designated by the State Administration of Foreign Exchange, or SAFE, and payment of withholding tax. As a result of these PRC laws and regulations, amounts restricted include paid-in capital, capital reserve and statutory reserves of our PRC subsidiaries and the VIEs totaled RMB16,233.7 million, RMB17,073.2 million and RMB17,235.8 million (US$2,464.7 million) as of December 31, 2023, 2024 and 2025, respectively.

Our PRC subsidiaries, the VIEs and their subsidiaries generate their 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. In addition, under the Enterprise Income Tax Law of the PRC and its implementation rules, profits of a foreign investment enterprise generated in or after 2008 that are distributed to its immediate holding company outside mainland China are subject to withholding tax at a rate of 10%, unless the foreign holding company's jurisdiction of incorporation has a tax treaty with China that provides for a reduced rate of withholding tax. For example, a holding company in Hong Kong, subject to approval of the PRC local tax authority, will be eligible to a 5% withholding tax rate 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 if such holding company is considered to be a non-PRC resident enterprise and holds at least 25% of the equity interests in the PRC foreign investment enterprise distributing the dividends. Since the equity holders of the major PRC subsidiaries of our company are Hong Kong incorporated companies and meet the relevant requirements pursuant to the tax treaty between PRC and Hong Kong, we have used 5% to provide for deferred tax liabilities on retained earnings which are anticipated to be distributed. There can be no assurance that our Hong Kong subsidiaries will continue to satisfy the requirements under the tax arrangement necessary to enjoy the preferential 5% withholding tax rate. If the preferential rate ceases to apply, dividends paid by our PRC subsidiaries to our Hong Kong subsidiaries would be subject to the standard 10% withholding tax rate. See also "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" and "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Holding Company Structure." In 2025, our WFOE made dividend payments of RMB4,587.0 million (US$655.9 million) to our Hong Kong subsidiaries and paid related withholding income tax (net of tax refund) of RMB200.6 million (US$28.7 million) accordingly. As of December 31, 2025, we recorded a deferred tax liability of RMB255.0 million (US$36.5 million) associated with all of our earnings expected to be distributed from mainland China subsidiaries to overseas for dividend distribution, share repurchase and overseas business expansion. The remaining undistributed profits of mainland China subsidiaries as of December 31, 2025 would be indefinitely reinvested with unrecognized deferred tax liabilities of approximately RMB804.3 million (US$115.0 million). In 2025, our Hong Kong subsidiaries made dividend payments of RMB4,454.7 million (US$637.0 million) to our holding company, Qfin Holdings, Inc.

For purposes of illustration, the following discussion reflects the hypothetical taxes that might be required to be paid within mainland China, assuming that we determine to pay a dividend from mainland China subsidiaries to overseas entities in the future:

	Taxation Scenario[1] (Statutory Tax and Standard Rates)
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 rate of 5%	(3.75)%
Net distribution to Parent/Shareholders	71.25 %

Notes:

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

(2) Assume all the profits of VIEs could be distributed to the mainland China subsidiaries in a tax free manner.

(3) Certain of our subsidiaries, the VIEs and the VIEs' 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.

Under PRC law, Qfin Holdings, Inc. may provide funding to our mainland China subsidiaries only through capital contributions or loans, and to the VIEs only through loans, subject to satisfaction of applicable government registration and approval requirements.

The VIEs may transfer cash to our relevant WFOE by paying service fees according to the exclusive business cooperation agreements. The VIEs agree to pay our WFOE service fees, the amount of which are subject to adjustment at our WFOE's sole discretion taking into consideration of the complexity of the services, the actual cost that may be incurred for providing such services, as well as the value and comparable price on the market of the service provided, among others. Our WFOE would have the exclusive ownership of all the intellectual property rights created as a result of the performance of the exclusive business cooperation agreement, to the extent permitted by applicable PRC laws.

The following table sets forth the amount of the transfers for the years presented.

	Years Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Funds from Qfin Holdings, Inc. to our subsidiaries, net / (repayment by our subsidiaries to Qfin Holdings, Inc., net)	(31,815)	3,038,563	1,181,673
Funds from Qfin Holdings, Inc. to the VIEs, net / (repayment by the VIEs to Qfin Holdings, Inc., net)	(274,627)	—	—
Funds from WFOE to the other subsidiaries,[1] net	—	28,277	(14,826)
Funds from our subsidiaries to the VIEs, net / (repayment by the VIEs to our subsidiaries, net)	628,014	(6,765,934)	(4,803,318)
Dividend from WFOE to our subsidiaries	(940,000)	(8,476,000)	(4,587,000)
Dividend from our subsidiaries to Qfin Holdings, Inc.	(790,000)	(7,954,310)	(4,454,650)
Dividend from the other subsidiaries[1] to WFOE	—	(4,503,000)	(560,000)
Service fees paid by our subsidiaries to the VIEs	209,033	133,379	164,432
Service fees paid by the VIEs to WFOE	1,306,173	3,052,595	4,004,077
Service fees paid by the VIEs to the other subsidiaries[1]	5,696	6,013	64,562
Investment paid by our subsidiaries to WFOE	—	7,267	—
Investment paid by WFOE to the other subsidiaries[1]	—	20,000	—
Investment paid by our subsidiaries to the VIEs	—	2,201,000	4,069,600

Note:

(1) Refers to our subsidiaries other than the WFOE.

In 2023, 2024 and 2025, no assets other than cash flows discussed above were transferred through our organization.

For the years ended December 31, 2023, 2024 and 2025, dividends of US$131.9 million, US$178.8 million and US$192.4 million were paid to shareholders of record as of designated record dates. On May 18, 2023, our board of directors approved the adoption of a semi-annual cash dividend policy. Under the policy, we intend to declare and distribute a recurring cash dividend on a semi-annual basis, starting from the first half of 2023, at an amount equivalent to approximately 20% to 30% of our company's net income after tax for the previous six-month period based upon our operations and financial conditions, and other factors, subject to adjustment and determination by the board of directors of Qfin Holdings, Inc. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy." For PRC and United States federal income tax considerations of an investment in our ADSs, see "Item 10. Additional Information—E. Taxation."

Selected Financial Data

Our Selected Consolidated Financial Data

The following selected consolidated statements of operations data for the years ended December 31, 2023, 2024 and 2025, selected consolidated balance sheet data as of December 31, 2024 and 2025 and selected consolidated cash flow data for the years ended December 31, 2023, 2024 and 2025 have been derived from our audited consolidated financial statements included elsewhere in this annual report. Our selected consolidated balance sheets data as of December 31, 2021, 2022 and 2023 and the selected consolidated statements of operations data and cash flow data for the years ended December 31, 2022 and 2023 have been derived from our audited combined and consolidated financial statements not included in this annual report. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP.

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

	Years Ended December 31,					
	2021	2022	2023	2024	2025	
	RMB	RMB	RMB	RMB	RMB	US$
	(in thousands, except for per share data)					
Selected Consolidated Statements of Operations Data:						
Net revenue						
Credit driven services	**10,189,167**	**11,586,251**	**11,738,560**	**11,719,027**	**13,977,218**	**1,998,716**
Loan facilitation and servicing fees-capital heavy	2,326,027	2,086,414	1,667,119	1,016,514	1,604,903	229,498
Financing income	2,184,128	3,487,951	5,109,921	6,636,511	8,569,063	1,225,360
Revenue from releasing of guarantee liabilities	5,583,135	5,899,153	4,745,898	3,695,017	3,412,952	488,046
Other services fees	95,877	112,733	215,622	370,985	390,300	55,812
Platform services	**6,446,478**	**4,967,679**	**4,551,467**	**5,446,629**	**5,227,841**	**747,571**
Loan facilitation and servicing fees-capital light	5,677,941	4,124,726	3,213,955	2,116,797	1,162,563	166,244
Referral services fees	620,317	561,372	950,016	2,842,637	2,738,786	391,641
Other services fees	148,220	281,581	387,496	487,195	1,326,492	189,686
Total net revenue	**16,635,645**	**16,553,930**	**16,290,027**	**17,165,656**	**19,205,059**	**2,746,287**
Operating costs and expenses:[1]						
Facilitation, origination and servicing	2,252,157	2,373,458	2,659,912	2,900,704	3,001,938	429,271
Funding costs	337,426	504,448	645,445	590,935	548,936	78,497
Sales and marketing	2,090,374	2,206,948	1,939,885	1,725,877	2,469,546	353,140
General and administrative	557,295	412,794	421,076	449,505	658,980	94,233
Provision for loans receivable	965,419	1,580,306	2,151,046	2,773,323	3,625,042	518,374
Provision for financial assets receivable	243,946	397,951	386,090	296,857	234,924	33,594
Provision for accounts receivable and contract assets	324,605	238,065	175,799	421,481	319,532	45,692
Provision for contingent liabilities	3,078,224	4,367,776	3,053,810	478,404	1,667,742	238,484
Total operating costs and expenses	**9,849,446**	**12,081,746**	**11,433,063**	**9,637,086**	**12,526,640**	**1,791,285**
Income from operations	**6,786,199**	**4,472,184**	**4,856,964**	**7,528,570**	**6,678,419**	**955,002**
Interest income, net	126,256	182,301	217,307	237,015	278,626	39,843
Foreign exchange gain (loss)	35,549	(160,225)	2,356	1,512	159,570	22,818
Fair value change of derivatives	—	—	—	—	(175,691)	(25,123)
Gain on debt extinguishment	—	—	—	—	270,135	38,629
Investment income (loss)	10,115	(19,888)	(30,112)	—	—	—
Other income, net	64,590	268,000	230,936	125,325	165,076	23,606
Income before income tax expense	**7,022,709**	**4,742,372**	**5,277,451**	**7,892,422**	**7,376,135**	**1,054,775**
Income tax expense	(1,258,196)	(736,804)	(1,008,874)	(1,644,306)	(1,400,492)	(200,268)
Net income	**5,764,513**	**4,005,568**	**4,268,577**	**6,248,116**	**5,975,643**	**854,507**
Net loss attributable to non-controlling interests	17,212	18,605	16,759	16,198	14,048	2,009
Net income attributable to ordinary shareholders of the Company	**5,781,725**	**4,024,173**	**4,285,336**	**6,264,314**	**5,989,691**	**856,516**
Net income per ordinary share attributable to ordinary shareholders of Qfin Holdings, Inc.						
Basic	18.82	12.87	13.36	21.02	22.48	3.21
Diluted	17.99	12.50	13.04	20.64	22.01	3.15
Net income per ADSs attributable to ordinary shareholders of Qfin Holdings, Inc.						
Basic	37.64	25.74	26.72	42.04	44.96	6.42
Diluted	35.98	25.00	26.08	41.28	44.02	6.30
Weighted average shares used in calculating net income per ordinary share						
Basic	307,265,600	312,589,273	320,749,805	298,012,150	266,496,992	266,496,992
Diluted	321,397,753	322,018,510	328,508,945	303,449,864	272,171,878	272,171,878

Notes:

(1) Share-based compensation expenses were allocated as follows:

	Years Ended December 31,					
	2021	2022	2023	2024	2025	
	RMB	RMB	RMB	RMB	RMB	US$
	(in thousands)					
Facilitation, origination and servicing	75,209	73,945	75,152	64,658	40,070	5,730
Sales and marketing	12,340	4,328	(375)	(118)	1,503	215
General and administrative	166,373	121,464	110,827	103,073	336,801	48,162
Total	**253,922**	**199,737**	**185,604**	**167,613**	**378,374**	**54,107**

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

	As of December 31,					
	2021	2022	2023	2024	2025	
	RMB	RMB	RMB	RMB	RMB	US$
	(in thousands)					
Selected Consolidated Balance Sheets Data:						
Current assets:						
Cash and cash equivalents	6,116,360	7,165,584	4,177,890	4,452,416	4,696,817	671,636
Restricted cash	2,643,587	3,346,779	3,381,107	2,353,384	2,844,101	406,701
Security deposit prepaid to third-party guarantee companies	874,886	396,699	207,071	162,617	325,698	46,574
Short term investments	—	57,000	15,000	3,394,073	2,852,254	407,867
Accounts receivable and contract assets, net	3,097,254	2,868,625	2,909,245	2,214,530	950,267	135,886
Financial assets receivable, net	3,806,243	2,982,076	2,522,543	1,553,912	1,510,205	215,956
Loans receivable, net	9,844,481	15,347,662	24,604,487	26,714,428	34,680,954	4,959,310
Total current assets	**27,757,223**	**34,097,466**	**39,796,028**	**42,780,568**	**49,481,458**	**7,075,753**
Land use rights, net	1,018,908	998,185	977,461	956,738	966,582	138,219
Total non-current assets	**5,747,772**	**6,245,704**	**6,022,544**	**5,352,050**	**7,468,337**	**1,067,958**
Total assets	**33,504,995**	**40,343,170**	**45,818,572**	**48,132,618**	**56,949,795**	**8,143,711**
Current liabilities:						
Payable to investors of the consolidated trusts-current	2,304,518	6,099,520	8,942,291	8,188,454	9,922,559	1,418,907
Convertible senior notes-current	—	—	—	—	1,019,130	145,734
Guarantee liabilities-stand ready	4,818,144	4,120,346	3,949,601	2,383,202	2,314,865	331,021
Guarantee liabilities-contingent	3,285,081	3,418,391	3,207,264	1,820,350	1,872,149	267,714
Income tax payable	624,112	661,015	742,210	1,040,687	1,083,176	154,892
Total current liabilities	**14,143,186**	**16,749,918**	**19,899,619**	**17,472,209**	**20,359,829**	**2,911,417**
Payable to investors of the consolidated trusts-noncurrent	4,010,597	4,521,600	3,581,800	5,719,600	9,930,000	1,419,971
Convertible senior notes-noncurrent	—	—	—	—	1,583,213	226,396
Total non-current liabilities	**4,145,200**	**4,661,955**	**3,909,096**	**6,414,190**	**12,432,923**	**1,777,884**
Total shareholder's equity	**15,216,609**	**18,931,297**	**22,009,857**	**24,246,219**	**24,157,043**	**3,454,410**
Total liabilities and equity	**33,504,995**	**40,343,170**	**45,818,572**	**48,132,618**	**56,949,795**	**8,143,711**

The following table presents our selected combined and consolidated cash flow data for the years ended December 31, 2021, 2022, 2023, 2024 and 2025.

	Years Ended December 31,					
	2021	2022	2023	2024	2025	
	RMB	RMB	RMB	RMB	RMB	US$
	(in thousands)					
Summary Combined and Consolidated Cash Flow Data:						
Net cash provided by operating activities	5,789,700	5,922,515	7,118,350	9,343,311	11,083,748	1,584,956
Net cash used in investing activities	(6,064,328)	(7,355,975)	(11,147,789)	(7,994,081)	(13,082,044)	(1,870,707)
Net cash provided by (used in) financing activities	2,263,720	3,204,068	1,066,458	(2,114,463)	2,783,865	398,087
Net increase (decrease) in cash and cash equivalents	1,985,681	1,752,416	(2,953,366)	(753,197)	735,118	105,121
Cash, cash equivalents, and restricted cash at the beginning of year	6,774,266	8,759,947	10,512,363	7,558,997	6,805,800	973,216
Cash, cash equivalents, and restricted cash at the end of year	8,759,947	10,512,363	7,558,997	6,805,800	7,540,918	1,078,337

We present our financial results in RMB. We make no representation that any RMB or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB, as the case may be, at any particular rate, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report were made at a rate of RMB6.9931 to US$1.00, the noon buying rate set forth in the H.10 statistical release of the U.S. as of December 31, 2025.

Financial Information Related to the VIEs and the VIEs' Subsidiaries

The following table presents the condensed consolidating schedule of financial position, results of operations and cash flow data for our company, the VIEs and the VIEs' subsidiaries, the WFOE that is the primary beneficiary of the VIEs and other subsidiaries as of the dates or for the years presented, as the case may be. For the purpose of this presentation, the financial statement amounts for our consolidated subsidiaries are prepared using same accounting policies as set out in the consolidated financial statements. We are the primary beneficiaries of the VIEs for accounting purposes only.

	For the Year Ended December 31, 2025					
	The VIEs and the VIEs' Subsidiaries	The Company	The WFOE	Other Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Total net revenues	18,457,253	—	4,796,448	1,048,416	(5,097,058)	19,205,059
Service fee revenues of the primary beneficiary from the VIEs and the VIEs' subsidiaries	—	—	4,786,816	—	(4,786,816)	—
Other revenues	18,457,253	—	9,632	1,048,416	(310,242)	19,205,059
Total operating costs and expenses	16,889,494	24,973	327,033	382,198	(5,097,058)	12,526,640
Service fee expenses of the VIEs and the VIEs' subsidiaries to the primary beneficiary	4,786,816	—	—	—	(4,786,816)	—
Other operating costs and expenses	12,102,678	24,973	327,033	382,198	(310,242)	12,526,640
Income from operations	1,567,759	(24,973)	4,469,415	666,218	—	6,678,419
Income before income tax expense	1,697,910	110,394	4,623,410	944,421	—	7,376,135
Income from subsidiaries	—	5,882,969	594,517	5,258,796	(11,736,282)	—
Income from contractual arrangements with the VIEs and the VIEs' subsidiaries	—	—	1,196,232	—	(1,196,232)	—
Net income	**1,182,184**	**5,989,691**	**5,853,313**	**5,882,969**	**(12,932,514)**	**5,975,643**
Net income attributable to ordinary shareholders of the Company	**1,196,232**	**5,989,691**	**5,853,313**	**5,882,969**	**(12,932,514)**	**5,989,691**

	For the Year Ended December 31, 2024					
	The VIEs and the VIEs' Subsidiaries	The Company	The WFOE	Other Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Total net revenues	16,415,359	—	5,020,162	962,412	(5,232,277)	17,165,656
Service fee revenues of the primary beneficiary from the VIEs and the VIEs' subsidiaries	—	—	5,003,073	—	(5,003,073)	—
Other revenues	16,415,339	—	17,089	962,412	(229,204)	17,165,656
Total operating costs and expenses	14,121,455	19,770	378,419	349,719	(5,232,277)	9,637,086
Service fee expenses of the VIEs and the VIEs' subsidiaries to the primary beneficiary	5,003,073	—	—	—	(5,003,073)	—
Other operating costs and expenses	9,118,382	19,770	378,419	349,719	(229,204)	9,637,086
Income (loss) from operations	2,293,904	(19,770)	4,641,743	612,693	—	7,528,570
Income before income tax expense	2,465,141	20,861	4,712,203	694,217	—	7,892,422
Income from subsidiaries	—	6,248,235	592,234	6,067,994	(12,908,463)	—
Income from contractual arrangements with the VIEs and the VIEs' subsidiaries	—	—	2,202,193	—	(2,202,193)	—
Net income	**2,185,995**	**6,264,314**	**6,660,228**	**6,248,235**	**(15,110,656)**	**6,248,116**
Net income attributable to ordinary shareholders of the Company	**2,202,193**	**6,264,314**	**6,660,228**	**6,248,235**	**(15,110,656)**	**6,264,314**

	For the Year Ended December 31, 2023					
	The VIEs and the VIEs' Subsidiaries	The Company	The WFOE	Other Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Total net revenues	15,472,430	—	1,485,711	1,051,284	(1,719,398)	16,290,027
Service fee revenues of the primary beneficiary from the VIEs and the VIEs' subsidiaries	—	—	1,411,509	—	(1,411,509)	—
Other revenues	15,472,430	—	74,202	1,051,284	(307,889)	16,290,027
Total operating costs and expenses	12,346,061	25,517	338,912	441,971	(1,719,398)	11,433,063
Service fee expenses of the VIEs and the VIEs' subsidiaries to the primary beneficiary	1,411,509	—	—	—	(1,411,509)	—
Other operating costs and expenses	10,934,552	25,517	338,912	441,971	(307,889)	11,433,063
Income (loss) from operations	3,126,369	(25,517)	1,146,799	609,313	—	4,856,964
Income before income tax expense	3,364,788	20,536	1,258,871	633,256	—	5,277,451
Income from subsidiaries	—	4,264,800	580,495	3,903,935	(8,749,230)	—
Income from contractual arrangements with the VIEs and the VIEs' subsidiaries	—	—	2,815,399	—	(2,815,399)	—
Net income	**2,798,640**	**4,285,336**	**4,484,430**	**4,264,800**	**(11,564,629)**	**4,268,577**
Net income attributable to ordinary shareholders of the Company	**2,815,399**	**4,285,336**	**4,484,430**	**4,264,800**	**(11,564,629)**	**4,285,336**

Selected Condensed Consolidated Balance Sheets Information

	For the Year Ended December 31, 2025					
	The VIEs and the VIEs' Subsidiaries	The Company	The WFOE	Other Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Cash and cash equivalents	2,995,112	518,855	14,293	1,168,557	—	4,696,817
Restricted cash	2,843,701	—	—	400	—	2,844,101
Security deposit prepaid to third-party guarantee companies	325,698	—	—	—	—	325,698
Short term investments	396,400	—	400,000	2,055,854	—	2,852,254
Accounts receivable and contract assets, net	809,016	—	—	163,243	—	972,259
Financial assets receivable, net	1,719,664	—	—	—	—	1,719,664
Loans receivable, net	38,683,113	—	—	—	—	38,683,113
Land use right, net	966,582	—	—	—	—	966,582
Intercompany receivables	11,080,989	4,083,237	2,042,173	3,144,239	(20,350,638)	—
Investments in subsidiaries and VIEs	—	22,058,713	(696,079)	16,759,702	(38,122,336)	—
Net assets of the VIEs and the VIEs' subsidiaries	—	—	23,693,688	6,270,600	(29,964,288)	—
Total assets	**63,115,291**	**26,843,235**	**25,534,465**	**29,894,066**	**(88,437,262)**	**56,949,795**
Payable to investors of the consolidated trusts-current	16,193,159	—	—	—	(6,270,600)	9,922,559
Convertible senior notes-current	—	1,019,130	—	—	—	1,019,130
Guarantee liabilities-stand ready	2,314,865	—	—	—	—	2,314,865
Guarantee liabilities-contingent	1,872,149	—	—	—	—	1,872,149
Income tax payable	655,112	—	411,872	16,192	—	1,083,176
Payable to investors of the consolidated trusts-noncurrent	9,930,000	—	—	—	—	9,930,000
Convertible senior notes-noncurrent	—	1,583,213	—	—	—	1,583,213
Intercompany payables	4,139,170	—	8,729,926	7,481,544	(20,350,640)	—
Total liabilities	**39,421,603**	**2,728,320**	**9,428,716**	**7,835,353**	**(26,621,240)**	**32,792,752**
Total equity	**23,693,688**	**24,114,915**	**16,105,749**	**22,058,713**	**(61,816,022)**	**24,157,043**

	For the Year Ended December 31, 2024					
	The VIEs and the VIEs' Subsidiaries	The Company	The WFOE	Other Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Cash and cash equivalents	4,005,463	274,514	882	171,557	—	4,452,416
Restricted cash	2,353,384	—	—	—	—	2,353,384
Security deposit prepaid to third-party guarantee companies	162,617	—	—	—	—	162,617
Short term investments	222	493,947	7,299	2,892,604	—	3,394,073
Accounts receivable and contract assets, net	1,003,079	—	—	1,238,583	—	2,241,662
Financial assets receivable, net	1,724,691	—	—	—	—	1,724,691
Loans receivable, net	29,252,177	—	—	—	—	29,252,177
Land use right, net	956,738	—	—	—	—	956,738
Intercompany receivables	9,121,175	3,016,777	2,483,739	2,490,196	(17,111,887)	—
Investment in subsidiaries	—	20,393,966	(688,464)	18,916,637	(38,622,139)	—
Net assets of the VIEs and the VIEs' subsidiaries	—	—	22,077,311	2,201,000	(24,278,311)	—
Total assets	**51,940,322**	**24,191,284**	**23,949,122**	**28,064,227**	**(80,012,337)**	**48,132,618**
Payable to investors of the consolidated trusts-current	10,389,454	—	—	—	(2,201,000)	8,188,454
Guarantee liabilities-stand ready	2,383,202	—	—	—	—	2,383,202
Guarantee liabilities-contingent	1,820,350	—	—	—	—	1,820,350
Income tax payable	618,932	—	401,320	20,435	—	1,040,687
Payable to investors of the consolidated trusts-noncurrent	5,719,600	—	—	—	—	5,719,600
Intercompany payables	4,897,887	—	4,826,527	7,387,474	(17,111,888)	—
Total liabilities	**29,806,836**	**1,241**	**5,720,949**	**7,670,261**	**(19,312,888)**	**23,886,399**
Total equity	**22,133,486**	**24,190,043**	**18,228,173**	**20,393,966**	**(60,699,449)**	**24,246,219**

	For the Year Ended December 31, 2023					
	The VIEs and the VIEs' Subsidiaries	The Company	The WFOE	Other Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Cash and cash equivalents	4,037,256	2,636	114,897	23,101	—	4,177,890
Restricted cash	3,381,107	—	—	—	—	3,381,107
Security deposit prepaid to third-party guarantee companies	207,071	—	—	—	—	207,071
Accounts receivable and contract assets, net	2,417,490	—	—	638,750	—	3,056,240
Financial assets receivable, net	3,118,873	—	—	—	—	3,118,873
Loans receivable, net	27,502,492	—	—	—	—	27,502,492
Land use right, net	977,461	—	—	—	—	977,461
Intercompany receivables	2,559,164	—	1,571,102	2,728,150	(6,858,416)	—
Investment in subsidiaries	—	21,933,951	3,202,302	18,841,758	(43,978,011)	—
Net assets of the VIEs and the VIEs' subsidiaries	—	—	19,719,425	—	(19,719,425)	—
Total assets	**47,389,071**	**21,952,789**	**24,695,812**	**22,336,752**	**(70,555,852)**	**45,818,572**
Payable to investors of the consolidated trusts-current	8,942,291	—	—	—	—	8,942,291
Convertible senior notes-current						
Guarantee liabilities-stand ready	3,949,601	—	—	—	—	3,949,601
Guarantee liabilities-contingent	3,207,264	—	—	—	—	3,207,264
Income tax payable	648,893	—	79,806	13,511	—	742,210
Payable to investors of the consolidated trusts-noncurrent	3,581,800	—	—	—	—	3,581,800
Convertible senior notes-noncurrent						
Intercompany payables	4,276,218	14,153	2,364,791	203,254	(6,858,416)	—
Total liabilities	**27,597,272**	**15,306**	**2,651,752**	**402,801**	**(6,858,416)**	**23,808,715**
Total equity	**19,791,799**	**21,937,483**	**22,044,060**	**21,933,951**	**(63,697,436)**	**22,009,857**

Selected Condensed Consolidating Cash Flows Information

	For the Year Ended December 31, 2025					
	The VIEs and the VIEs' Subsidiaries	The Company	The WFOE	Other Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Net cash provided by (used in) operating activities	7,865,447	4,301,079	3,137,115	5,381,757	(9,601,650)	11,083,748
Net cash (used in) provided by investing activities	(13,613,439)	(784,649)	1,423,634	(540,720)	433,130	(13,082,044)
Net cash provided by (used in) financing activities	5,227,958	(3,217,476)	(4,547,338)	(3,847,799)	9,168,520	2,783,865

	For the Year Ended December 31, 2024					
	The VIEs and the VIEs' Subsidiaries	The Company	The WFOE	Other Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Net cash provided by operating activities	6,036,201	7,981,614	7,294,507	8,964,299	(20,933,310)	9,343,311
Net cash (used in) provided by investing activities	(4,641,892)	(3,523,461)	1,049,614	592,485	(1,470,827)	(7,994,081)
Net cash used in financing activities	(2,453,608)	(4,236,127)	(8,458,395)	(9,370,470)	22,404,137	(2,114,463)

	For the Year Ended December 31, 2023					
	The VIEs and the VIEs' Subsidiaries	The Company	The WFOE	Other Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Net cash provided by operating activities	5,685,945	800,998	985,396	1,376,011	(1,730,000)	7,118,350
Net cash (used in) provided by investing activities	(11,065,537)	319,382	(105,735)	(618,160)	322,261	(11,147,789)
Net cash provided by (used in) financing activities	3,013,752	(1,593,907)	(940,000)	(821,126)	1,407,739	1,066,458

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

An investment in our ADSs involves significant risks. Below is a summary of material risks we face, organized under relevant headings. These risks are discussed more fully below in "Item 3. Key Information—D. Risk Factors."

Risks Related to Our Business and Industry

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

- The Credit-Tech industry is rapidly evolving, which makes it difficult to effectively assess our future prospects;
- We have a limited operating history and are subject to credit cycles and the risk of deterioration of credit profiles of borrowers;
- We are subject to uncertainties surrounding regulations and administrative measures of the loan facilitation business. If any of our business practices are deemed to be non-compliant with applicable laws and regulations, our business, financial condition and results of operations would be adversely affected;
- We are subject to uncertainties surrounding regulations and administrative measures of micro-lending business and financing guarantee business. If any of our business practices are deemed to be non-compliant with such laws and regulations, our business, financial condition and results of operations would be adversely affected;
- We are subject to uncertainties surrounding regulations and administrative measures of credit reporting business. If any of our business practices is deemed to be non-compliant with such laws and regulations, our business, financial condition and results of operations would be materially and adversely affected;
- The pricing of loans facilitated through our platform may be deemed to exceed interest rate limits imposed by regulations;
- Our transaction process may result in misunderstanding among borrowers;
- Fraudulent activity on our platform could negatively impact our operating results, brand and reputation and cause the use of loan products facilitated by us and our services to decrease;
- We rely on our proprietary credit profiling model in assessing the creditworthiness of borrowers and the risks associated with loans. If our model is flawed or ineffective, or if we otherwise fail or are perceived to fail to manage the default risks of loans facilitated through our platform, our reputation and market share would be materially and adversely affected, which would severely impact our business and results of operations;
- We rely on our risk management team to establish and execute our risk management policies. If our risk management team or key members of such team were unable or unwilling to continue in their present positions, our business may be severely disrupted;
- Our expansion into international markets exposes us to significant risks. We may be unable to establish a viable business model that meets local market demand due to our limited understanding of these markets and the capabilities of our local teams, and our business practices may be subject to challenge by local regulators;
- If we are unable to protect the private information of our users and adapt to the relevant regulatory framework as to protection of such information, our business and operation may be adversely affected; and
- Our business is subject to complex and evolving PRC laws and regulations regarding data privacy and cybersecurity, as such regulations and laws are newly promulgated, many of which are subject to further interpretation. Any changes in these laws and regulations have caused and could continue to cause changes to our business practices and increase costs of operations, and any security breaches or our actual or perceived failure to comply with such laws and regulations could result in claims, penalties, damages to our reputation and brand, declines in user growth or engagement, or otherwise harm our business, results of operations and financial condition.

Risks Related to Our Corporate Structure

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

- We are a Cayman Islands holding company with no equity ownership in the VIEs and we conduct our operations in China through (i) our PRC subsidiaries and (ii) the VIEs, with which we have maintained contractual arrangements. Investors in our ADSs thus are not purchasing equity interest in the VIEs in China but instead are purchasing equity interest in a Cayman Islands holding company. If the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC laws and regulations, or if these regulations or their interpretations change 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, the VIEs, 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 VIEs and, consequently, significantly affect the financial performance of the VIEs and our company as a whole. The PRC regulatory authorities could disallow the VIEs structure pursuant to the new regulations promulgated by the PRC government, which would likely result in a material adverse change in our operations, and our class A ordinary shares or our ADSs may decline significantly in value;

- We rely on contractual arrangements with the VIEs and the shareholders of the VIEs for all of our business operations, which may not be as effective as direct ownership in providing operational control; and

- Any failure by the VIEs or the shareholders of the VIEs to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business.

Risks Related to Doing Business in China

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

- The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections;

- Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment;

- The PRC government exerts significant oversight and discretion over our business operation. Any failure to comply with PRC laws and regulations, and any requirement for us to adjust our operations due to changing laws and regulations, could result in a material adverse impact to our business and the value of the ADSs; and

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

Risks Related to the ADSs and our class A ordinary shares

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

- We adopt different practices as to certain matters as compared with many other companies listed on the Hong Kong Stock Exchange; and

- The trading prices for our listed securities have been and are likely to continue to be volatile.

Risks Related to Our Business and Industry

The Credit-Tech industry is rapidly evolving, which makes it difficult to effectively assess our future prospects.

The Credit-Tech industry in the PRC is in a developing stage. The regulatory framework for this market is also evolving and may remain uncertain for the foreseeable future. In addition, the Credit-Tech industry in China has not witnessed a full credit cycle. The market players in the industry, including us, may not be able to respond to the change of market situations effectively and maintain steady business growth when the industry enters a different stage. In addition, we cannot assure you that a contraction in the availability of funds will not happen at later stages of the credit cycle. As such, we may not be able to sustain our historical growth rate in the future.

You should consider our business and prospects in light of the risks and challenges we encounter or may encounter given the rapidly evolving market in which we operate, along with our limited operating history. These risks and challenges include our ability to, among other things:

- offer competitive products and services;
- broaden our prospective borrower base;
- increase the utilization of our products by existing borrowers as well as new borrowers;
- maintain and enhance our relationship and business collaboration with our partners;
- maintain low delinquency rates of loans we facilitated;
- develop and maintain cooperative relationships with financial institution partners to secure sufficient, diversified, cost-efficient funding to the drawdown requests;
- continue to develop, maintain and scale our platform and sustain our historical growth rates;
- continue to develop and improve the effectiveness, accuracy and efficiency of our proprietary credit assessment and profiling technologies;
- navigate through a complex and evolving regulatory environment;
- improve our operational efficiency and profitability;
- attract, retain and motivate talented employees to support our business growth;
- enhance our technology infrastructure to support the growth of our business and maintain the security of our system and the confidentiality of the information provided and utilized across our system;
- navigate through economic conditions and fluctuations; and
- defend ourselves against legal and regulatory actions, such as actions involving intellectual property or privacy claims.

We have a limited operating history and are subject to credit cycles and the risk of deterioration of credit profiles of borrowers.

We were established in 2016 and officially launched our capital-light model in May 2018. Our business is subject to credit cycles associated with the volatility of the general economy and with the trends of the Credit-Tech industry in China. As we have a limited operating history, we have not experienced a full credit cycle in China.

As of December 31, 2023, 2024 and 2025, the 90 day+ delinquency rate for all loans facilitated through our platform, including those under credit-driven services and platform services, was 2.35%, 2.09% and 2.71%, respectively. The decrease from 2023 to 2024 was primarily attributable to our proactive tightening of overall credit standards, despite continued macroeconomic headwinds. The subsequent increase from 2024 to 2025 was mainly due to the industry-wide adjustments as a result of regulatory changes in the consumer credit industry in China. Since April 2025, PRC regulatory authorities have issued measures and policies on the consumer credit industry, including those imposing interest rate caps on certain internet consumer lending products. As a result, the consumer credit industry experienced a significant liquidity squeeze, particularly in the second half of 2025, leading to increased pressure on our own risk performances. For more details, see "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Loan Performance Data—90 day+ delinquency rates." To effectively manage credit risks, we have taken multiple initiatives aimed at improving the overall quality of our business. These include ongoing optimization of our loan mix, tightening credit assessment standards, increasing the proportion of higher-quality borrowers, and continued efforts on collection. We also expect to continue focusing on enhancing our technology and credit assessment capabilities and fine-tuning our services and solutions to address financial institution partners' evolving needs and risk preferences. However, there can be no assurance that these initiatives will be sufficient to manage our risk exposure in an effective manner.

If economic conditions deteriorate, regulatory environment changes adversely, or any event beyond our control occurs to our operation, we may face an increased risk of borrower default or delinquency, which could result in lower returns or even losses. In the event that the creditworthiness of borrowers deteriorates, or we cannot track the deterioration of their creditworthiness, the criteria we use for the analysis of user credit profiles may be rendered inaccurate, and our credit profiling system may be subsequently rendered ineffective. This in turn may lead to higher default rates and adversely impact our results of operations.

In addition, deterioration in borrowers' creditworthiness, or increase in our delinquency rate may discourage our financial institution partners from cooperating with us. If our financial institution partners choose to adopt a tight credit approval and drawdown funding policy, our ability to secure funding will be materially restricted.

We are subject to uncertainties surrounding regulations and administrative measures of the loan facilitation business. If any of our business practices are deemed to be non-compliant with applicable laws and regulations, our business, financial condition and results of operations would be adversely affected.

The laws and regulations governing the loan facilitation business are evolving, and uncertainties exist with respect to their interpretation and implementation. Since 2017, the PRC government and relevant regulatory authorities have issued various laws and regulations governing the loan facilitation business, including, among others, (i) the Notice on Regulating and Rectifying "Cash Loan" Business issued on December 1, 2017, or Circular 141, which introduces the regulating guidance on cash loan businesses including online micro-lending companies, P2P platforms and banking financial institutions, (ii) the Interim Measures for Administration of Internet Loans Issued by Commercial Banks, provides that "core risk management functions such as credit granting approval and contract conclusion shall be independently and effectively carried out by the commercial bank," and (iii) the Supplementary Provisions on the Supervision and Administration of Financing Guarantee Companies promulgated on October 9, 2019, or the Supplementary Financing Guarantee Provisions, which further require that institutions providing services such as borrower recommendation and credit assessment for various lending institutions, including us as a Credit-Tech company, shall not provide, directly or in a disguised form, financing guarantee services without prior approval. For a discussion of the related laws and regulations, please see "Item 4. Information on the Company—B. Business Overview—Regulation—Regulation on Online Finance Services Industry—Regulations on the business of loan facilitation" and "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Financing Guarantee."

We have experienced, and may from time to time be required to make adjustments to our operations in order to maintain compliance with changes in laws, regulations and policies. However, we may still be deemed non-compliant with these regulations or other rules in the following aspects of our business:

- *Guarantee practice.* Currently, third-party guarantee companies or the licensed VIE provides guarantee or other credit enhancement services to our financial institution partners. We engage third-party guarantee companies to provide guarantee services, and we, under certain circumstances, provide back-to-back guarantees for external guarantee companies. We currently provide back-to-back guarantees only through the licensed VIE. As advised by our PRC legal counsel, our back-to-back guarantee model is not prohibited by Circular 141, because we have not directly provided guarantee to banking financial institutions. However, in the absence of authoritative interpretation of Circular 141, we cannot assure you that all the PRC regulatory authorities will have the same view as our PRC legal counsel on this issue. Moreover, given the lack of further interpretations, the exact definition and scope of "providing financing guarantee business in a disguised form" under the Supplementary Financing Guarantee Provisions is unclear. Therefore, we cannot be certain that our back-to-back guarantee model will not be determined to be in violation of the Supplementary Financing Guarantee Provisions. For additional information on potential risk related to compliance with the leverage ratio limits for financing guarantee business, please see "—We are subject to uncertainties surrounding regulations and administrative measures of micro-lending business and financing guarantee business. If any of our business practices are deemed to be non-compliant with such laws and regulations, our business, financial condition and results of operations would be adversely affected."

- *Payment.* We have adopted a payment model and applied it to our cooperation with all financial institution partners. Under our payment model, we do not charge interests to borrowers for loans funded by our financial institution partners; instead, we charge service fees to financial institutions. In certain cases, some financial institution partners further engage us and a third-party payment system service provider to together arrange payment clearance, pursuant to which borrowers first repay to a third-party payment system and we work together with the payment system service provider to split the total repayment amount, including principal, interest and service fees, to the portions that financial institution partners and we are each entitled to. The third-party payment service providers are engaged per our financial institution partners' request and are mainly for the purpose of general payment processing and clearance. We do not charge any fees from borrowers under our payment model for loans funded by our financial institution partners. As advised by our PRC legal counsel, such payment model does not violate Circular 141 or the Interim Measures for Administration of Internet Loans Issued by Commercial Banks. However, in the absence of authoritative interpretation of Circular 141 and given substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations, we cannot assure you that PRC regulatory authorities will share this view.

In April 2025, National Financial Regulatory Administration issued the Notice on Strengthening the Management of Internet Loan Facilitation Business of Commercial Banks and Improving the Quality and Efficiency of Financial Services, which officially introduced a "whitelist" system for loan facilitation platforms. If we fail to be included or maintained on the whitelist of our partnering commercial banks due to compliance, operational, or other reasons, our financial institution partners may cease their cooperation with us. The Notice also requires that the comprehensive financing costs paid by borrowers for a single loan should comply with relevant provisions issued by the Supreme People's Court, which effectively limits such comprehensive costs to an annualized rate of 24% under judicial protection. For detailed risks regarding the pricing caps please see "—The pricing of loans facilitated through our platform may be deemed to exceed interest rate limits imposed by regulations."

If our products or services are deemed to be non-compliant with the PRC laws and regulations, we may need to further adjust our practices and our business operations may be negatively impacted.

Therefore, if our financial institution partners cease to fund the loans, either on a temporary basis to await more clarity on the new regulatory environment, or on a permanent basis for non-compliance concerns, our operation will be adversely impacted. If fewer financial institutions are willing to fund the loans, the competition for funding may become more intense, and the cost of funding may increase, which may adversely impact our results of operations.

Besides, in April 2021, we and 12 other major financial technology platforms were invited to meet with the People's Bank of China, the China Banking and Insurance Regulatory Commission, the CSRC, SAFE and other financial regulators to discuss the operations and compliance practice of these platforms' internet financial businesses in China. We have been making rectifications and adjustments to our operations to address the issues discussed during the meeting and results of our self-examination according to the guidance provided by the regulators. We have substantially completed the rectification measures based on our self-examination results according to the guidance provided by the relevant authorities. The regulatory authorities have reviewed our rectification measures in general. Since January 2023, the regulatory authorities have moved on to the regular regulatory supervision status from the self-examination and rectification status with respect to regulating these major financial technology platforms, including us. Our rectification results remain subject to the regulators' regular supervision, and we cannot assure you that the measures we have taken and rectifications we have made will satisfy the requirements from the regulators. If the regulators deem our rectification efforts to be insufficient or unsatisfactory, we may face further rectification orders or other administrative actions, in which case our business and operations may be materially and negatively affected.

We are subject to uncertainties surrounding regulations and administrative measures of micro-lending business and financing guarantee business. If any of our business practices are deemed to be non-compliant with such laws and regulations, our business, financial condition and results of operations would be adversely affected.

A portion of loans facilitated on our platform are funded by Fuzhou Microcredit, the subsidiary of Shanghai Qiyu, one of the VIEs. We also provide financing guarantees to our financial institution partners through Fuzhou Financing Guarantee for some loans we facilitate. As a result, we are subject to a complex and evolving body of regulations in relation to these businesses.

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. The regulations set forth that the outstanding guarantee liabilities of a financing guarantee company shall not exceed ten times its net assets, and that the balance of outstanding guarantee liabilities for the same guaranteed party shall not exceed 10% of a financing guarantee company's net assets, while the balance of outstanding guarantee liabilities for the same guaranteed party and its affiliated parties shall not exceed 15% of a financing guarantee company's net assets.

On November 2, 2020, the China Banking and Insurance Regulatory Commission and the People's Bank of China published the Interim Measures for the Administration of Online Micro-Lending Business (Draft for Comments), adding new requirements to online micro-lending business. In particular, the draft, among other things, strengthens the condition for licensing and other approvals for conducting online micro-lending business. Pursuant to the draft, to the extent a micro-lending company engages in online micro-lending business, said business shall mainly be carried out within the provincial-level administrative region to which its place of registration belongs, and shall not operate beyond such region without the approval of the banking regulator under the State Council. On December 31, 2021, the People's Bank of China issued the Regulations on Local Financial Supervision and Administration (Draft for Comments), which reaffirm that local financial organizations (including micro-lending companies and financing guarantee companies) are required to operate business within the area approved by the local financial regulatory authority, and are not allowed to conduct business across provinces in principle.

On December 31, 2024, the National Financial Regulatory Administration of the PRC issued the Interim Administrative Measures for Micro-Lending Companies. The measures (i) clarify the business scope of micro-lending companies and the loan concentration ratio requirements, and optimize the upper limit standard for single-household loan balances; (ii) prohibit the leasing or lending of licenses and other non-compliant "channel" businesses; (iii) regulate external financing by strictly enforcing leverage ratio indicators and specifying the conditions for microfinance companies to issue bonds and asset securitization products; (iv) standardize the business systems of micro-lending companies, requiring them to meet conditions such as full-process online operations, a robust risk control system, and compliance with network and information security management requirements; (v) require that micro-lending companies file its websites, apps, or mini-programs with local financial regulatory authorities; and (vi) provide a transition period, which shall not exceed two years in principle to gradually meet all the requirements stipulated in the measures. In December 2025, the Guidelines on the Management of Comprehensive Financing Costs of Micro-lending Companies were issued to local financial regulatory authorities, directing micro-lending companies to gradually transition their loan pricing toward the Quadruple LPR Limit, or 4x LPR cap. For a detailed discussion on the phase-down timetable and its potential impact on our business, please see "—The pricing of loans facilitated through our platform may be deemed to exceed interest rate limits imposed by regulations." We will closely monitor the regulatory requirements, seek guidance from regulatory authorities, and take applicable measures in a timely manner to ensure our compliance with the laws and regulations applicable to us. We may incur costs and expenses to ensure compliance and to make necessary changes to our internal policies and practices to maintain compliance with the laws and regulations applicable to us in the future.

Fuzhou Microcredit has obtained the approval to operate micro-lending businesses from the competent supervising authority, which allows Fuzhou Microcredit to conduct micro-lending businesses through the internet. As of the date of this annual report, Fuzhou Microcredit had increased its registered capital to RMB5 billion, which has been fully paid. Currently, Fuzhou Microcredit can conduct cross-province business with its valid license. However, if the Interim Measures for the Administration of Online Micro-Lending Business (Draft for Comments) were to be adopted in its current form, Fuzhou Microcredit may need to obtain the legal approval of the banking regulator under the State Council in order to engage in online micro-lending business across provincial-level administrative regions. The specific rules for licensing or approvals for cross-province online micro-lending business are yet to be formulated as of the date of this annual report. We cannot assure you that, if the authorities later promulgate such rules for micro-lending business or other rules imposing licensing or approval requirements on financing guarantee business, Fuzhou Microcredit or Fuzhou Financing Guarantee will be qualified for such licenses or approvals in accordance with the requirements thereunder. If we fail to obtain the regulatory approvals to further increase the registered capital or to establish additional online micro-lending companies if needed, we may not be able to obtain sufficient funding to fulfill our future growth needs. From time to time, we may need additional licenses to operate our business. Failure to obtain, renew, or retain requisite licenses, permits or approvals may adversely affect our ability to conduct or expand our business.

Furthermore, Fuzhou Microcredit and Fuzhou Financing Guarantee are subject to the laws, regulations, policies and measures in Fujian in respect of registered capital, loan-to-capital, leverage ratios, or other requirements. We may be subject to regulatory warnings, correction orders, condemnation and fines and may be required to further adjust our business if any of our micro-lending and financing guarantee companies is deemed to have violated national, provincial or local laws and regulations or regulatory orders and guidance.

We are subject to uncertainties surrounding regulations and administrative measures of credit reporting business. If any of our business practices is deemed to be non-compliant with such laws and regulations, our business, financial condition and results of operations would be materially and adversely affected.

The PRC government has adopted several regulations governing personal and enterprise credit reporting businesses. These regulations include the Regulation for the Administration of Credit Reporting Industry enacted by the State Council and effective in March 2013, and the Management Rules on Credit Agencies issued by the People's Bank of China, in the same year. According to the Regulation for the Administration of Credit Reporting Industry, "credit reporting business" refers to the gathering, organizing, preserving and processing of credit information on organizations such as enterprises and public service units and individuals, as well as distribution of such information to information users, and a "credit reporting agency" refers to credit reporting entity established in accordance with law and mainly engaged in credit reporting business. Entities engaged in personal/enterprise credit reporting business without such approval/completing filing formality may be subject to fine or criminal liability.

In addition, the Administrative Measures for Credit Reporting Business issued by the People's Bank of China on September 27, 2021 and effective on January 1, 2022, or 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 results 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 apply 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 measures. The measures provide for an 18-month grace period from their effectiveness date for organizations that engage in credit reporting business to obtain the credit reporting business license and comply with its other provisions. Furthermore, on July 7, 2021, the Credit Information System Bureau of the People's Bank of China further issued the Notice Relating to Disconnecting Direct Connection to 13 internet platforms including us, requiring the internet platforms to achieve a complete "disconnected direct connection" in terms of personal information with financial institutions, meaning that the direct flow of personal information from internet platforms that collect such information to financial institutions is prohibited.

Historically, we provided preliminary credit assessment assistance directly to financial institution partners which mainly depended on the evaluation of information regarding personal credit status. Such practice may be deemed as engaging in credit reporting business or credit reporting function services by the PRC authorities. To comply with the Credit Reporting Measures and the Notice Relating to Disconnecting Direct Connection, we have involved three licensed credit reporting institutions and have substantially completed our business adjustments with respect to disconnecting direct connection for credit reporting as of the date of this annual report. In particular, we have entered into collaboration agreements with three licensed credit reporting institutions to ensure the flow of personal information complies with the requirements of the Credit Reporting Measures and the Notice Relating to Disconnecting Direct Connection. However, there remain uncertainties with respect to the interpretation and implementation of the Credit Reporting Measures. Therefore, we cannot rule out the possibility that some aspects of our business may subsequently be deemed as noncompliant and be required to be ceased or adjusted in a way that will have a negative impact on our business and prospects. If our credit assessment assistance is prohibited, it may affect the collaboration between us and our financial institution partners. If we are prohibited from conducting our credit assessment, our operation will be adversely affected. The lack of clear guidance under, and the uncertainty associated with, the Credit Reporting Measures may also result in substantial compliance cost incurred by us.

We will closely monitor the regulatory requirements, seek guidance from regulatory authorities and take applicable measures in a timely manner to ensure our compliance with the laws and regulations applicable to us. We may incur costs and expenses to ensure compliance and to make necessary changes to our internal policies and practices to maintain compliance with the laws and regulations applicable to us in the future. According to the Notice Relating to Disconnecting Direct Connection, the Credit Reporting Measures and other related laws and regulations, any failure or perceived failure by us to meet the requirements may subject us to fine or criminal liability, which could have an adverse effect on our business, financial condition and results of operations. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Credit Reporting Business" for details.

The pricing of loans facilitated through our platform may be deemed to exceed interest rate limits imposed by regulations.

Circular 141 requires online platforms, micro-lending companies and other entities to charge synthetic fund costs, including the interest and fees paid by the borrowers, in compliance with the rules provided by the Supreme People's Court, and such costs shall be within the legally allowed annualized interest rate for private lending. According to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases promulgated on September 1, 2015, in the event that the sum of the annualized interest that lenders charge and the fees we and our financial institution partners charge exceeds the 24% limit, and borrowers refused to pay the portion that exceeds the 24% limit, PRC courts would not uphold our request to demand the portion of the fees that exceeds the 24% limit from such borrowers. If the sum of the annualized interest that lenders charge and the fees we and our financial institution partners charge exceeds 36%, the portion that exceeds the 36% limit is invalid. The Supreme People's Court issued the Several Opinions on Further Strengthening the Judicial Work in the Finance Sector in August 2017, if an online lending information intermediary and a lender intentionally collude to evade the interest rate ceiling as set out by the law through disguising loan interest as loan facilitation service fees, then such arrangements shall be declared invalid. On July 22, 2020, the Supreme People's Court and the National Development and Reform Commission, or the NDRC, jointly released the Opinions on Providing Judicial Services and Safeguards for Accelerating the Improvement of the Socialist Market Economic System for the New Era. The opinions set out that if the interest and fees, including interest, compound interest, penalty interest, liquidated damages and other fees, claimed by one party to the loan contract exceed the upper limit under judicial protection, the claim will not be supported by the court, and if the parties to the loan disguise the financing cost in an attempt to circumvent the upper limit, the rights and obligations of all parties to the loan will be determined by the actual loan relationship.

On December 29, 2020, the Supreme People's Court issued the Decision on Amending the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Private Lending Cases, or the Judicial Interpretation Amendment, which amended the upper limit of private lending interest rates under judicial protection. According to the Judicial Interpretation Amendment, if the service fees or other fees that we charge are deemed to be loan interest or fees related to loans (inclusive of any default rate and default penalty and any other fee), in the event that the sum of the annualized interest that lenders charge and fees we and our financial institution partners charge exceeds four times the one-year Loan Prime Rate at the time of the establishment of the agreement, which we refer to as the Quadruple LPR Limit, borrowers may refuse to pay the portion that exceeds the Quadruple LPR Limit. In that case, PRC courts will not uphold our request to demand the payment of fees that exceed the Quadruple LPR Limit from such borrowers. If borrowers have paid the fees that exceed the Quadruple LPR Limit, such borrowers may request us to refund the portion exceeding the Quadruple LPR Limit and the PRC courts may uphold such requests.

On December 29, 2020, the Supreme People's Court issued the Reply to Issues Concerning the Scope of Application of the New Judicial Interpretation on Private Lending, which clarifies that seven types of local financial organizations, including micro-lending companies, financing guarantee companies, regional equity markets, pawnshops, financing lease companies, commercial factoring companies and local asset management companies under the regulation of local financial regulatory authorities, are financial institutions established upon approval by financial regulatory authorities. The Judicial Interpretation Amendment is not applicable to disputes arising from their engagement in relevant financial businesses.

Although the Judicial Interpretation Amendment and the Reply to Issues Concerning the Scope of Application of the New Judicial Interpretation on Private Lending provide that they do not apply to licensed financial institutions, including micro-lending companies that conduct loan business, there remain uncertainties in the interpretation and implementation of the amendment, including whether licensed financial institutions may be subject to its jurisdiction under Circular 141 or in certain circumstances, the basis of the calculation formula used to determine the interest limit, the scope of inclusion of related fees and insurance premiums, as well as inconsistencies between the standard and level of enforcement by different PRC courts. We cannot assure you that there will not be interpretations of the Judicial Interpretation Amendment expanding its jurisdiction to cover licensed financial institutions, nor can we guarantee that there will not be any changes to the detailed calculation formula used to determine the interest limit, that our future fee rates will not be lowered as a result of the Quadruple LPR Limit, or that the Quadruple LPR Limit will not be applied to our historical and legacy products where the related dispute cases are accepted by PRC courts of first instance on or after August 20, 2020. In such cases, we and our financial institution partners may be required to repay certain borrowers if our historical and legacy loan products are deemed to have violated the applicable laws and regulations concerning the limit of lending interest and fee rates. Our business, results of operations and financial condition may therefore be materially and adversely affected by the implementation of the Judicial Interpretation Amendment.

In addition to rules, opinions and decisions issued by the PRC courts, we and our financial institution partners are also subject to regulatory agencies' requirements, supervision or guidance. Recently, regulatory authorities have enforced comprehensive financing cost limits on consumer loans funded by both commercial banks and micro-lending companies.

The Notice on Strengthening the Management of Internet Loan Facilitation Business of Commercial Banks and Improving the Quality and Efficiency of Financial Services was issued in April 2025 and subsequently became effective in October 2025. This notice requires that the comprehensive financing costs of internet loans funded by commercial banks comply with the relevant rules of the Supreme People's Court, thereby effectively imposing a 24% annualized rate cap in judicial practice.

The Guidelines on the Management of Comprehensive Financing Costs of Micro-lending Companies were jointly promulgated by People's Bank of China and National Financial Regulatory Administration in December 2025, and issued to local financial regulatory authorities, directing micro-lending companies to gradually transition their loan pricing toward the Quadruple LPR Limit, in principle, by the end of 2027. This guideline will apply to the loans originated by our micro-lending company. The aforementioned one-year Loan Prime Rate refers to the one-year loan market quoted interest rate issued by the National Bank Interbank Funding Center on the 20th of each month starting from August 20, 2019, and the one-year loan market quoted interest rate issued by the National Bank Interbank Funding Center on February 24, 2026 was 3.0%. We cannot assure you that the one-year loan market quoted interest rate and the Quadruple LPR Limit will not decrease further in the future.

The Provisions on Explicitly Disclosing Comprehensive Financing Costs for Personal Loan Business, promulgated in March 2026, further tighten the transparency requirements to prominently disclose the annualized comprehensive financing cost to borrowers, and strictly prohibiting the collection of any undisclosed fees.

Currently, we adhere to the regulatory requirement that no new loan originated or facilitated through our platform should have an IRR exceeding 24% upon scheduled repayments. Furthermore, we are in continuous consultation with relevant regulators to gradually transition towards the Quadruple LPR Limit for loans funded by Fuzhou Microcredit, in accordance with the regulatory phase-down timeline. In the future, we may adjust the loan pricing from time to time as a result of further regulatory requirements or changes in our business strategies. There may be new regulations, requirements, supervision or guidance in the future from regulatory authorities. In addition, PRC regulatory authorities may from time to time issue informal guidance or administrative direction, which may impose additional requirements or restrictions on our business practices. We cannot assure you that we will be able to predict or anticipate these guidances or directions. If we are unable to keep up with the evolvement of regulations and maintain compliance or are deemed to price loans at a rate that exceeds the regulatory limits or fail to meet the mandatory phase-down schedule to the Quadruple LPR Limit, we could be ordered to suspend, rectify or terminate our practices or operations, subject to cancelation of qualifications, or ordered to relinquish the excessive portion of the interest income. If any of these occurs, our business, financial condition, results of operations and our cooperation with financial institution partners could be materially and adversely affected. See also "—We are subject to uncertainties surrounding regulations and administrative measures of the loan facilitation business. If any of our business practices are deemed to be non-compliant with applicable laws and regulations, our business, financial condition and results of operations would be adversely affected."

Our transaction process may result in misunderstanding among borrowers.

Our paperless transaction process is facilitated primarily on our mobile platform. While such transaction process is streamlined and convenient, it involves certain inherent risks. Borrowers may not read the electronic agreements closely, which may result in misunderstanding of certain terms and conditions. Furthermore, information in our product promotion materials and our app may result in misunderstanding among borrowers and be deemed misleading. For instance, we utilize the internal rate of return methodology to calculate the total interest and service fees to be paid by borrowers and to determine the pricing of loan products facilitated by us. Despite the fact that we have disclosed our fee structure in the agreements with borrowers and display on our mobile platform how service fees are calculated using the internal rate of return, they may overlook or misunderstand such service fees, interest rates and other fees, and calculate the total interest and service fees utilizing a different methodology, which may result in misunderstanding of our fee structure. If the government authorities and the courts determine that the interest rate disclosed in our product promotion and our app is misleading, the courts may support the borrower's request to rescind the agreement or determine a lower interest and service fee to be paid by the borrower, and we may be subject to fines and penalties by the courts and government authorities for the misleading promotion. In addition, such misunderstanding may arouse negative publicity and complaints among borrowers, harm our brand name and reputation and in turn hurt our ability to retain and attract borrowers, which could have a material adverse effect on our business, financial condition and results of operations.

Fraudulent activity on our platform could negatively impact our operating results, brand and reputation and cause the use of loan products facilitated by us and our services to decrease.

We are subject to the risk of fraudulent activity associated with prospective borrowers and parties handling information on borrowers or financial institution partners. Our resources, technologies and fraud detection tools may be insufficient to accurately detect and prevent fraud. Even if we identify fraudulent prospective borrower and reject his/her credit application, such prospective borrower may re-apply by using fraudulent information. We may fail to identify such behavior, despite our measures to verify personal identification information provided by prospective borrowers. Furthermore, we may not be able to recoup funds underlying transactions made in connection with fraudulent activities. A significant increase in fraudulent activities could negatively impact our brands and reputation, discourage financial institution partners from collaborating with us, reduce the number of transactions facilitated from borrowers and lead us to take additional steps to reduce fraud risk, which could increase our costs. High profile fraudulent activity could even lead to regulatory intervention and may divert our management's attention and cause us to incur additional expenses and costs.

We rely on our proprietary credit profiling model in assessing the creditworthiness of borrowers and the risks associated with loans. If our model is flawed or ineffective, or if we otherwise fail or are perceived to fail to manage the default risks of loans facilitated through our platform, our reputation and market share would be materially and adversely affected, which would severely impact our business and results of operations.

Our ability to attract users to, and build trust in, our platform is significantly dependent on our ability to effectively evaluate users' credit profiles and the likelihood of default based on the AI-powered Argus Engine. The AI-powered tool may be flawed or ineffective in processing the immense data and providing an accurate report. It may not adjust itself to the changes in the data patterns or macroeconomic situations. In addition, it may be breached, manipulated or otherwise compromised.

If any of the foregoing were to occur in the future, our financial institution partners may try to rescind their affected investments or decide not to invest in loans, or borrowers may seek to revise the terms of their loans or reduce the use of our platform for financing.

Meanwhile, as our Argus Engine becomes more familiar to the public and fraudulent users become better educated regarding the industry practice, it is possible that despite the iterative development of our anti-fraud and credit-scoring algorithm, our model becomes outdated and ineffective in detecting new fraud schemes or making accurate credit assessments. If that happens, our ability to control our delinquency rate will become substantially limited, which will adversely impact our business prospects and financial results.

We rely on our risk management team to establish and execute our risk management policies. If our risk management team or key members of such team were unable or unwilling to continue in their present positions, our business may be severely disrupted.

We rely on our risk management team to continually iterate and train our Argus Engine, which is the center of the establishment and execution of our credit profiling policies. Although our Argus Engine is equipped with machine learning capability and conducts self-learning and self-development all based on the data we have, we still rely on our risk management team to spot and fix potential errors and flaws in our Argus Engine. Meanwhile, the Credit-Tech market changes quickly and we may need to adjust our credit profiling principles from time to time to control our loss rate while maintaining the borrower base and securing satisfying returns for our financial institution partners. We rely on our risk management team to closely monitor the change in the market and our business, and update our credit profiling principles accordingly, which will be then used to train our Argus Engine. If our risk management team or key members of such team were unable or unwilling to continue in their present positions, we may have to incur additional time and monetary cost to find a replacement to our risk management team that fits us, and our result of business operation and financial status may be adversely and severely impacted.

Our expansion into international markets exposes us to significant risks. We may be unable to establish a viable business model that meets local market demand due to our limited understanding of these markets and the capabilities of our local teams, and our business practices may be subject to challenge by local regulators.

We started our overseas expansion in 2024 and have begun to extend our presence in several overseas markets. Expansion into international markets requires significant resources and management attention and subjects us to regulatory, economic, and political risks in addition to those we already face in China. There are significant challenges, risks and costs inherent in doing business in international markets, including:

- difficulty in establishing and managing international operations and the increased infrastructure, technology, and legal compliance costs associated with operations in different countries or regions;
- increased compliance costs associated with the local regulatory frameworks governing financial services, consumer lending, data protection, and technology services in each jurisdiction, which may differ significantly from those in China;
- the related costs to obtain and maintain licenses, permits, or registrations required to conduct our business in each jurisdiction;
- the ability to identify, secure, develop, and maintain stable, mutually beneficial relationships with reliable and suitable local partners, whose cooperation is essential for our successful market entry and sustained business growth;
- the dynamic and evolving regulatory landscape in certain targeted international markets may lead to changes in pricing requirements, which may challenge the sustainability of our business models in these jurisdictions;
- the need to adapt our products, services, risk models, and technology platforms for local markets as consumer preferences, credit environments, and financial infrastructure vary from country to country;
- the ability to attract, retain, and effectively manage qualified local personnel in markets where we have limited brand recognition as an employer;
- increased competition from established local and international providers of similar financial technology and credit services;
- compliance with anti-money laundering, counter-terrorism financing, and sanctions requirements in multiple jurisdictions;
- fluctuations in currency exchange rates and the requirements of foreign exchange control regulations; and
- political or social unrest, economic instability, or changes in government policy in the countries or regions in which we operate.

We have limited experience with international regulatory environments and market practices and may not be able to successfully operate in the markets we choose to enter. In addition, our international expansion may result in significant expenses, our return on investments may fall short of our expectation and we may find our business models are not commercially viable in these markets. If we are unable to manage these risks, our business, financial condition, and results of operations could be adversely affected.

If we are unable to protect the private information of our users and adapt to the relevant regulatory framework as to protection of such information, our business and operation may be adversely affected.

Our platform collects, stores and processes certain personal information and other sensitive data from users for the purpose of providing our services. We have obtained the explicit consents from users to use their personal information within the scope of authorization and we have taken technical measures to protect the security of such personal information and prevent personal information from being divulged, damaged or lost. However, we face risks inherent in handling and protecting personal information. In particular, we face a number of challenges relating to data generated from transactions and other activities on our platform, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behavior or improper use by our employees;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, storage, transfer, disclosure and security of personal information, which are subject to change and new interpretations, including any requests from regulatory and government authorities relating to such data.

We face the risk of security breaches or similar disruptions. Due to the data assets we have, our platform is an attractive target and potentially vulnerable to cyberattacks, computer viruses, physical or electronic break-ins or similar disruptions. Because techniques used to sabotage or obtain unauthorized access to systems evolve continually and frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative counter-measures. In addition to advances in technology, an increased level of sophistication and diversity of our products and services, an increased level of expertise of hackers, new discoveries in the field of cryptography or other risks can result in the compromise or breach of our websites or our apps. 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, user data or personal information could be stolen or misused, which could expose us to penalties or other administrative actions, time-consuming and expensive litigation and negative publicity, materially and adversely affect our business and reputation and deter potential users from using our products and financial institution partners from cooperating with us, any of which would have a material adverse impact on our results of operations, financial condition and business prospects.

In addition, we expect that data security and data protection compliance will receive greater attention and focus from regulators, both domestically and globally, as well as continued or greater public scrutiny and attention going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection. For details of risks relating to our compliance with relevant laws and regulations, see "—Our business is subject to complex and evolving PRC laws and regulations regarding data privacy and cybersecurity, as such regulations and laws are newly promulgated, many of which are subject to further interpretation. Any changes in these laws and regulations have caused and could continue to cause changes to our business practices and increase costs of operations, and any security breaches or our actual or perceived failure to comply with such laws and regulations could result in claims, penalties, damages to our reputation and brand, declines in user growth or engagement, or otherwise harm our business, results of operations and financial condition." If we are unable to manage these risks, or if we are accused of failing to comply with such laws and regulations, we could become subject to corrective orders, penalties, including fines, suspension of business, websites, or applications, and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

Our business is subject to complex and evolving PRC laws and regulations regarding data privacy and cybersecurity, as such regulations and laws are newly promulgated, many of which are subject to further interpretation. Any changes in these laws and regulations have caused and could continue to cause changes to our business practices and increase costs of operations, and any security breaches or our actual or perceived failure to comply with such laws and regulations could result in claims, penalties, damages to our reputation and brand, declines in user growth or engagement, or otherwise harm our business, results of operations and financial condition.

As of the date of this annual report, we have not been subject to fines or penalties for non-compliance with laws and regulations related to data privacy, nor have we been investigated by relevant governmental authorities in relation to the protection of personal information. However, regulatory authorities in China have enhanced data protection and cybersecurity regulatory requirements and promulgated new laws and regulations, many of which are subject to further interpretation, clarification and revision. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Information Security and Privacy Protection." The following are non-exhaustive examples of certain recent PRC regulatory activities in this area:

In December 2021, the CAC, together with other authorities, jointly promulgated the Measures for Cybersecurity Review (2021 Revision), which became effective on February 15, 2022 and replaces their predecessor regulation. Pursuant to the measures, critical information infrastructure operators that procure internet products and services or network platform operators that carry out data processing activities must be subject to a cybersecurity review if their activities affect or may affect national security. The measures further stipulate that network platform operators that hold personal information of over one million users shall apply with the Cybersecurity Review Office for a cybersecurity review before any public offering at a foreign stock exchange. The Regulations on Protection of Critical Information Infrastructure stipulate that the respective supervision and administration departments of the important industries and sectors, such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government, and national defense science and technology industry, shall be responsible for the security protection of critical information infrastructures, and the departments shall be responsible for organizing the recognition of the "critical information infrastructure" within the industries and sectors according to the recognition rules, and shall inform the recognized "critical information infrastructure operator" accordingly and no detailed rules or implementation rules regarding the recognition of the "critical information infrastructure" have been published by any authority. As of the date of this annual report, we have not been informed that we are a "critical information infrastructure operator" by any government authority. Therefore, it is uncertain whether we would be deemed to be a "critical information infrastructure operator" under PRC law in the future. If we are deemed a "critical information infrastructure operator" under the PRC cybersecurity laws and regulations, we may be subject to obligations in addition to those with which we are currently obligated to comply.

In July 7, 2022, the CAC published the Outbound Data Transfer Security Assessment Measures, which took effect on September 1, 2022 and specify that data processors who intend to provide important data and personal information that are collected and generated in the operation within the territory of the PRC to overseas shall be subject to security assessment with the CAC. Under the Outbound Data Transfer Security Assessment Measures, an entity must apply for a CAC security assessment if it processes personal information of over one million individuals and outbound transfers personal information, or if it has cumulatively outbound transferred personal information of more than 100,000 individuals or sensitive personal information of more than 10,000 individuals since January 1 of the previous year or if it conducts outbound transfers of important data. The Outbound Data Transfer Security Assessment Measures further stipulate the process and requirements for the security assessment. Uncertainties exist with respect to the application and enforcement of the newly published measures. In addition, on February 22, 2023, the Provisions on the Standard Contract on Cross-border Transfer of Personal Information were promulgated by the CAC and effective on June 1, 2023. The provisions include a standard contract for cross-border transfer of personal information that could be used to satisfy one of the conditions for cross-border transfer of personal information under Article 38 of the Personal Information Protection Law. On March 22, 2024, the CAC promulgated the Regulations on Promoting and Regulating Cross-border Data Flow, which further clarify the implementation and connection of the existing data outbound security assessment, personal information cross-border standard contract and personal information protection certification regarding data outbound. For details, see "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Information Security and Privacy Protection." However, it remains uncertain how the PRC government authorities will assess outbound data transfers under such circumstances specifically. We will closely monitor and assess any relevant legislative and regulatory development and prepare for a security assessment when necessary.

On September 24, 2024, the State Council promulgated the Regulations on the Administration of Cyber Data Security, which is applicable to network data processing activities and the security supervision and administration thereof conducted within the territory of the PRC and took effect on January 1, 2025. The regulations stipulate that data processors engaging in data processing activities that affect or may affect national security shall be subject to cybersecurity review in accordance with relevant laws and regulations. However, there have been no public clarifications from the relevant authorities as of the date of this annual report as to the standards for determining whether an activity is one that "affects or may affect national security."

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. As of the date of this annual report, based on the facts that (i) we are not involved in any investigations on cybersecurity review initiated by the CAC; (ii) we have adopted internal measures regarding data security and personal information protection to ensure compliance with the laws and regulations; (iii) we have not been subject to any penalties from any competent PRC regulatory authorities related to any effective regulations or policies issued by the CAC, our PRC legal counsel, Commerce & Finance Law Offices, is of the view and we believe that our business operations are compliant with the currently effective regulations and policies that have been issued by the CAC in all material respects.

However, many of the data- and data privacy-related laws and regulations are relatively new and certain concepts thereunder remain subject to interpretation by the regulators, and any further change or interpretation of such laws and regulations may impose additional obligations and liabilities on us. The Measures for Cybersecurity Review (2021 Revision) remain unclear on whether the requirements will be applicable to companies that, like us, are already listed in the United States. We cannot predict the impact of these regulations, if any, at this stage, and we will closely monitor and assess any developments in the rule-making process. If they mandate clearance of cybersecurity review and other specific actions to be taken by issuers like us, we may face uncertainties as to whether these additional procedures can be completed by us timely, or at all, which may subject us to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from application stores, and materially and adversely affect our business and results of operations.

In general, compliance with the existing PRC laws and regulations, as well as additional laws and regulations that PRC legislative and regulatory bodies may enact in the future, related to cybersecurity, data security and personal information protection, may be costly and result in additional expenses to us, and subject us to negative publicity, which could harm our reputation and business operations. There are also uncertainties with respect to how the laws and regulations will be implemented and interpreted in practice. As these laws and regulations are evolving and uncertainty remains with respect to their interpretation and implementation, we cannot guarantee that we will be able to maintain full compliance at all times, or that our existing user information protection system and technical measures will be considered sufficient. Any non-compliance or perceived non-compliance by us, our service providers or financial institutions partners with these laws, regulations or policies may lead to warnings, fines, investigations, lawsuits, confiscation of illegal gains, revocation of licenses, cancelation of filings or listings, closedown of websites, removal of apps and suspension of downloads, price drops in our securities or even criminal liabilities against us by government agencies or other individuals. For example, in July 2021, our Qifu Jietiao app was temporarily taken offline by the CAC for the purpose of optimizing product design and offering enhanced user data privacy protection, during which period new downloads were suspended. Our Qifu Jietiao app was restored to app stores for downloads in August 2021 after being tested and verified by the CAC. We believe the temporary takedown of Qifu Jietiao app did not and will not have a material adverse impact on our business operations. However, we cannot assure you that the authorities will not require further system and data privacy protection enhancements in the future as technologies, standards and regulatory environments continue to evolve, in which case our operations may be interrupted or adversely affected. In addition, our launch of new products or services or other actions that we take in the future may subject us to additional laws, regulations, or other government scrutiny. Furthermore, even if we do not commit any violation or breach of effective laws and regulations related to cybersecurity, data security or personal information protection, we may also be involved in inspections or investigations by regulatory authorities due to any unrelated third parties' action or inaction, or as part of the routine supervision of the regulatory authorities. Such inspections or investigations may also have an adverse effect to our business.

Furthermore, in response to the advancement of AI technology, China has stepped up and issued a series of laws, rules, and regulations to regulate various aspects of AI, including algorithm recommendation, deep synthesis, generative AI and ethical review. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Artificial Intelligence Services." However, since these laws and regulations are still relatively new, their interpretation and implementation will continue to evolve. We cannot assure whether we will be able to comply with the requirements of these laws and regulations in a timely manner or at all. Our algorithm models are exposed to risks when handling data, including but not limited to, protecting the data within the system by safeguarding against threats such as malicious code, viruses, phishing, other external cyberattacks or improper behaviors of employees. Any failure or perceived failure by us or our business partners to adequately address cybersecurity protection, data privacy-related or security-related concerns, complaints, inquiries, or allegations when they arise, even if unfounded, or to comply with applicable laws, regulations, standards and other obligations relating to data privacy and security, could result in additional cost and liabilities to us, fines, revocation of licenses, suspension of relevant operations or other legal or administrative penalties, reputational damage, and damage to our relationships with recipients of our services and business partners, thereby materially and adversely affecting our business, financial condition, and results of operations.

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

For the purpose of credit assessment, we obtain from prospective borrowers and third parties certain information of the prospective borrowers, which may not be complete, accurate or reliable. The 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 borrower information. We currently cannot reliably determine whether borrowers have outstanding loans through other online platforms at the time they obtain a loan from us even though we adopt certain investigation measures. This creates the risk that a borrower may borrow money through our platform in order to pay off loans on other online platforms and vice versa. If a borrower incurs additional debt before fully repaying any loan such borrower takes out on our platform, the additional debt may impair the ability of that borrower to make repayments on his or her loan. In addition, the additional debt may adversely affect the borrower's creditworthiness generally and could result in the financial distress or insolvency of the borrower. Meanwhile, if the price of the quality data on which we run our algorithms increases, we may not get access to the quality information at the same cost in the future. We may be forced to run our algorithms on fewer quality data, iterate our algorithms or pay more for quality information in the future, any of which may adversely affect our results of operations.

If we are unable to maintain or increase the volume of loans facilitated through our platform in the long run, our business and results of operations will be adversely affected.

The loan facilitation volume through our platform has grown rapidly since our inception. As of December 31, 2025, we had cumulatively facilitated loans amounting to over RMB2.5 trillion. To grow our loan facilitation volume, we need to retain existing borrowers and attract new borrowers who are eligible for our loan products. Our ability to do so depends on our capacity to acquire users and offer a diversified portfolio of loan products at reasonable costs that address the credit needs of consumers and SMEs across various consumption and other life and business scenarios. We intend to continue to invest resources in our user acquisition efforts over the long term, as well as to develop and refine loan products facilitated through our platform. At the same time, we need to continually refine our credit assessment capabilities and optimize our loan portfolio to meet the evolving needs and risk preferences of our financial institution partners. If there are insufficient qualified loan requests, the loan facilitation volume through our platform may decrease, which may in turn negatively affect the growth of our business and our relationships with our financial institution partners.

The overall loan facilitation volume may be affected by several factors, including our brand recognition and reputation, the interest rates offered to borrowers relative to the market rates, the efficiency of our credit assessment process, the availability of funding from our financial institution partners, the macroeconomic and regulatory environment and other factors. In connection with the introduction of new products or response to general economic conditions and regulatory requirements, we may also impose more stringent borrower qualifications to ensure the quality of loans on our platform, which may negatively affect the growth of our loan facilitation volume. If we are unable to attract qualified borrowers or if borrowers do not continue to participate in our platform at the current or expected rates, we might be unable to increase our loan facilitation volume and revenue as we expect, and our business and results of operations may be adversely affected.

Our access to sufficient and sustainable funding at reasonable costs cannot be assured. If we fail to maintain collaboration with our financial institution partners or to maintain sufficient capacity to facilitate loans to borrowers, our reputation, results of operations and financial condition may be materially and adversely affected.

The growth and success of our future operations depend on the availability of adequate funding to meet borrowers' demands for loans on our platform. To maintain sufficient and sustainable funding to meet borrower demands, we need to keep expanding the network and securing a stable stream of funds from our financial institution partners.

The availability of funding from our financial institutional partners depends on many factors, some of which are beyond our control. Changes in the macroeconomic environment may impact the funding costs and the terms of our agreements with financial institution partners, and we may not be able to obtain sufficient and sustainable funding from them if the funding cost increases significantly. In addition, our competitors in the Credit-Tech industry may offer better terms to attract financial institutions away from us. We may not be able to maintain long-term business relationships with financial institution partners in this evolving market. For the year ended December 31, 2025, our top five direct financial institution partners contributed around 35.1% of total funding for the loans we originated and facilitated, which does not include loans facilitated under "ICE" or other technology solutions. See "Item 4. Information on the Company—B. Business Overview" for details of "ICE" and other technology solutions. Our financial institution partners typically agree to provide funding to borrowers who meet their predetermined criteria, subject to their credit approval process. These agreements have fixed terms of typically one year. In addition, while our users' loan requests are usually approved if they fall within the parameters set agreed upon by us and our financial institution partners, our financial institution partners may implement additional requirements in their approval process outside of our control. Thus, there is no assurance that our financial institution partners could provide reliable, sustainable and adequate funding, because they could either decline to fund loans facilitated on our platform or decline to renew or renegotiate their participation in the funding programs.

In addition, if PRC laws and regulations impose more restrictions on our collaboration with financial institution partners, these financial institution partners will become more selective in choosing collaboration partners, which may drive up the funding costs and the competition among online lending platforms to collaborate with a limited number of financial institution partners. For example, the Notice on Strengthening the Management of Internet Loan Facilitation Business of Commercial Banks and Improving the Quality and Efficiency of Financial Services issued in April 2025 mandates that commercial banks implement a "whitelist" management system for loan facilitation agencies. If we fail to be included or maintained on the whitelists of our partnering banks, our access to funding from these financial institutions would be significantly curtailed. Pursuant to the Interim Measures for Administration of Internet Loans Issued by Commercial Banks and the Circular of the General Office of the China Banking and Insurance Regulatory Commission on Further Standardizing the Internet Loans Business of Commercial Banks, regional banks that carry out online lending business shall serve local customers, and are not allowed to conduct the online lending business beyond the local administrative area of their registered place, except those who have no physical business branch, conduct business primarily online as well as meet the other conditions prescribed by the China Banking and Insurance Regulatory Commission. If we fail to effectively match regional banks with sufficient local borrowers, we may lose them as funding sources, in which case our results of operations and profitability could be materially and adversely impacted. Furthermore, if the PRC government issues any laws and regulations that restrict or prohibit our collaboration with our financial institution partners, our collaboration with our financial institution partners may have to be terminated or suspended, which may materially and adversely affect our business, financial condition and results of operations.

For example, on April 24, 2026 the People's Bank of China and seven other departments jointly issued the Measures for Administration of Online Marketing of Financial Products, which shall come into force on September 30, 2026. These measures clarify the rights and responsibilities boundaries between financial institutions and third-party online platforms. However, given the measures were recently promulgated, there are uncertainties as to their interpretation, application and enforcement. To comply with the measures, we may be required to make relevant adjustments to our internal policies, system processes, marketing strategies and the arrangements with the financial institutions, which will increase our compliance costs and may adversely affect our business. Furthermore, if we fail to complete the necessary rectifications before the implementation date, we may face regulatory penalties, which could have a material adverse effect on our reputation, business, and results of operations.

We cannot assure you that our efforts to diversify funding sources would be successful or funding sources for the loans we facilitate will remain or become increasingly diversified in the future. If we become dependent on a small number of financial institution partners and any of them decide to not collaborate with us, change the commercial terms to the extent unacceptable to borrowers or limit the funding available on our platform, such constraints may materially limit our ability to facilitate loans and adversely affect borrower experience. Any of these occurrences could materially and adversely affect our business, financial condition, results of operations and cash flows.

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

We have secured certain funding from financial institution partners through the channel of trusts and asset management plans in collaboration with certain trust companies and asset management companies.

According to our cooperative arrangement with trust companies and asset management companies, each trust and asset management plan had a specified term. Financial institution partners invested in such trusts or asset management plans in the form of trust or asset management units, which entitled the financial institution partner to the return on investment with each unit. We were designated as the service provider for the trusts and asset management plans. If a credit application was approved, credit drawdown would be funded by the trusts or asset management plans to borrowers directly subject to the independent credit review of such trust companies or asset management companies. These trusts and asset management plans were identified as the lender under the loan agreements with borrowers. The trust and asset management plan remitted to the financial institution partners investment returns pursuant to the terms of the trust and asset management plan that reflected funds initially provided by the financial institution partners. The investment gains would be distributed to the trust or asset management plan based on the actual loan interest. The trust company or asset management company, as appropriate, was responsible for administering the trust and was paid a service fee.

In 2025, trusts and assets management plans with total assets of RMB23.3 billion (US$3.3 billion) were set up to invest solely in loans on our platform. For the majority of the trusts, we are considered the primary beneficiary and thus consolidate such trusts' assets, liabilities, results of operations and cash flows. Although we have not been part of the fund-raising process by the trusts, we cannot assure you that our provision of services to the trusts will not be viewed by the PRC regulators as violating any laws or regulations. If we are prohibited from cooperating with trust companies, our access to sustainable funding may be adversely impacted, which may further increase the funding cost of loans facilitated by us and affect our results of operations.

Our ability to continue to explore and access alternative funding initiatives is subject to regulatory, operational, and market uncertainties, which may restrict our access to low-cost funding and thus adversely affect our business, financial condition and results of operations.

We have and expect to continue exploring alternative funding initiatives, including through standardized capital instruments such as the issuance of asset-backed securities, or ABSs, and asset-backed medium-term notes, or ABNs. As of December 31, 2025, we had cumulatively issued ABSs and ABNs of RMB67.6 billion (US$9.7 billion). In addition, our shelf registration of ABSs and ABNs with a total value of issuance amounting to RMB19.4 billion (US$2.8 billion) has been approved by the Shanghai Stock Exchange and Shenzhen Stock Exchange and National Association of Financial Market Institutional Investors, as applicable, as of December 31, 2025. Pursuant to the Administrative Provisions on the Asset Securitization Business of Securities Companies and the Subsidiaries of Fund Management Companies and its supporting rules and other laws and regulations, an institution is entitled to establish an ABS plan as an originator for such scheme on the condition that it has legitimate ownership to the underlying transferred assets that are able to generate independent and predictable cash flows in compliance with the laws and regulations. However, the issuance of ABSs is subject to a variety of requirements under these provisions, such as managers are required to be a securities company or a subsidiary of fund management company and the assets of the ABS plan shall be placed under custody of a commercial bank with the appropriate business qualifications, or an asset custodian organization recognized by the CSRC. The laws and regulations applicable to ABS are still developing, and it remains uncertain as to the application and interpretation of such laws and regulations, particularly relating to the rapidly evolving Credit-Tech industry in which we operate. In addition, we rely on trust companies and other parties we collaborate with to secure the successful issuance of the ABSs. If our collaboration with such parties is interrupted or affected, our ability to utilize the remaining approved quota of issuing such ABS may be materially limited. In addition, fluctuations in macroeconomic conditions, waning investor appetites for consumer credit assets, and regulatory headwinds within consumer finance industry could lead to unfavorable issuance windows or funding costs, thus constraining our capability of issuing ABSs. If our attempts to issue ABSs under the current quota is limited, or our attempts to seek further approval on additional quota in ABS is rejected, our capability to secure funding with lower comprehensive cost may be limited, and our business and financial condition may be adversely impacted. During the validity period of the ABS plan, if we cannot maintain reasonable support for normal business activities, and provide the requisite assurance for generation of independent and predictable cash flows for the underlying transferred assets, it may have substantial impact on the investment value or price of ABSs.

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.

The Credit-Tech industry in China is highly competitive. Prospective borrowers may not be familiar with this market and may have difficulty distinguishing our products from those of our competitors. Convincing prospective borrowers of the value of our products is critical to increasing the number of transactions for borrowers and to the success of our business. We believe that developing and maintaining awareness of our brand effectively is critical to attracting and retaining prospective borrowers. This, in turn, depends largely on the effectiveness of our user acquisition strategy, our marketing efforts, our collaboration with financial institution partners and the success of the channels we use to promote our platform. If any of our current borrower acquisition strategies or marketing channels become less effective, more costly or no longer feasible, we may not be able to attract new borrowers in a cost-effective manner or convert prospective borrowers into active borrowers. Our collaboration with market-leading channel partners is essential to our user acquisition efforts. If such collaboration ceases or becomes less effective, for reasons attributable either to us or to our channel partners, we may face instant user acquisition pressure, and may need to incur additional costs to replace such partners for user acquisition, if we could replace them at all.

We historically benefited from a strategic partnership with 360 Group, including brand licensing, user traffic support, and access to its business ecosystem, which contributed to our user acquisition efforts and other aspects of our operations, particularly during the early stages of our business. The framework collaboration agreement with 360 Group was terminated in August 2025, and 360 Group ceased to be our affiliate in December 2025. We have transitioned our user acquisition strategy and have focused on building our own brand and developing alternative user acquisition channels. However, there can be no assurance that we will be able to develop our brand effectively or secure alternative user acquisition channels on comparable terms, or at all, and we may experience increased user acquisition costs or reduced effectiveness compared to our historical arrangements. In addition, the remaining arrangements with 360 Group may be further reduced or terminated, which could result in additional transition costs or operational disruptions.

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

If our financial institution partners fail to comply with applicable anti-money laundering and anti-terrorist financing laws and regulations, our business and results of operations could be materially and adversely affected.

In collaboration with our financial institution partners and payment companies, we have adopted various policies and procedures, such as internal controls and "know-your-customer" procedures, for anti-money laundering purposes. The Guidelines on Promoting the Healthy Growth of Internet Finance purport, among other things, to require internet financial service providers, including us, to comply with certain anti-money laundering requirements, including:

- the establishment of a borrower identification program;
- the monitoring and reporting of the suspicious transaction;
- the preservation of borrower 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. There is no assurance that our anti-money laundering policies and procedures will protect us from being exploited for money laundering purposes or that we will be deemed to be in compliance with applicable anti-money laundering implementing rules, if and when adopted, in light of the anti-money laundering obligations proposed to be imposed on us by the guidelines. Any new requirement under anti-money laundering laws could increase our costs and may expose us to potential sanctions if we fail to comply.

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

Our policies and procedures may not be completely effective in preventing other parties from using us, any of our financial institution partners or payment processors as a conduit for money laundering (including illegal cash operations) or terrorist financing without our knowledge. If we were to be associated with money laundering (including illegal cash operations) or terrorist financing, our reputation could suffer and we could become subject to regulatory fines, sanctions or legal enforcement, including being added to any "blacklists" that would prohibit certain parties from engaging in transactions with us, all of which could have a material adverse effect on our financial condition and results of operations. Even if we, our financial institution partners and payment processors comply with the applicable anti-money laundering laws and regulations, we, our financial institution partners and payment processors may not be able to fully eliminate money laundering and other illegal or improper activities in light of the complexity and the secrecy of these activities. Any negative perception of the industry, such as that arises from any failure of other Credit-Tech service providers to detect or prevent money laundering activities, even if factually incorrect or based on isolated incidents, could compromise our image, undermine the trust and credibility we have established and negatively impact our financial condition and results of operations.

We need to engage guarantee companies to provide credit enhancement or additional comfort to our financial institution partners, and we recognize guarantee liabilities for accounting purposes. If we fail to source and engage a guarantee company to our financial institution partners' satisfaction at a reasonable price, our collaboration with our financial institution partners will deteriorate, and our results of operations may be adversely and severely impacted. If our guarantee liability recognition fails to address our current status, we may face unexpected changes to our financial conditions.

To comply with Circular 141 and the Supplementary Financing Guarantee Provisions, we have engaged guarantee companies to provide credit enhancement to our financial institution partners upon their request, and two of the VIEs, Fuzhou Financing Guarantee and Shanghai Financing Guarantee, obtained the license of conducting guarantee services in 2018 and 2019, respectively. In order to streamline and consolidate the operation of our financing guarantee business, we have phased out financing guarantees provided by Shanghai Financing Guarantee as of December 31, 2025, which applied for and was approved by the PRC authority to cancel its financing guarantee certificate. Even though we use licensed guarantee company controlled by us to provide service to our financial institution partners, we may continue to engage third-party insurance companies or guarantee companies to satisfy the needs of our business. We cannot, however, assure you that the licensed guarantee company under our control could provide satisfactory service to our financial institution partners from time to time, or that we will always be able to source and engage guarantee companies to our financial institution partners' satisfaction. If we fail to source and engage guarantee companies to our financial institution partners' satisfaction at a reasonable price, our collaboration with our financial institution partners will deteriorate or even be suspended, and our results of operations will be materially and adversely affected. It is also possible that we have to pay a service fee to the third-party guarantee company that exceeds the reasonable market price, which will materially and adversely affect our results of operations.

As we provide guarantee services through the licensed VIEs, Fuzhou Financing Guarantee and Shanghai Financing Guarantee (before its financing guarantee license was canceled upon its voluntary application), to our financial institution partners, or back-to-back guarantee to the third-party guarantee companies, we recognize guarantee liabilities at fair value from accounting perspective, which incorporates the expectation of potential future payments under the guarantee and take into both non-contingent and contingent aspects of the guarantee. As of December 31, 2023, 2024 and 2025, we recorded guarantee liabilities-stand ready of RMB3,950 million, RMB2,383 million and RMB2,315 million (US$331 million), respectively. As of December 31, 2023, 2024 and 2025, we recorded guarantee liabilities-contingent of RMB3,207 million, RMB1,820 million and RMB1,872 million (US$268 million), respectively. We have established an evaluation process designed to determine the adequacy of our impairment allowances and guarantee liabilities. While this evaluation process uses historical and other objective information and we have engaged a third-party independent valuer for the task, it is also dependent on our subjective assessment based upon our estimates and judgment. Actual losses are difficult to forecast, especially if such losses stem from factors beyond our historical experience. Given that the Credit-Tech industry is rapidly evolving, and is subject to various factors beyond our control, such as shifting trends in the market, regulatory framework, and overall economic conditions, we may not be able to accurately forecast the delinquency rate of our current target user base due to the lack of sufficient data. Therefore, our actual delinquency rate may be higher than we expected. If our credit assessment and expectations differ from actual circumstances or if the quality of the loans facilitated by us deteriorates, our guarantee liabilities may be insufficient to absorb actual credit losses and we may need to set aside additional provisions, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to credit risks associated with our accounts receivable, contract assets, financial assets receivables and loans receivable.

We have a large balance of accounts receivable and contract assets as well as financial assets receivable and loans receivable. As of December 31, 2023, 2024 and 2025, the current portion of our accounts receivable and contract assets, net was RMB2,909 million, RMB2,215 million and RMB950 million (US$136 million), respectively, and the non-current portion was RMB147 million, RMB27 million and RMB22 million (US$3 million), respectively. As of the same dates, the current portion of our financial assets receivable, net was RMB2,523 million, RMB1,554 million and RMB1,510 million (US$216 million), respectively, and the non-current portion was RMB596 million, RMB171 million and RMB209 million (US$30 million), respectively. Also, as of the same dates, the current portion of our loans receivable, net was RMB24,604 million, RMB26,714 million and RMB34,681 million (US$4,959 million), respectively, and the non-current portion was RMB2,898 million, RMB2,538 million and RMB4,002 million (US$572 million), respectively. Such receivables and contract assets mainly arise from our on-balance sheet loans and off-balance sheet loans. See "Item 5. Operating and Financial Review and Prospects—On- and Off-balance Sheet Treatment of Loans" for details of the risk taking arrangements for on- and off-balance sheet loans. We have established an allowance for uncollectible receivables and contract assets based on estimates, which incorporates historical delinquency rate by vintage and other factors surrounding the credit risk of specific underlying loan portfolio. We evaluate and adjust our allowance for uncollectible receivable and contract assets on a quarterly basis or more often as necessary. The related expenses are recorded as "provision for accounts receivable and contract assets," "provision for financial assets receivable" and "provision for loans receivable." While our allowance and provision take into account historical and other objective information, it is also dependent on our subjective assessment based upon our estimates and judgment. Actual credit risk is difficult to forecast, especially if such risks stem from factors beyond our historical experience, especially unforeseen risk with no historical comparable. If there is a significant rise in delinquency rate, which was impacted by a number of factors some of which are beyond our control, including the macroeconomic condition of China and the development of the Credit-Tech industry, or our provisions or allowances are insufficient to cover the credit loss, our business, results of operations and financial condition would be materially and adversely impacted.

If loan products facilitated by us do not achieve sufficient market acceptance, our financial results and competitive position will be harmed.

We have devoted significant resources to and will continue to put an emphasis on upgrading and marketing our existing loan products and enhancing their market awareness. We may also incur expenses and expend resources up front to develop and market new loan products and financial services that incorporate additional features, improve functionality or otherwise make our platform more attractive to borrowers. New loan products and financial services must achieve high levels of market acceptance in order for us to recoup our investments in developing and marketing them. To achieve market acceptance, it is essential for us to maintain and enhance our ability to match and recommend suitable financial products for prospective borrowers, the effectiveness of our curation process and our ability to provide relevant and timely content to meet changing borrower needs. If we are unable to respond to changes in borrower preference and deliver satisfactory and distinguishable borrower experience, borrowers and prospective borrowers may switch to competing platforms or obtain financial products directly from their providers. As a result, borrower access to and borrower activity on our platform will decline, our services and solutions will be less attractive to financial service providers and our business, financial performance and prospects will be materially and adversely affected.

Our existing and new loan products and financial services could fail to attain sufficient market acceptance for many reasons, including:

- prospective borrowers may not find the features of loan products facilitated by us, such as the prices and credit limits, competitive or appealing;
- we may fail to predict market demand accurately and provide products and services that meet this demand in a timely fashion;
- borrowers and financial institution partners using our platforms may not like, find useful or agree with the changes we make;
- there may be defects, errors or failures on our platforms;
- there may be negative publicity about loan products facilitated by us, or our platform's performance or effectiveness;

- regulatory authorities may take the view that the new products or platform changes do not comply with PRC laws, regulations or rules applicable to us; and

- there may be competing products or services introduced or anticipated to be introduced by our competitors. If our existing and new loan products do not maintain or achieve adequate acceptance in the market, our competitive position, results of operations and financial condition could be materially and adversely affected.

The AI-powered tools that we deploy may not generate accurate results and thereby may affect our collaboration with financial institution partners. Our deployment of the AI-powered tools is also subject to evolving PRC laws and regulations, and any noncompliance or perceived non-compliance of which may affect our brand, operations and financial positions.

We deploy AI-powered tools, such as Argus Engine, in our loan facilitation and post-loan facilitation services. Any inaccuracies in our credit scoring or risk modeling process due to the deployment of AI-powered tools may cause us not able to recommend prospective borrowers that best fit the financial institution partners' risk preferences, which, as a result, may be used as a factor for the financial institution partners to evaluate the quality of our services. If that happens, our collaboration with financial institution partners and our business prospects and financial results may be adversely affected. Moreover, our deployment of AI-powered tools is subject to evolving PRC laws and regulations on data security, privacy and cybersecurity, among others. Any non-compliance or perceived non-compliance with the laws and regulations, including any potentially biased or inappropriate decisions made by our AI-powered tools, may subject us to negative publicity, lawsuits or administrative penalties that may adversely affect our brand, operations and financial positions.

We face increasing competition, and if we do not compete effectively, our operating results could be harmed.

The Credit-Tech industry in China is highly competitive and evolving. We primarily face competition from Credit-Tech platforms that target the consumer Credit-Tech market. 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 user base, larger amounts of data, greater brand recognition and loyalty, and broader partner relationships than we do. For example, traditional financial institutions may invest in technology and enter into the consumer Credit-Tech market. Experienced in financial product development and risk management, and being able to devote greater resource to the development, promotion, sale and technical support, they may gain an edge in the competition against us. Additionally, a current or potential competitor may acquire one or more of our existing competitors or form a strategic alliance with one or more of our competitors. Any of the foregoing could adversely affect our business, results of operations, financial condition and future growth.

Our competitors may be better at developing new products, responding to new technologies, charging lower fees on loans and undertaking more extensive marketing campaigns. When new competitors seek to enter our target market, or when existing market participants seek to increase their market share, they sometimes undercut the pricing or terms prevalent in that market, which could adversely affect our market share or ability to exploit new market opportunities. Also, since the Credit-Tech industry in China is fast evolving, prospective borrowers may not fully understand how our platform works. Our pricing and terms could deteriorate if we fail to act to meet these competitive challenges.

Furthermore, in response to more stringent PRC laws and regulations regarding cash loans, more Credit-Tech platforms may expand their services and products to scenario-based lending, including partnering with e-commerce platforms, which may drive up the competition among Credit-Tech platforms. Such intensified competition may increase our operating costs and adversely affect our results of operations and profitability. To the extent that our competitors are able to offer more attractive terms to our business partners, such business partners may choose to terminate their relationships with us or request us to accept terms matching our competitors'.

In addition, our competitors may implement certain procedures to reduce their fees in response to the current or potential PRC regulations on interest rates and fees charged by Credit-Tech platforms. Borrowers are generally interest sensitive with less brand loyalty. We may not succeed in maintaining user stickiness if we fail to provide products with competitive prices. If we apply prices below the commercially reasonable level, our results of operations and financial conditions may be adversely impacted. If we are unable to compete with our competitors, or if we are forced to charge lower fees due to competitive pressures, we could experience reduced revenues or our platforms could fail to achieve market acceptance, any of which could materially and adversely affect our business and results of operations.

If our ability to collect delinquent loans is impaired, or if there is actual or perceived misconduct in our collection efforts, our business and results of operations might be materially and adversely affected.

Our post-facilitation services primarily include collection services for our financial institution partners. We deploy a combination of measures to collect loan repayments, including text messages, mobile app push notices, AI initiated collection calls, human collection calls, emails or legal letters. We also engage certain third-party collection service providers from time to time, particularly after 60 days of delinquency. If either our or our third-party service providers' collection methods, such as phone calls and text messages, are not effective or experience interruptions or failures technically or otherwise, and we fail to respond quickly and improve our collection methods, our delinquent loan collection rate may decrease.

While we have implemented and enforced policies and procedures relating to collection activities by us and third-party service providers, if those collection methods were to be viewed by the borrowers or regulatory authorities as harassments, threats or as other illegal conducts, we may be subject to lawsuits initiated by the borrowers or prohibited by the regulatory authorities from using certain collection methods. If this were to happen and we fail to adopt alternative collection methods in a timely manner or the alternative collection methods are proven to be ineffective, we might not be able to maintain our delinquent loan collection rate, and the financial institution partners' confidence in our platform may be negatively impacted. If any of the foregoing takes place and impairs our ability to collect delinquent loans, the loan facilitation volume on our platform will decrease, and our business and the results of operations could be materially and adversely affected.

If we cannot respond or adapt to the rapid technological development, our business, financial condition and results of operations would be materially and adversely affected.

The business environment in which we operate is characterized by rapidly changing technology, evolving industry standards and regulations, new mobile applications and protocols, new products and services, and changing user demands and trends. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful for our business, and respond to technological development and evolving industry standards and regulations in a cost-effective and timely manner. As a result, we must continue to invest significant resources in technology infrastructure, and research and development to enhance our technology capabilities. We cannot assure you that we will be successful in adopting and implementing new technologies. If we are unable to respond or adapt in a cost-effective and timely manner to technological development, our business, financial condition and results of operations could be materially and adversely affected.

Any harm to our brand or reputation or any damage to the reputation of the Credit-Tech 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 users with a superior experience on our platform;
- enhance and improve our Argus Engine;
- effectively manage and resolve users complaints; and
- effectively protect personal information and privacy of users.

Any negative allegation made by the media or other parties about our company, including, but not limited to our management, business, compliance with law, financial condition or prospects, whether meritless or not, could severely hurt our reputation and harm our business and operating results. For example, on September 26, 2024, Grizzly Research, a short seller, issued a short seller report that made certain allegations against us. For details on the risks relating to the short seller report, see "—Risks Related to the ADSs and our class A ordinary shares—Techniques employed by short sellers may drive down the market price of our class A ordinary shares or the ADSs." As China's Credit-Tech industry is developing and the regulatory framework for this market is also evolving, negative publicity about this industry may arise from time to time. Negative publicity about China's Credit-Tech industry in general may also have a negative impact on our reputation, regardless of whether we have engaged in any inappropriate activities.

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, 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 Credit-Tech industry, such as bankruptcies or failures of other platforms, and especially when such bankruptcies or failures affect a large number of businesses, or negative perception of the industry as a whole, such as that arises from the alleged failure of other platforms to detect or prevent money laundering or other illegal activities, even if factually incorrect or based on isolated incidents, could compromise our image, undermine the trust and credibility we have established and negatively impact our ability to attract new borrowers. Furthermore, our products may be deemed by regulators or consumers as infringing upon consumer rights, which may expose us to unfavorable risks such as administrative penalties, user complaints, and potential civil disputes. Any of the foregoing occurrences could significantly damage our brand and reputation, negatively impact the marketability of the relevant products or services, and materially and adversely affect our business and results of operations.

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

We are exposed to many types of operational risks, including the risk of misconduct and errors by our employees and third-party service providers. Our business depends on our employees and third-party service providers to interact with prospective borrowers, 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 redirected, misappropriated or otherwise improperly executed, if personal information was disclosed to unintended recipients or if an operational breakdown or failure in the processing of transactions occurred, whether as a result of human error, purposeful sabotage or fraudulent manipulation of our operations or systems. We could also be materially and adversely affected if our employees misappropriate or otherwise improperly utilize work products, sensitive data or confidential information that they received while they were working for other employers. In addition, it is not always possible to identify and deter misconduct or errors by employees or third-party service providers, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. If any of our employees or third-party service providers take, convert or misuse funds, documents or data or fail to follow protocol when interacting with borrowers, such as during the collection process, we could be liable for damages and subject to regulatory actions and penalties. We could also be perceived to have originated or participated in the illegal misappropriation of funds, documents or data, or the failure to follow protocol, and therefore be subject to civil or criminal liability. See also "—If we are unable to protect the private information of our users and adapt to the relevant regulatory framework as to protection of such information, our business and operation may be adversely affected" and "—Our business is subject to complex and evolving PRC laws and regulations regarding data privacy and cybersecurity, as such regulations and laws are newly promulgated, many of which are subject to further interpretation. Any changes in these laws and regulations have caused and could continue to cause changes to our business practices and increase costs of operations, and any security breaches or our actual or perceived failure to comply with such laws and regulations could result in claims, penalties, damages to our reputation and brand, declines in user growth or engagement, or otherwise harm our business, results of operations and financial condition."

In addition, the current regulatory regime for debt collection in the PRC remains unclear. We adopt different collection channels, including text messages, mobile app push notices, AI-initiated collection calls, human collection calls, emails or legal letters during the collection process. We also outsource our collection to third-party collection service providers from time to time, particularly after 60 days of delinquency. We have adopted and enforced comprehensive collection policies and procedures, including close monitoring our third-party service providers, to ensure that all our collection practices are in compliance with current laws and regulations. See "Item 4. Information on the Company—B. Business Overview—Credit Assessment—Collection" for more details. However, we cannot assure you that the collection personnel that we employ or collaborate with will not engage in any misconduct as part of their collection efforts or that we will be able to identify and deter such misconduct at all times. Any such misconduct by our collection personnel or third-party collection service providers, or the perception that our collection practices are considered to be aggressive and not compliant with the PRC laws and regulations, may result in harm to 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 and utilize our credit or fines, penalties, administrative investigations or even criminal liabilities, any of which may have a material adverse effect on our results of operations.

Furthermore, we rely on certain third-party service providers, such as user acquisition partners, marketing and brand promotion agencies, third-party payment platforms and collection service providers, to conduct our business. We enter into collaboration contracts with fixed terms with such service providers. However, we cannot assure you that we can renew such collaboration agreements once they expire, or that we can renew such agreements with the terms we desire. Such service providers may also be demanded by their investors not to work with us, or form alliances to seek better terms dealing with us. In addition, if these service providers failed to function properly or terminated the cooperation, we cannot assure you that we could 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, inability to attract borrowers, reputational damage, regulatory intervention and financial harm, which could negatively impact our business, financial condition and results of operations. Meanwhile, we cannot assure you that third-party service providers would comply with our compliance requirements at all times and would not commit wrongdoing or misconduct especially in carrying out offline marketing and promotions, failure of which may result in us facing user complaints, suffering brand and reputation damages and being subject to administrative actions. Neither can we guarantee that borrowers would not commit wrongdoing or misconduct, which, if occurs, could cause harm to our brand and reputation.

Fluctuations in interest rates could negatively affect our loan facilitation volume and profitability.

Most of the loans facilitated through our platform are issued with fixed interest rates. Fluctuations in the interest rate environment may discourage financial institution partners to fund loan products facilitated through our platform, which may adversely affect our business. Meanwhile, if we fail to respond to the fluctuations in interest rates in a timely manner and reprice loan products facilitated by us, these loan products may become less attractive to borrowers. Additionally, if we reprice loan products facilitated by us to align with the market rate, our results of operations may be adversely affected.

We are subject to risk of recoverability of deferred tax assets.

As of December 31, 2023, 2024 and 2025, our deferred tax assets amounted to RMB1,068 million, RMB1,206 million and RMB1,380 million (US$197 million), respectively. We periodically assess the probability of the realization of deferred tax assets, using accounting judgments and estimates with respect to, among other things, historical operating results, expectations of future earnings and tax planning strategies. In particular, these deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available, against which the deferred tax assets can be utilized. However, we cannot assure you that our expectation of future earnings will materialize, due to factors beyond our control such as general economic conditions, or, negative development of the regulatory environment, in which case we may not be able to recover our deferred tax assets, which in turn could have a material adverse effect on our financial condition and results of operations.

If we fail to complete, obtain or maintain the value-added telecommunications license, other requisite license, or approvals or filings in China, our business, financial condition and results of operations may be materially and adversely affected.

PRC regulations impose sanctions for engaging in internet information services of a commercial nature without an internet content provider license, or the ICP License. PRC regulations also impose sanctions for engaging in the operation of online data processing and transaction processing without an online data processing and transaction processing license (ICP License and online data processing and transaction processing license are both sub-sets of value-added telecommunications service license, or VATS License). These sanctions include corrective orders and warnings from the PRC telecommunication administration authority, fines and confiscation of illegal gains and, in the case of significant infringements, the suspension of business and website and mobile app operations. Nevertheless, the interpretation of such regulations and PRC regulatory authorities' enforcement of such regulations in the context of the Credit-Tech industry remains uncertain; it is unclear whether Credit-Tech service providers like us are required to obtain the ICP License, or any other kind of VATS Licenses. Shanghai Qiyu obtained its ICP License in April 2021 and Fuzhou Microcredit obtained its ICP License in April 2023. If our past practice were deemed to be internet telecommunications business operations without VATS Licenses or we were to be required to obtain additional such licenses, the governmental authorities may levy fines up to five times of the illegal income or RMB1 million, confiscate our income, revoke our business licenses, or require us to discontinue our relevant business, and our business, results of operations, financial condition, and prospects may be materially and adversely affected. Given the evolving regulatory environment of the Credit-Tech industry and value-added telecommunications business, we cannot rule out the possibility that the PRC government authorities will explicitly require any of the VIEs or subsidiaries of the VIEs to obtain additional ICP Licenses, online data processing and transaction processing licenses or other VATS Licenses, or issue new regulatory requirements to institute a new licensing regime for our industry.

Furthermore, companies engaging in distribution of publicly-offered funds must obtain a license from the CSRC, and one of our subsidiaries has obtained a fund sales license. We must comply with regulatory requirements regarding fund sales activities, such as marketing and distribution of funds. These requirements include, but are not limited to, prohibition of any false records, misleading statements, material omissions, illegal earnings commitment, and exaggeration or other false advertising. Due to the evolving regulatory environment and significant uncertainties around the interpretation and specific enforcement of current and future PRC laws and regulations applicable to the fund sales industry, regulators may adopt new laws and regulations. If regulatory authorities impose more stringent requirements on fund sales activities, require additional licenses and permits for fund sales activities, or further scrutinize fund sales marketing activities on Internet platforms, our business, results of operations, financial condition and prospects may be materially and adversely affected.

We could be found in violation of any future laws and regulations, or of the laws and regulations currently in effect due to changes in the relevant authorities, or interpretation of these laws and regulations. We cannot assure you that we would be able to obtain or maintain any required license, regulatory approvals or filings in a timely manner, or at all, which would subject us to sanctions, such as the imposition of fines and the discontinuation or restriction of our operations or other sanctions as stipulated in the new regulatory rules, and materially and adversely affect our business and impede our ability to continue our operations.

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

In the event of a platform outage and physical data loss, the performance of our platform and solutions would be materially and adversely affected. The satisfactory performance, reliability and availability of our platform, solutions and underlying technology infrastructure are critical to our operations and reputation and our ability to retain existing and attract new users and financial service providers. Much of our system hardware is hosted in a leased facility located in Beijing. We also maintain a real-time backup system in the same facility and a remote backup system in a separate facility. 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 facilities, we could experience interruptions and delays in our service and may incur additional expense in arranging new facilities.

Any interruptions or delays in the availability of our platform or solutions, whether as a result of a third-party or our error, natural disasters or security breaches, whether accidental or willful, could harm our reputation and our relationships with users and financial service providers. Additionally, in the event of damage or interruption, we have no insurance policy to 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 damage our brand and reputation, divert our employees' attention and subject us to liability, any of which could adversely affect our business, financial condition and results of operations.

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

Our platform and internal systems rely on software that is highly technical and complex. In addition, our platform and internal systems depend on the ability of such software to store, retrieve, process and manage immense amounts of data. The software on which we rely 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 financial institution partners, delay introductions of new features or enhancements, result in errors or compromise our ability to protect user data or our intellectual property. Any errors, bugs or defects discovered in the software on which we rely could result in harm to our reputation, loss of borrowers or financial institution partners, loss of revenue or liability for damages, any of which could adversely affect our business and financial results.

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, software copyrights, 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-compete agreements with our employees and others to protect our proprietary rights. See "Item 4. Information on the Company—B. Business Overview—Intellectual Properties" and "Item 4. Information on the Company—B. Business Overview—Regulation—Laws and Regulations relating to Intellectual Property." However, we cannot assure you that any of our intellectual property rights would not be challenged, invalidated or circumvented, or such intellectual property will be sufficient to provide us with competitive advantages. In addition, other parties may misappropriate our intellectual property rights, which would cause us to suffer economic or reputational damages. Because of the rapid pace of technological change, we cannot assure you that all of our proprietary technologies and similar intellectual property will be patented in a timely or cost-effective manner, or at all. Furthermore, parts of our business rely on technologies developed or licensed by other parties, or co-developed with other parties, and we may not be able to obtain or continue to obtain licenses and technologies from these other 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-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China. Preventing any unauthorized use of our intellectual property is difficult and costly, and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and in 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 our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

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

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights, know-how, proprietary technologies or other intellectual property rights held by other parties. We may from time to time in the future become subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other parties' trademarks, copyrights, know-how, proprietary technologies or other intellectual property rights that are infringed by our products 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 infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits. If we are ruled against in any of these cases, we may be required to redesign or suspend our services, liable for substantial royalty or licensing fees or incur substantial amounts to satisfy judgments or settle claims or lawsuits. Any of the foregoing occurrences could materially and adversely affect our business, results of operations, financial condition, cash flows, reputation and the price of our securities.

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

Some aspects of our platform include open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.

Aspects of our platform include software covered by open source licenses. Open source license terms are often ambiguous, and there is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses. Therefore, the potential impact of such terms on our business is somewhat unknown. If portions of our proprietary software are determined to be subject to an open source license, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our technologies or otherwise be limited in the licensing of our technologies, each of which could reduce or eliminate the value of our technologies and loan products. There can be no assurance that efforts we take to monitor the use of open source software to avoid uses in a manner that would require us to disclose or grant licenses under our proprietary source code will be successful, and such use could inadvertently occur. This could harm our intellectual property position and have a material adverse effect on our business, results of operations, cash flows and financial condition. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with the use of open source software cannot be eliminated, and could adversely affect our business.

Any failure to comply with PRC property laws and regulations regarding certain of our leased premises may negatively affect our business, results of operations and financial condition.

We have not registered certain of our lease agreements with government authorities. Under PRC laws and regulations, we may be required to register and file with the government authority executed lease agreements. The failure to register the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed timeframe.

Failure to comply with the PRC Social Insurance Law and the Regulation on the Administration of Housing Provident Funds may subject us to fines and other legal or administrative sanctions.

Companies registered and operating in China are required under the PRC Social Insurance Law (latest amended in 2018) and the Regulations on the Administration of Housing Funds (latest amended in 2019) to, apply for social insurance registration and housing fund deposit registration within 30 days of their establishment, and to pay for their employees different social insurance including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to the extent required by law. Historically, one of our PRC subsidiaries did not complete the housing provident fund registration in a timely manner and engaged a third-party human resources agency to pay social insurance premium and housing provident funds for certain of our employees. In August 2022, we completed the housing provident fund registration for such subsidiary. As the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practices may be deemed to be noncompliant with such laws and regulations in China, which, if occurs, may subject us to obligations to provide additional compensation to our employees, labor disputes or government investigations. As a result, our business, financial condition and results of operations could be adversely affected. There is no assurance that we will not be ordered by the competent labor authorities for rectification and failure to comply with such orders may subject us to administrative fines.

Our business depends on the continued efforts of our 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 management, particularly the executive officers named in this annual report and teams in charge of our risk management and product development, as well as collaboration with financial institution partners. 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 management 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 no member of our management team will join our competitors or form a competing business, or disclose confidential information to the public. 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.

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

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

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

- difficulties in assimilating and integrating the operations, personnel, systems, data, technologies, rights, platforms, products and services of the acquired business;
- the 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;
- the diversion of management's time and resources from our daily operations;
- difficulties in maintaining uniform standards, controls, procedures and policies within the combined organizations;
- difficulties in retaining relationships with borrowers, 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;
- the 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 of liability;
- the 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. Even if we do, any such future investments or acquisitions may not be successful, may not benefit our business strategy, may not generate sufficient revenues to offset the associated 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 loan products and services or that any new or enhanced loan products and services, if developed, will achieve market acceptance or prove to be profitable.

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

The SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on the company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. Our management has concluded that our internal control over financial reporting was effective as of December 31, 2025. Our independent registered public accounting firm has issued an attestation report, which has concluded that our internal control over financial reporting was effective in all material aspects as of December 31, 2025. However, if we fail to maintain effective internal control over financial reporting in the future, our management and our independent registered public accounting firm may not be able to conclude that we have effective internal control over financial reporting at a reasonable assurance level. This could in turn result in loss of investor confidence in the reliability of our financial statements and negatively impact the trading price of our class A ordinary shares and/or ADSs. Furthermore, we have incurred and anticipate that we will continue to incur considerable costs, management time and other resources in an effort to comply with Section 404 and other requirements of the Sarbanes-Oxley Act.

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

Our quarterly results of operations, including the levels of our net revenue, operating cost and expenses, net (loss)/income and other key metrics may vary in the future due to a variety of factors, some of which are beyond 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 class A ordinary shares and/or ADSs.

In addition, we may experience seasonality in our business, reflecting seasonal fluctuations in internet usage and traditional consumer borrowing patterns, as borrowers typically use their borrowing proceeds to finance their personal consumption needs.

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

We believe our success depends on the efforts and talent of our employees, including 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 such 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 our ability to operate our platform could diminish, resulting in a material adverse effect to 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, we expect the average wages in the PRC to continue to increase. In addition, we are required by PRC laws and regulations to pay various statutory employee benefits, including pension, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. 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 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 or financial institution partners by increasing the fees for our services, our financial condition and results of operations may be adversely affected.

We may not have sufficient business insurance coverage.

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

We and certain of our current and former directors or officers were, and in the future may be, named as defendants in putative shareholder class action lawsuits that could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation.

We and certain of our current and former directors or officers were named as defendants in a putative shareholder class action filed in federal court, captioned *In re 360 DigiTech, Inc. Securities Litigation*, No. 1:21-cv-06013 (U.S. District Court for the Southern District of New York, amended complaint filed on January 14, 2022). This case was purportedly brought on behalf of a class of persons who purchased our securities between April 30, 2020 and July 8, 2021 and who allegedly suffered damages as a result of alleged misstatements and omissions in our public disclosure documents in connection with our compliance and data collection practices. On January 14, 2022, Lead Plaintiff filed an Amended Complaint. On March 15, 2022, we filed a motion to dismiss the Amended Complaint. Briefing on the motion to dismiss was completed on May 31, 2022. In July 2022, the Court granted our motion to dismiss the Amended Complaint without prejudice, and granted Plaintiffs leave to replead by September 26, 2022. On September 26, 2022, Lead Plaintiff notified the Court that he does not intend to file a Second Amended Complaint. The court entered an order of judgment in favor of Defendants in September 2022, and Plaintiff's deadline to appeal the judgment has lapsed. We consider the case to effectively be closed. We may also face new legal proceedings, claims and investigations in the future. The existence of such cases and any adverse outcome of these cases, including any plaintiff's appeal of a judgment, could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows as well as the trading price of our class A ordinary shares and/or ADSs. Resolution of these matters may utilize a significant portion of our cash resources and divert management's attention from the day-to-day operations of our company, all of which could harm our business. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial results.

Our investments in and capital supports to the joint venture company that we established to develop and build our regional headquarters and affiliated industrial park may occupy a portion of our working capital.

In October 2020, we established Shanghai Qifu Changfeng Technology, Co., Ltd. (previously known as Shanghai 360 Changfeng Technology, Co., Ltd.), or Qifu Changfeng, a joint venture company in Shanghai, China through Shanghai Qiyu, to build our regional headquarters and the affiliated industrial park. The construction has been completed, and the new regional headquarters and industrial park have been officially put into use since January 2026. Currently, we hold 70% of the equity interests in Qifu Changfeng and are the controlling shareholder, with the remaining 30% held by an independent third party. We have consolidated the financial condition and results of operations of Qifu Changfeng on our financial statements since the fiscal year of 2021 and it became our consolidated subsidiary. The construction project that the joint venture company operated was capital intensive. Pursuant to the joint venture agreement, the shareholders of the joint venture company contribute initial funding for the acquisition of land use rights, while funds required for subsequent developments are mainly supplied through external financings with any remaining shortfall funded by the shareholders ratably in proportion to their respective equity interest ownership. As of December 31, 2025, a total of RMB1.07 billion were provided by the shareholders to acquire land use rights, of which RMB0.32 billion was funded by the independent third party. Additionally, Qifu Changfeng has entered into a facility agreement with a commercial bank in China to finance its operations and the construction project, pursuant to which the commercial bank agreed to extend a loan facility in an aggregate amount of up to RMB1.0 billion, and required the subsidiary's registered capital to be paid in the same proportion of the total facility used. Currently, our investments in and capital supports to Qifu Changfeng have not had a material adverse impact on our working capital. However, if Qifu Changfeng requires further capital contributions or funding from us in the future, our working capital position could be negatively impacted. In addition, if Qifu Changfeng defaults in its repayment obligations in any debt financings, it may incur additional liabilities or be involved in legal proceedings, which may adversely affect our results of operations, cash flow positions and reputations.

Increasing focus with respect to environmental, social and governance matters may impose additional costs on us or expose us to additional risks. Failure to adapt to or comply with the evolving expectations and standards on environmental, social and governance matters from investors and the PRC government may adversely affect our business, financial condition and results of operation.

The PRC government and public advocacy groups have been increasingly focused on environment, social and governance, or ESG, issues in recent years, making our business more sensitive to ESG issues and changes in governmental policies and laws and regulations associated with environment protection and other ESG-related matters. Investor advocacy groups, certain institutional investors, investment funds, and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, increased focus from investors and the PRC government on ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. Any ESG concern or issue could increase our regulatory compliance costs. If we do not adapt to or comply with the evolving expectations and standards on ESG matters from investors and the PRC government or are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and the business, financial condition, and the price of the ADSs could be adversely affected.

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

Our business could be adversely affected by epidemics, including COVID-19, the Ebola virus disease, Zika virus disease, H1N1 flu, H7N9 flu, avian flu, Severe Acute Respiratory Syndrome, or SARS, and other epidemics. Our business operations could be disrupted if any of our employees are suspected of having contracted any of the foregoing diseases, since it could require our employees to be quarantined or our offices to be disinfected. In addition, our results of operations could be adversely affected to the extent that any of these epidemics harms the Chinese economy and the Credit-Tech industry in general. Outbreaks of epidemics in China or globally may adversely impact the economic condition and businesses, and could result in reduced spending, especially on discretionary consumption. We derive revenue from loan products facilitated through our platform. A reduction in discretionary consumption may adversely affect demand for consumer and SME-loan products. In addition, downturn in the economy and previous suspension of business activities across various sectors might cause an increase in default of the loans facilitated through our platform as they are likely to lead to a rise in unemployment and may weaken borrowers' willingness and ability to repay their debts. The increased defaults could in turn result in elevated risks and financial losses to our financial institution partners and us. See also "—We have a limited operating history and are subject to credit cycles and the risk of deterioration of credit profiles of borrowers."

We are also vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power losses, telecommunications failures, break-ins, wars, 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 affecting our ability to provide products and services on our platform.

Our headquarters are located in Shanghai and many of our senior management reside in Beijing. Most of our system hardware and back-up systems are hosted in leased facilities located in Shanghai, Beijing and Luoyang. Consequently, we are highly susceptible to factors adversely affecting Shanghai, Beijing and Luoyang. If any of the abovementioned natural disasters, health epidemics or other outbreaks were to occur or aggravate in Shanghai, Beijing and Luoyang, our operation may experience material disruptions, such as temporary closure of our offices and suspension of services, which may materially and adversely affect our business, financial condition and results of operations.

Risks Related to Our Corporate Structure

If the PRC government deems that the contractual arrangements in relation to the VIEs 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 the distribution of online information, is subject to restrictions under current PRC laws and regulations. Although the Administrative Rules on the Foreign-invested Telecommunications Enterprises promulgated by the State Council in May 2022 lifted the prior requirement that the primary foreign investor in a foreign invested value-added telecommunications enterprise must have a good track record and operational experience in the value-added telecommunications industry, there remain restrictions on foreign investments in value-added telecommunication businesses. For example, foreign investors are generally not allowed to own more than 50% of the equity interests in a value-added telecommunications service provider in accordance with the Negative List (2024) and other applicable laws and regulations.

We are a Cayman Islands holding company and our PRC subsidiaries are considered foreign-invested enterprises. Therefore, we operate our Credit-Tech businesses in China through the VIEs and their subsidiaries, in which we have no ownership interest. Our PRC subsidiaries have entered into a series of contractual arrangements with the VIEs and their respective shareholders, which enable us to (i) exercise effective control over the VIEs, (ii) receive substantially all of the economic benefits of the VIEs, and (iii) have an exclusive option to purchase all or part of the equity interests and assets in the VIEs when and to the extent permitted by PRC law. As a result of these contractual arrangements, we have control over and are the primary beneficiary of the VIEs and hence consolidate their financial results into our consolidated financial statements under U.S. GAAP. For a detailed description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure." The VIEs have been operating our Credit-Tech business, including, among others, operations of our Qifu Jietiao, since its incorporation and have obtained and held the ICP License according to PRC laws and regulations. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Foreign Investment Restrictions—Regulations on value-added telecommunications services." The subsidiary of Shanghai Qiyu, Fuzhou Microcredit, which also provides loans through Qifu Jietiao, has obtained a micro-lending license from the relevant competent local authorities and an ICP License.

Investors in our class A ordinary shares or ADSs thus are not purchasing equity interest in the VIEs in China but instead are purchasing equity interest in our Cayman Islands holding company. Our holding company in the Cayman Islands, the VIEs and their subsidiaries, and investments in our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIEs and, consequently, the business, financial condition, and results of operations of the VIEs and our company as a group.

In the opinion of our PRC legal counsel, the contractual arrangements are in compliance with PRC laws and regulations currently in effect. However, our PRC legal counsel 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 legal counsel.

It is uncertain whether any new PRC laws, regulations or rules relating to the "variable interest entity" structure will be adopted or if adopted, what they would provide. If the ownership structure, contractual arrangements and business of our company, our PRC subsidiaries or the VIEs are found to be in violation of any existing or future PRC laws or regulations, or we fail to obtain or maintain any of the required permits or approvals, the government authorities would have broad discretion in dealing with such violation, including levying fines, confiscating our income or the income of the VIEs, revoking the business licenses or operating licenses of our WFOE or the VIEs, shutting down our servers or blocking our online platform, discontinuing or placing restrictions or onerous conditions on our operations, requiring us to undergo a costly and disruptive restructuring, restricting or prohibiting our use of proceeds from our offshore offering to finance our business and operations in China, and taking other regulatory or enforcement actions that could be harmful to our business. Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If any of these occurrences result in our inability to direct the activities of the VIEs, or our failure to receive economic benefits from the VIEs, we may not be able to consolidate their results into our consolidated financial statements in accordance with U.S. GAAP, and our class A ordinary shares or ADSs may decline in value or become worthless if we are unable to assert our contractual control rights over the assets of the VIEs. Revenues contributed by the VIEs accounted for 94%, 95% and 96% of our total net revenue in 2023, 2024 and 2025, respectively.

We rely on contractual arrangements with the VIEs and the shareholders of the VIEs for all of our business operations, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on contractual arrangements with the VIEs and the shareholders of the VIEs, to operate our Credit-Tech businesses, including, among others, the operation of Qifu Jietiao app, as well as certain other complementary businesses. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure." These contractual arrangements may not be as effective as direct ownership in providing us with control over the VIEs. For example, the VIEs or the shareholders of the VIEs may fail to fulfill their contractual obligations with us, such as failure to maintain our platform and use the domain names and trademarks in a manner as stipulated in the contractual arrangements, or taking other actions that are detrimental to our interests.

If we had direct ownership of the VIEs, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the VIEs, 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 the VIEs and their shareholders of their obligations under the contractual arrangements to exercise control over the VIEs. The shareholders of the VIEs 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 the VIEs and the shareholders of the VIEs. Although we have the right, subject to a registration process with PRC government authorities, to replace Shanghai Qibutianxia as the registered shareholders of the VIEs under the contractual arrangements, if it becomes uncooperative or any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC laws and arbitration, litigation and other legal proceedings, the outcome of which will be subject to uncertainties. See "—Any failure by the VIEs or the shareholders of the VIEs to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business." Therefore, our contractual arrangements with the VIEs and the shareholders of the VIEs may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

Any failure by the VIEs or the shareholders of the VIEs to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business.

We have entered into a series of contractual arrangements with the VIEs, and the shareholders of the VIEs. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure." If the VIEs or the shareholders of the VIEs fail to perform their respective obligations under the contractual arrangements, we may incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC laws, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective under PRC laws. For example, if the shareholders of the VIEs were to refuse to transfer their equity interests in the VIEs to us or our designee when we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

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

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

The registered shareholders of the VIEs are beneficially owned by some of our shareholders. However, as we raise additional capital, and our shareholders sell the shares they hold in our company in the future, the interests of such registered shareholders of the VIEs might become different from the interests of our company as a whole. Under the influence of its shareholders, such registered shareholders of the VIEs may breach, or cause the VIEs to breach, the existing contractual arrangements we have with them, which would have a material adverse effect on our ability to effectively control the VIEs and receive economic benefits from them. For example, the registered shareholders of the VIEs may be able to cause our agreements with the VIEs 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, the registered shareholders of the VIEs 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 the VIEs' shareholders and our company, except that we could exercise our purchase option under the option agreement with such shareholders to request that they transfer all of their equity interests in the VIEs to a PRC entity or individual designated by us, to the extent permitted by PRC laws. If we cannot resolve any conflict of interest or dispute between us and the shareholders of the VIEs, 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 VIEs may be subject to scrutiny by the PRC tax authorities and they may determine that we or the VIEs owe additional taxes, which could negatively affect our financial condition and the value of your investment.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. The Enterprise Income Tax Law requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its related parties to the tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm's length principles. We may face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements between our WFOE, the VIEs, and the shareholders of the VIEs were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, regulations and rules, and adjust the VIEs' income 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 the VIEs for PRC tax purposes, which could in turn increase their tax liabilities. In addition, if our WFOE requests the shareholders of the VIEs to transfer their equity interests in the VIEs at nominal or no value pursuant to these contractual arrangements, such transfer could be viewed as a gift and subject our WFOE to PRC income tax. Furthermore, the PRC tax authorities may impose late payment fees and other penalties on the VIEs for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if the VIEs' tax liabilities increase or if they are required to pay late payment fees and other penalties.

We may lose the ability to use and enjoy assets held by the VIEs that are material to the operation of our business if the entity goes bankrupt or becomes subject to a dissolution or liquidation proceeding.

The VIEs hold substantially all of our assets, some of which are material to our operation, including, among others, intellectual properties, hardware and software. Under contractual arrangements, the VIEs may not, and the shareholders of the VIEs may not cause them to, in any manner, sell, transfer, mortgage or dispose of their assets or their legal or beneficial interests in the business without our prior consent. However, in the event the VIEs' shareholders breach these contractual arrangements and voluntarily liquidate the VIEs, or the VIEs declare bankruptcy and all or part of their assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. If the VIEs 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.

Divestitures of businesses and assets may have a material and adverse effect on our business and financial condition.

We may undertake in the future, partial or complete divestitures or other disposal transactions in connection with certain of our businesses and assets, particularly ones that are not closely related to our core focus areas or might require excessive resources or financial capital, to help our company meet its objectives. These decisions are largely based on our management's assessment of the business models and likelihood of success of these businesses. However, our judgment could be inaccurate, and we may not achieve the desired strategic and financial benefits from these transactions. Our financial results could be adversely affected by the impact from the loss of earnings and corporate overhead contribution/allocation associated with divested businesses.

Dispositions may also involve continued financial involvement in the divested business, such as through guarantees, indemnities or other financial obligations. Under these arrangements, performance by the divested businesses or other conditions outside of our control could affect our future financial results. We may also be exposed to negative publicity as a result of the potential misconception that the divested business is still part of our consolidated group. On the other hand, we cannot assure you that the divesting business would not pursue opportunities to provide services to our competitors or other opportunities that would conflict with our interests. If any conflicts of interest that may arise between the divesting business and us cannot be resolved in our favor, our business, financial condition, results of operations could be materially and adversely affected.

Furthermore, reducing or eliminating our ownership interests in these businesses might negatively affect our operations, prospects, or long-term value. We may lose access to resources or know-how that would have been useful in the development of our own business. Our ability to diversify or expand our existing businesses or to move into new areas of business may be reduced, and we may have to modify our business strategy to focus more exclusively on areas of business where we already possess the necessary expertise. We may sell our interests too early, and thus forego gains that we otherwise would have received had we not sold. Selecting businesses to dispose of or spin off, finding buyers for them (or the equity interests in them to be sold) and negotiating prices for what may be relatively illiquid ownership interests with no easily ascertainable fair market value will also require significant attention from our management and may divert resources from our existing business, which in turn could have an adverse effect on our business operations.

Risks Related to Doing Business in China

The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. The auditor is located in mainland China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. As a result, we and investors in the ADSs were deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the Securities and Exchange Commission, we and investors in our ADSs would be deprived of the benefits of such PCAOB inspections again, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong and our auditor was subject to that determination. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. As of the date of this annual report, the PCAOB has not issued any new determination that it is unable to inspect or investigate completely registered public accounting firms headquartered in any jurisdiction. For this reason, we do not expect to be identified as such after we file this annual report on Form 20-F.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the Securities and Exchange Commission, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. Although our class A ordinary shares have been listed on the Hong Kong Stock Exchange and the ADSs and class A ordinary shares are fully fungible, we cannot assure you that an active trading market for our class A ordinary shares on the Hong Kong Stock Exchange will be sustained or that the ADSs can be converted and traded with sufficient market recognition and liquidity, if our shares and ADSs are prohibited from trading in the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of the ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

The PRC government exerts significant oversight and discretion over our business operations. Any failure to comply with PRC laws and regulations, and any requirement for us to adjust our operations due to changing laws and regulations, could result in a material adverse impact to our business and the value of the ADSs.

We conduct our business primarily in China. Our operations in China are governed by PRC laws and regulations. In accordance with applicable laws and regulations, the PRC government has significant oversight and discretion over the conduct of our business in China, and may intervene or influence our operations as the government deems appropriate to advance regulatory and societal goals and policy positions. The PRC government has recently published new policies that significantly affected certain industries and we cannot rule out the possibility that it will in the future release regulations or policies that directly or indirectly affect our industry, require us to seek additional permission to continue our operations or make certain adjustments on our product or service offerings, which could result in a material adverse change in our operation in China and/or the value of our class A ordinary shares and ADSs. Our class A ordinary shares and ADSs may significantly decline in value as a result. Also, the PRC government may promulgate certain regulations and rules to exert more oversight over offerings that are conducted overseas and foreign investment in mainland China-based issuers. In the event that we fail to comply with any legal and regulatory requirements of mainland China in relation to overseas securities issuance or foreign investment, our ability to continue to offer securities to investors could be significantly limited or completely hindered and the value of such securities could significantly decline.

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

The PRC legal system is based on written statutes and prior court decisions have limited value as precedents. The PRC legal system is evolving rapidly and PRC laws, regulations, and rules may change quickly with little advance notice. The interpretations of many PRC laws, regulations, and rules may contain inconsistencies, the enforcement of which involves uncertainties. For example, the PRC Foreign Investment Law, which took effect on January 1, 2020, replaced the trio of existing laws regulating foreign investment in China, together with their implementation rules and ancillary regulations. This PRC 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, substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law, its implementation rules and ancillary regulations, which may materially impact the viability of our current corporate structure, corporate governance and business operations. In addition, the regulatory landscape for the financial industry, particularly concerning online lending and credit-tech platforms, has continued to evolve. In late 2024 and throughout 2025, regulatory authorities issued a series of stringent measures governing the consumer credit ecosystem, introducing distinct compliance mandates to different types of financial institutions. More recently, in early 2026, new provisions were promulgated to mandate the explicit and highly structured disclosure of comprehensive financing costs for personal loans. Uncertainties and changes in regulatory environment may increase our cost of operation, limit our service offerings or even cause us to fundamentally change our business model. We cannot assure you that we will remain fully compliant with all new regulatory requirements or any future implementation rules on a timely basis, or at all. Any failure of us to fully comply with any regulatory requirements or governmental implementation may significantly limit or completely hinder our ability to offer or continue to offer the class A ordinary shares and ADSs, cause significant disruption to our business operations, and severely damage our reputation, which would materially and adversely affect our financial condition and results of operations and cause the class A ordinary shares and ADSs to significantly decline in value or become worthless.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. 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.

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

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

The Chinese economy differs from the economies of other countries in many respects, including, but not limited to the extent of government involvement, stage of development, growth rate, foreign exchange controls and strategic allocation of resources. While the Chinese government continues to advance market-oriented reforms, the authorities also maintain an active role through government investment and policy guidance. State-owned enterprises continue to operate in key sectors of the economy. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. Further, the PRC government has significant authority to exert influence on the ability of a China-based company, such as us, to conduct its business. Therefore, investors of our Company and our business face potential uncertainty from the PRC government. The Chinese government also exercises significant control over China's economic growth through guiding resources allocation, regulating payment of foreign currency-denominated obligations, setting monetary policy, and providing targeted support to certain industries.

While the Chinese economy has experienced significant growth over the past decades, there can be no assurance that the growth would be maintained or equitable across sectors. 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 not have the same 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.

A downturn in the Chinese or global economy could reduce the demand for consumer loans or increase the default risk, which could materially and adversely affect our business and financial condition.

The global macroeconomic environment faces numerous challenges. The growth rate of the Chinese economy has been slowing since 2010 and the Chinese population began to decline in 2022. The Russia-Ukraine conflict, the Hamas-Israel conflict, the conflict in the Persian Gulf and surrounding areas as far west as Israel and Lebanon, and the restrictions at various times on shipping through the straits of Hormuz and the Red Sea have heightened geopolitical tensions across the world. The impact of the regional conflicts has contributed to increases in food and energy prices and thus to inflation more generally, with the potential for even more serious consequences if oil or gas facilities are destroyed or shipping is affected for an extended period of time. 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 are significant uncertainties associated with the future relationship between the United States and China with respect to a wide range of issues including investment policies, trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. In addition, our consumers and SMEs are vulnerable to changes in macroeconomic conditions. If macroeconomic conditions deteriorate, our consumers and SMEs may be directly hit, which in turn may lead to higher default rates or decreasing borrowings. As a result, any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition. Additionally, continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

Changes in international trade policies and rising political tensions, particularly between the U.S. and 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. The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards many countries, including China. Since early 2025, the U.S. has imposed an array of product-specific tariffs and new higher blanket tariffs on Chinese products. China has responded by imposing, and proposing to impose, additional or higher tariffs on certain products imported from the United States, among other measures. There remains considerable uncertainties regarding future tariff rates and the trajectory of U.S.-China trade relations.

We are monitoring policies in the United States that are aimed at restricting U.S. persons from investing in certain Chinese companies and/or imposing sanctions on Chinese entities. The United States and various foreign governments have imposed controls, license requirements and restrictions on the import or export of or investing in technologies and products (or voiced the intention to do so). For instance, in October 2022, the Bureau of Industry and Security (BIS) of the U.S. Department of Commerce issued rules aimed at restricting China's ability to obtain advanced computing chips, develop and maintain supercomputers and manufacture advanced semiconductors. On August 9, 2023, the Biden administration released an executive order directing the U.S. Department of the Treasury to create an outbound FDI review program that will require reporting on or (in more narrow circumstances) will prohibit investments by U.S. persons involving "covered national security technologies and products." On June 21, 2024, the U.S. Department of the Treasury issued a notice of proposed rulemaking on outbound U.S. investment involving China that generally follows the advanced notice of proposed rulemaking. On October 28, 2024, the U.S. Department of the Treasury issued a final rule imposing restrictions on U.S. outbound investment in Chinese companies active in developing certain national security technologies. The final rule took effect on January 2, 2025. The final rule targets investments involving persons and entities associated with "countries of concern," currently limited to China, and it imposes investment prohibition and notification requirements on a wide range of investments in companies engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, with persons from countries of concern engaged in these technologies defined as "covered foreign persons." Investments by U.S. persons subject to the final rule, which are defined as "covered transactions," include acquisition of equity or a contingent equity interest, provision of certain debt financing, conversion of contingent equity interest into equity interest, involvement in greenfield or brownfield investment, entrance into a joint venture, and acquisition of a limited partner interest in non-U.S. pooled investment fund. The final rule excludes some investments from the scope of "covered transactions," including those in publicly traded securities listed on a national stock exchange. The final rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based companies. We do not believe we would be defined as "covered foreign person" under the final rule, because we do not engage in a "covered activity" (as defined in the final rule) or otherwise meet the definition of "covered foreign person" provided in the final rule. However, there is no assurance that the U.S. Department of the Treasury will take the same view as ours. If we were to be deemed a "covered foreign person," and if U.S. persons engaged in a "covered transaction" that involves the acquisition of our equity interests or contingent equity interests, such U.S. persons may be prohibited to do so or may need to make a notification, as applicable pursuant to the final rule. In addition, our ability to raise capital or contingent equity capital from U.S. investors may be limited due to the final rule and other similar laws, regulations and policies, given that relevant laws, regulations, and policies continue to evolve and we cannot rule out the possibility of being deemed a covered foreign person in the future due to different views taken by the U.S. Department of Treasury, potential amendments to the final rule or the introduction of similar regulations. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects.

Additionally, on February 21, 2025, the White House released the "America First Investment Policy" memorandum, or the Investment Policy, which outlined several initiatives to restrict investments involving China. While legislative and regulatory actions are required to effect these proposed changes, the Investment Policy may expand enforcement against inbound investment from China to the United States by potentially implementing broader, sector-based restriction on PRC investments in the U.S., expanding CFIUS' jurisdiction over greenfield investment by Chinese companies, and replacing open-ended mitigation agreements with mitigation agreements prescribing specific timeframes and concrete actions. Additionally, the Investment Policy proposes to create restrictions on U.S. investments in China additional to those already imposed under the Outbound Investment Rule, by potentially expanding industry sectors covered in sectors by existing U.S. outbound investment regulations, supplementing outbound investment restrictions with sanctions, and directing a review to suspend or terminate the 1984 United States-The People's Republic of China Income Tax Convention. As the Investment Policy and its related legislative and regulatory proposals are still relatively new, it is unclear how these policies, and any future policies concerning investments between the U.S. and China, will be interpreted, amended and implemented by U.S. government authorities. These policies may restrict our ability to implement our investment strategy and could adversely affect our business and prospects. In addition, on December 18, 2025, the Comprehensive Outbound Investment National Security Act of 2025, or the COINS Act, was enacted as part of the National Defense Authorization Act for Fiscal Year 2026. The COINS Act largely preserves the core framework of the Outbound Investment Rule while expanding its scope and coverage in certain respects such as expanding covered activities in high-performance computing and supercomputing and hypersonic systems and including more countries of concern. The COINS Act will not become effective until the U.S. Department of the Treasury issues implementing regulations, which must be promulgated through notice-and-comment rulemaking and no later than March 13, 2027. Accordingly, the Treasury may amend, expand or otherwise modify existing outbound investment prohibitions and restrictions pursuant to the COINS Act.

Rising trade and political tensions could reduce levels of trade, investments, technological exchanges and other economic activities between China and other countries, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies. We have been exploring, and intend to continue to explore, opportunities to expand our operations into overseas markets, which may include applying for licenses or other regulatory approvals in new jurisdictions or pursuing potential acquisitions of licensed entities abroad. In connection with these efforts, we may face heightened regulatory scrutiny, formal or informal barriers to market access, or difficulties in obtaining necessary licenses or regulatory approvals in certain jurisdictions, including as a result of the geopolitical tensions described above. Certain jurisdictions may impose national security reviews, data sovereignty or data localization requirements, or other regulatory conditions that could affect our ability to enter or operate in those markets. In addition, changes in geopolitical environments may affect the willingness of local partners, vendors or customers to engage with us. Any unfavorable government policies on international trade or any restriction on Chinese companies may affect consumer demand for our products and service, impact our competitive position, or prevent us from being able to conduct business in certain countries. In addition, our results of operations could be adversely affected if any such tensions or unfavorable government trade policies harm the Chinese economy or the global economy in general.

The approval of and filing with the CSRC or other PRC government authorities will be required if we conduct offshore offerings in the future, and 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 require 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, 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 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 the Administration Trial Measures of Overseas Securities Offering and Listing by Domestic Companies. The measures establish a filing-based regime to regulate overseas offerings and listings by domestic companies. According to the measures, an overseas offering of equity shares, depository receipts, convertible corporate bond and the listing by a domestic company, whether directly or indirectly, shall be filed with the CSRC. Specifically, the examination and determination of an indirect offering and listing will be conducted on a substance-over-form basis, and an offering and listing shall be considered as an indirect overseas offering and listing by a domestic company if the issuer meets the following conditions: (i) the operating income, gross profit, total assets, or net assets of the domestic enterprise in the most recent fiscal year, any of which was more than 50% of the relevant line item in the issuer's audited consolidated financial statement for that year; and (ii) the principle elements of operations are conducted within or the main places of operations are within the PRC, or senior management personnel responsible for business operations and management are mostly PRC citizens or are ordinarily resident in the PRC. According to these measures, the issuer or its affiliated material domestic company, as the case may be, shall file with the CSRC and report the relevant information for its initial public offering, follow-on offshore offering and other equivalent offshore offering activities. Particularly, the issuer or its affiliated material domestic company shall submit the filing with respect to its initial public offering and listing within three business days after its initial filing of the listing application, and submit the filing with respect to its follow-on offshore offering on the same overseas market within three business days after completion of the follow-on offering. Failure to comply with the filing requirements may result in fines to the domestic companies and fines on the directly responsible person in charge and other responsible persons. The controlling shareholder or actual controllers of domestic company organize or instruct to engage in the illegal act or conceals relevant matters failing to comply with the filing requirements will be subject to fines. The measures also set forth certain regulatory circumstances where offshore offerings and listings by domestic enterprises are prohibited. The measures also come with five guidelines on the interpretation and application of the filing requirements and procedures. We have submitted the filing with the CSRC within the period as required under these measures following the completion of the offering of our 0.50% convertible senior notes due 2030, or the 2030 Notes.

In a Q&A released on its official website, the respondent CSRC official indicated that the filing requirement will start with new companies and the existing companies seeking to carry out activities like follow-on offshore financing. Existing companies are not required to filed immediately, and the subsequent filing matters such as refinancing shall be filed as required. The Q&A also addressed the contractual arrangements and pointed out that the filing management will adhere to the principles of marketization and legalization, and strengthen regulatory coordination, and the CSRC will seek the opinions of the relevant competent authorities for the overseas listing of VIE-structured enterprises that meet the compliance requirements to file, and support the development and growth of enterprises using two markets and two resources. Nevertheless, it does not specify what qualify as compliant VIE structures and what domestic laws and regulations are required to be complied with. There are uncertainties with respect to the application and enforcement of the newly published measures. We will closely monitor and assess any legislative and regulatory development and prepare for filing when necessary.

Furthermore, on February 24, 2023, the CSRC released the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies, which came into effect on March 31, 2023. Pursuant to the provisions, any future inspection or investigation conducted by overseas securities regulator or the relevant competent authorities on our PRC domestic companies with respect to our overseas issuance and offering shall be carried out in the manner in compliance with PRC laws and regulations.

Relatedly, on December 27, 2021, the NDRC and the Ministry of Finance jointly issued the Negative List (2024), 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 Negative List (2024) seeks an overseas offering and listing, it shall obtain the approval from the competent government 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 regulations on the domestic securities investments by foreign investors. 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 from and filing with the CSRC or other regulatory authorities or other procedures, including the cybersecurity review under the Measures for Cybersecurity Review (2021 Revision), the Measures of Regulations on the Network Data Security Administration, and the filing requirements under the Administration Trial Measures of Overseas Securities Offering and Listing by Domestic Companies, 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. 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 class A ordinary shares and ADSs. 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 class A ordinary shares offered. 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 class A ordinary shares and ADSs.

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

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

Substantial uncertainties exist with respect to the interpretation and implementation of the 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 PRC National People's Congress approved the Foreign Investment Law, which came into effect on January 1, 2020 and replaces the trio of existing laws regulating foreign investment in the PRC, namely, the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-Invested Enterprise Law, and has become the legal foundation for foreign investment in the PRC.

The Foreign Investment Law sets out the basic regulatory framework for foreign investments and proposes to implement a system of pre-entry national treatment with a negative list for foreign investments, pursuant to which (i) foreign entities and individuals are prohibited from investing in certain areas that are not open to foreign investments, (ii) foreign investments in the restricted industries must satisfy certain requirements under the law, and (iii) foreign investments in business sectors outside of the negative list will be treated equally with domestic investments. The Foreign Investment Law also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information reporting system, through which foreign investors are required to submit information relating to their investments to the Ministry of Commerce of the PRC or its local branches.

However, uncertainties still exist in relation to the interpretation and implementation of the Foreign Investment Law. 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. 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.

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

We only have contractual control over our website and mobile app platform. We do not directly own the website and mobile app platform due to the restriction on foreign investment in businesses providing value-added telecommunications 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.

According to PRC laws and regulations, an enterprise must obtain a value-added telecommunication business license to operate a value-added telecommunication business. The VIEs have obtained the required ICP License to operate our online platform, Qifu Jietiao. Nevertheless, it is uncertain if we or the VIEs may be required to obtain additional value-added telecommunications business licenses. See also "—If we fail to complete, obtain or maintain the value-added telecommunications license, other requisite license, or approvals or filings in China, our business, financial condition and results of operations may be materially and adversely affected."

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 we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain new ones. If the PRC government considers that we were operating without the proper approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material adverse effect on our business and results of operations.

We face uncertainties with respect to the enactment, interpretation and implementation of PRC regulations on foreign debt, which may adversely affect the enforceability and the effective performance of our convertible notes.

The NDRC promulgated the Administrative Measures for the Review and Registration of Medium and Long-term Foreign Debts of Enterprises, or the Foreign Debt Measures, that came into effect on February 10, 2023. According to the Foreign Debt Measures, PRC domestic enterprises and their overseas controlled entities or branches shall procure the registration of any foreign debt with maturities of over one year prior to raising such debt with the National Development and Reform Commission. Furthermore, a domestic enterprise is required to submit the following information to the National Development and Reform Commission: (i) the offering information (including, without limitation, the information related to the major business indicators of such enterprise and issue details of the foreign debt) within ten business days after the completion of the issuance or drawdown of such foreign debt, (ii) the necessary information on the foreign debt raised under the pre-issuance registration within ten business days after the expiry date of such registration, (iii) certain information, including, without limitation, the use of proceeds, plan and arrangement of payment of interest and principal, and major business indicators, within five business days before the end of January and the end of July of each year, and (iv) certain required information promptly upon the occurrence of any material event that may affect the performance of issuers' obligations under their foreign debt, and the domestic enterprise is also required to take measures to avoid the spillover of default risks of its onshore debt securities and cross-default risks.

In connection with the 2030 Notes, we have completed the registration with the NDRC and obtained a certificate evidencing such registration. We have also filed the requisite information on the 2030 Notes with the NDRC within the time period as required by the NDRC. If we fail to complete any continued filing obligations for our 2030 Notes or fail to complete the registration with the NDRC for any of our future offering of foreign debt required under the Foreign Debt Measures, we may be subject to correction orders and we and our person(s)-in-charge may face regulatory warnings. The Foreign Debt Measures are silent on whether any non-compliance with these measures would affect the legality and validity of the notes. There is no assurance that the failure to comply with the Foreign Debt Measures would not result in adverse consequences on our ability to perform our obligations under or to comply with the notes. Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Debt Measures.

We face uncertainties with respect to the interpretation and implementation of the Anti-monopoly Law.

According to the Anti-monopoly Law of the PRC, business operators that hold dominant market position shall not abuse their dominant market position to restrict trading counterparts to transact only with such business operators or only with designated business operators without a justifiable reason. Where a business operator has violated the Anti-monopoly Law of the PRC in abusing its dominant market position, the anti-monopoly enforcement agency may order the business operator to stop the illegal act and confiscate the illegal income. A fine of 1% to 10% of the sales amount of the preceding year shall be imposed.

We do not believe our business is in violation of the Anti-monopoly Law of the PRC, and as of the date of this annual report, we had not been subject to any administrative penalties or regulatory actions in connection with anti-monopoly. The State Administration for Market Regulation imposed administrative penalties in a number of anti-monopoly cases in the internet industry, and the regulatory environment of anti-monopoly is tightening. Due to the uncertainties associated with the evolving legislative activities and varied local implementation practices of competition laws and regulations in China, we cannot assure you that we will not be required to adjust our business practice in order to comply with these laws, regulations, rules, guidelines and implementations, or be able to maintain full compliance. Any incompliance or associated inquiries, investigations and other governmental actions may divert significant management time and attention and our financial resources, bring negative publicity, subject us to liabilities or administrative penalties, and materially and adversely affect our financial condition, operations and business prospects.

We may 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 any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require our PRC subsidiaries to adjust its taxable income under the contractual arrangements it currently has in place with the VIEs 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 VIEs may be subject to scrutiny by the PRC tax authorities and they may determine that we or the VIEs owe additional taxes, which could negatively affect our financial condition and the value of your investment."

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

SAFE issued the Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting the Policy for Foreign Exchange Control of Capital Accounts, or Circular 2, on January 10, 2014, which provides that offshore Renminbi loans provided by a domestic enterprise to offshore enterprises that it holds equity interests in shall not exceed 30% of such equity interests. Circular 2 may constrain our PRC subsidiaries' ability to provide offshore loans to us. In addition, the People's Bank of China and SAFE, have implemented a series of capital control measures, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. The PRC government may continue to strengthen its capital controls and our PRC subsidiaries' dividends and other distributions may be subject to tighter scrutiny in the future. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

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

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with government authorities in China. According to the PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System, or FICMIS, and registration with other government authorities in China. In addition, (a) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local branches, and (b) our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount as recorded in FICMIS. Any medium or long-term loan to be provided by us to the VIEs must be recorded and registered by the NDRC and SAFE or its local branches. We may not complete such recording or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the proceeds of our securities offerings and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

The Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19, and the Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange, or SAFE Circular 16, prohibit a foreign-invested enterprise from, among other things, using Renminbi funds converted from its foreign exchange capital for expenditure beyond its business scope, investment and financing (except for security investment or guarantee products issued by a bank), providing loans to non-affiliated enterprises, or constructing or purchasing real estate not for its own use. This restriction was relaxed, however, in October 2019 since which time non-investment foreign-funded enterprises can make domestic equity investments by converting their foreign exchange capital, provided that such investments should be in compliance with the Negative List (2024) and other PRC laws and regulations.

SAFE Circular 19, SAFE Circular 16 and other rules and regulations may significantly limit our ability to transfer to and use in China the net proceeds from our securities offerings, which may adversely affect our business, financial condition and results of operations.

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

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

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our class A ordinary shares and ADSs in U.S. dollars. For example, to the extent that we need to convert U.S. dollars we receive into Renminbi to pay our operating expenses, appreciation of Renminbi 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 Renminbi against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, dividends and share repurchase amount, which in turn could adversely affect the price of our class A ordinary shares and the ADSs.

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

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

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our net revenue in Renminbi. 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 shareholders of our company who are PRC residents. But approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

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

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

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries 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 local governments in China given the different levels of economic development in different locations. Companies operating in China are also required to withhold individual income tax on employees' salaries based on the actual salary of each employee upon payment. If we do not make adequate employee benefit payments, we may be required to make up the contributions for these plans as well as to pay late fees and fines; with respect to the underwithheld individual income tax, we may be required to make up sufficient withholding and pay late fees and fines. If we are subject to late fees or fines in relation to the underpaid employee benefits and underwithheld individual income tax, our financial condition and results of operations may be adversely affected.

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

The M&A Rules and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the Ministry of Commerce shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the Ministry of Commerce that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the ministry, 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 rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce or its local counterparts, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

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

SAFE promulgated 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 residents or entities, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions.

SAFE Circular 37 was issued to replace the Circular on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments through Overseas Special Purpose Vehicles.

If our shareholders who are PRC residents or entities do not complete their registration with the local SAFE branches, 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 SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

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

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

Pursuant to SAFE Circular 37, PRC residents who participate in stock incentive plans in overseas non-publicly listed companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose vehicles. In the meantime, our directors, executive officers and other employees who are PRC citizens, subject to limited exceptions, and who have been granted stock options by us, may follow the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, promulgated by SAFE in 2012. Pursuant to the notices, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas listed company, and complete certain other procedures if they participate in any stock incentive plan of an overseas publicly traded company, unless certain exceptions are available. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our directors, executive officers and other employees who are PRC citizens or non-PRC citizens living in the PRC for a continuous period of not less than one year and have been granted stock options are subject to these regulations. Failure to complete 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 on Foreign Exchange—Regulations on stock incentive plans."

The State Taxation Administration of the PRC has issued certain circulars concerning employee stock options and restricted shares. Under these circulars, our employees working in China who exercise stock options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee stock options or restricted shares with tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to PRC laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities. See "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on 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 Taxation Administration 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 STA'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 management is in the PRC, and operation management performs its duties 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— Mainland 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 we or any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then we or such subsidiaries 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 the 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. 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 and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. However, there is no assurance that the 5% preferential withholding tax rate will continue to apply to us in the future. In addition, certain of our PRC subsidiaries have been recognized as "high and new technology enterprises" and are entitled to a preferential enterprise income tax rate of 15%, rather than the statutory rate of 25%. The "high and new technology enterprises" qualification is subject to a three-year review and renewal process. If our PRC subsidiaries fail to maintain or renew their "high and new technology enterprises" status, or if the relevant tax authorities determine that we were not eligible for such preferential treatments, our effective tax rate would increase significantly. Furthermore, if any of our previous preferential tax treatments or government subsidies are revoked or rescinded retroactively by the relevant authorities, we may be required to pay additional taxes for the periods during which we enjoyed the preferential tax treatments or refund the subsidies we received. Any of the foregoing could materially and adversely affect our financial condition and results of operations.

It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or ordinary shares.

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

We face uncertainties regarding the reporting on and consequences of previous private equity financing transactions involving the transfer and exchange of shares in our company by non-resident investors.

In February 2015, the State Taxation Administration issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or the STA Bulletin 7, as amended in 2017. Pursuant to this bulletin, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to the STA Bulletin 7, "PRC taxable assets" include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income tax. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, features to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable assets; whether the assets of the offshore enterprise mainly consist of direct or indirect investment in China or if its income mainly derives from China; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have a real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of the business model and organizational structure; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the immovable properties located in China or to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax of 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. The STA Bulletin 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired from a transaction through a public stock exchange.

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

Risks Related to the ADSs and Our Class A Ordinary Shares

We adopt different practices as to certain matters as compared with many other companies listed on the Hong Kong Stock Exchange.

We completed our global offering in Hong Kong in November 2022 and the trading of our class A ordinary shares on the Hong Kong Stock Exchange commenced on November 29, 2022 under the stock code "3660." As a company listed on the Hong Kong Stock Exchange pursuant to Chapter 19C of the Hong Kong Listing Rules, we are subject to certain provisions of the Hong Kong Listing Rules pursuant to Rule 19C.11, including, among others, rules on notifiable transactions, connected transactions, share option schemes, content of financial statements as well as certain other continuing obligations. In addition, in connection with the listing on the Hong Kong Stock Exchange, we have applied for a number of waivers and/or exemptions from strict compliance with the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Codes on Takeovers and Mergers and Share Buybacks issued by the Securities and Futures Commission of Hong Kong and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). As a result, we currently adopt different practices as to those matters as compared with other companies listed on the Hong Kong Stock Exchange that do not enjoy those exemptions or waivers.

Furthermore, if 55% or more of the total worldwide trading volume, by dollar value, of our class A ordinary shares and ADSs over our most recent fiscal year takes place on the Hong Kong Stock Exchange, the Hong Kong Stock Exchange will regard us as having a dual primary listing in Hong Kong and we will no longer enjoy certain of the exemptions or waivers mentioned above, which could result in us having to amend our corporate structure and memorandum and articles of association and our incurring of incremental compliance costs.

The trading prices for our listed securities have been and are likely to continue to be volatile.

The trading prices of our listed securities have been and are likely to continue to be volatile and could fluctuate widely due to factors beyond our control. In 2025, the trading prices of the ADSs ranged from US$17.61 to US$48.94 per ADS and the trading price of our class A ordinary shares ranged from HK$69.25 to HK$204.00 per share. This may happen because of broad market and industry factors, like the performance and fluctuation in the market prices or the underperformance or deteriorating financial results of other listed internet or other companies based in China that have listed their securities in the United States and/or in Hong Kong in recent years. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial declines in their trading prices. The trading performances of other Chinese companies' securities after their offerings, including internet and e-commerce companies, may affect the attitudes of investors toward Chinese companies listed in the United States and/or Hong Kong in general, which consequently may impact the trading performance of our class A ordinary shares and/or ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. In addition, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, which may have a material adverse effect on the market price of our class A ordinary shares and/or ADSs.

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

- regulatory developments affecting us, our users, or our industry;
- conditions in the Credit-Tech industry;
- announcements of studies and reports relating to the quality of our product and service offerings or those of our competitors;
- changes in the economic performance or market valuations of other Credit-Tech platforms;
- 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;
- 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, such as short seller reports;
- announcement, update or execution of our dividend policy and share repurchase plan;
- fluctuations of exchange rates between Renminbi, the Hong Kong dollar and the U.S. dollar;
- release or expiry of lock-up or other transfer restrictions on our outstanding ordinary shares or ADSs; and
- sales or perceived potential sales of additional ordinary shares or ADSs.

In addition, companies that have experienced volatility in the market price of their securities are more likely to become the target of securities litigation. We were named as a defendant in a putative shareholder class action in the past. The court entered judgment in our favor in September 2022, and the plaintiff's deadline to appeal has lapsed. See "—We and certain of our current and former directors or officers were, and in the future may be, named as defendants in putative shareholder class action lawsuits that could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation." Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, regardless of the merits or the ultimate outcome of such litigation, and could further increase volatility in the trading price of our class A ordinary shares and/or the ADSs. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

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

The trading market for our class A ordinary shares and/or the 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 class A ordinary shares and/or the ADSs or publish inaccurate or unfavorable research about our business, the market price for our class A ordinary shares and/or the ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our class A ordinary shares and/or the ADSs to decline.

Techniques employed by short sellers may drive down the market price of our class A ordinary shares or the ADSs.

Short selling is the practice of selling securities that a seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the issuers and their business prospects in order to create negative market sentiment or momentum and generate profits for themselves after selling securities short.

Public companies listed in the United States that have substantially all of their operations in China have been the subject of short selling. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits or SEC enforcement actions.

On September 26, 2024, Grizzly Research, a short seller, issued a short seller report that made certain allegations against us. On September 27, 2024, we issued responses to the key claims made in the report. Specifically, we announced that we are of the view that the report is without merit and contains inaccurate information, flawed analyses, misleading conclusions and interpretations regarding information relating to us. We also announced that our board of directors, including the audit committee reviewed the allegations and considering the appropriate course of action to protect the interests of all shareholders. Following the announcement of our responses, our internal audit department, led by the audit committee of our board of directors, conducted an investigation. The investigation report prepared by the internal audit department has been approved by the audit committee, with the conclusion that the short seller report is without merit and that the internal control of our company is effective.

We may be the subject of unfavorable allegations made by short sellers again in the future. Any such allegations may be followed by periods of instability in the market price of our class A ordinary shares and the ADSs and negative publicity. If and when we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against short sellers by principles of freedom of speech, applicable state law, or issues of commercial confidentiality. Moreover, during an ongoing internal investigation or review, to ensure that its findings are reached independently without undue influence, we may also be constrained in our ability to offer a public rebuttal immediately even if the allegation can, in our view, be readily rebutted. Such a situation could be costly and time-consuming and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations and shareholders' equity, and any investment in our class A ordinary shares or the ADSs could be greatly reduced or rendered worthless.

The different characteristics of the capital markets in Hong Kong and the United States may negatively affect the trading prices of our class A ordinary shares and/or the ADSs.

We are subject to Hong Kong and United States regulatory requirements concurrently. The Hong Kong Stock Exchange and Nasdaq have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of our class A ordinary shares and the ADSs may not be the same, even allowing for currency differences. Fluctuations in the price of the ADSs due to circumstances peculiar to the U.S. capital markets could materially and adversely affect the price of our class A ordinary shares, or vice versa. Certain events having significant negative impact specifically on the U.S. capital markets may result in a decline in the trading price of our class A ordinary shares notwithstanding that such event may not impact the trading prices of securities listed in Hong Kong generally or to the same extent, or vice versa. Because of the different characteristics of the U.S. and Hong Kong capital markets, the historical market prices of the ADSs may not be indicative of the trading performance of our class A ordinary shares.

Exchange between our class A ordinary shares and the ADSs may adversely affect the liquidity and/or trading price of each other.

The ADSs are currently traded on Nasdaq. Subject to compliance with U.S. securities law and the terms of the Deposit Agreement, holders of our class A ordinary shares may deposit class A ordinary shares with the depositary in exchange for the issuance of the ADSs. Any holder of ADSs may also surrender ADSs and withdraw the underlying class A ordinary shares represented by the ADSs pursuant to the terms of the Deposit Agreement for trading on the Hong Kong Stock Exchange. In the event that a substantial number of class A ordinary shares are deposited with the depositary in exchange for ADSs or vice versa, the liquidity and trading price of our class A ordinary shares on the Hong Kong Stock Exchange and the ADSs on Nasdaq may be adversely affected.

The time required for the exchange between our class A ordinary shares and ADSs might be longer than expected and investors might not be able to settle or effect any sale of their securities during this period, and the exchange of class A ordinary shares into ADSs involves costs.

There is no direct trading or settlement between Nasdaq and the Hong Kong Stock Exchange on which the ADSs and the class A ordinary shares are respectively traded. In addition, the time differences between Hong Kong and New York and unforeseen market circumstances or other factors may delay the deposit of class A ordinary shares in exchange for ADSs or the withdrawal of class A ordinary shares underlying the ADSs. Investors will be prevented from settling or effecting the sale of their securities during such periods of delay. In addition, there is no assurance that any exchange of class A ordinary shares into ADSs (and vice versa) will be completed in accordance with the timelines investors may anticipate.

Furthermore, the depositary for the ADSs is entitled to charge holders fees for various services including for the issuance of ADSs upon deposit of class A ordinary shares, cancelation of ADSs, distributions of cash dividends or other cash distributions, distributions of ADSs pursuant to share dividends or other free share distributions, distributions of securities other than ADSs and annual service fees. As a result, shareholders who exchange class A ordinary shares into ADSs, and vice versa, may not achieve the level of economic return the shareholders may anticipate.

Although we have adopted a semi-annual cash dividend policy since May 2023, we cannot assure you that our existing dividend policy or the amount of dividends that you may receive will not change in the future, neither can we guarantee that we will have sufficient profits, reserves set aside from profits or otherwise funds to justify and enable dividend declaration and payment in compliance with laws for any fiscal quarter and, therefore, you may need to rely on price appreciation of our class A ordinary shares and/or the ADSs as the sole source for return on your investment.

On May 18, 2023, our board of directors approved the adoption of a semi-annual cash dividend policy to replace our previously approved quarterly cash dividend policy in its entirety, with immediate effect. Under the semi-annual cash dividend policy, we intend to declare and distribute a recurring cash dividend on a semi-annual basis, starting from the first half of 2023, at an amount equivalent to approximately 20% to 30% of our net income after tax for the previous six-month period. The determination to make dividend distributions and the exact amount of such distributions in any particular six-month period will be based upon our operations and financial conditions, and other factors, and subject to adjustment and determination by our board of directors.

Despite a regular dividend policy being in place, before any dividend is declared and paid for any semi-annual period, we need to have enough profits to justify such declaration and payment, or we need to have sufficient reserves set aside from profits previously generated that our board of directors determines are no longer needed. In addition, we must be able to pay our debts as they fall due in the ordinary course of business immediately following the dividend payment. We cannot assure you that we will be able to meet all of such conditions to enable dividend declaration and payment in compliance with laws. Even if our board of directors decides to declare and pay dividends, the timing and amount of future dividends, if any, will depend on, among other things, our future results of operations and cash flows, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Therefore, the amount of dividends that you may receive is uncertain and subject to change.

Furthermore, our regular dividend policy is subject to change at any time at the discretion of our board of directors, and there can be no assurance that we will not adjust or terminate our dividend policy in the future. Accordingly, you should not rely on your investment in our class A ordinary shares and/or the ADSs as a source for any future dividend income and the future return on your investment in our class A ordinary shares and/or the ADSs will likely depend entirely upon any future price appreciation of our class A ordinary shares and/or the ADSs. There is no guarantee that our class A ordinary shares and/or the ADSs will appreciate in value or even maintain the price at which you purchased the class A ordinary shares and/or the ADSs. You may not realize a return on your investment in our class A ordinary shares and/or ADSs and you may even lose your entire investment in our class A ordinary shares and/or the ADSs.

Holders of ADSs are limited by the terms of the deposit agreement in terms of voting rights, and may not be able to exercise their right to direct the voting of the underlying class A ordinary shares which are represented by their ADSs.

Holders of ADSs will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings, and will only be able to exercise the voting rights which attach to the underlying class A ordinary shares which are represented by the ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Upon receipt of voting instructions from the holders of ADSs, if we asked the depositary to solicit such instructions, the depositary will endeavor to vote the underlying class A ordinary shares represented by the ADSs in accordance with such instructions. If we do not instruct the depositary to solicit, the holders of ADSs can still send voting instructions to the depositary and the depositary may, but it is not required, to endeavor to carry out those instructions. The holders of ADSs will not be able to directly exercise any right to vote with respect to the underlying class A ordinary shares unless they withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. If we ask the depositary to solicit ADS holders' voting instructions in connection with a shareholders' meeting, we have agreed to give the depositary notice of that meeting and details of the matters to be voted upon at least thirty (30) days prior to the meeting. Under our memorandum and articles of association, the minimum notice period required to be given by our company to our registered shareholders for convening an annual general meeting is not less than 21 days and 14 days for any other general meeting (including an extraordinary general meeting). When a general meeting is convened, there may not be a sufficient advance notice to enable the holders of ADSs to withdraw the underlying class A ordinary shares which are represented by the ADSs and become the registered holder of such shares prior to the record date for the general meeting to allow them to attend the general meeting or to vote directly with respect to any specific matter or resolution which is to be considered and voted upon at the general meeting. In addition, under our 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 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 the holders of ADSs from withdrawing the underlying class A ordinary shares which are represented by their ADSs and becoming the registered holder of such class A ordinary shares prior to the record date, so that the holders of ADSs would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, the depositary will, if we request, and subject to the terms of the deposit agreement, endeavor to notify the holders of ADSs of the upcoming vote and to deliver our voting materials to the holders of ADSs. We cannot assure that the holders of ADSs will receive the voting materials in time to ensure that they can instruct the depositary to vote the underlying class A ordinary shares which are represented by their ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out voting instructions. This means that the holders of ADSs may not be able to exercise the right to direct the voting of the underlying class A ordinary shares which are represented by the ADSs, and the holders of ADSs may have no legal remedy if the underlying class A ordinary shares are not voted as requested.

The depositary for the ADSs may give us a discretionary proxy to vote our class A ordinary shares represented by the ADSs if the holders of ADSs do not instruct the depositary how to vote such shares, which could adversely affect their interests.

Under the deposit agreement for the ADSs, the depositary will give us (or our nominee) a discretionary proxy to vote the underlying class A ordinary shares represented by the ADSs at shareholders' meetings if the holders of ADSs do not give voting instructions to the depositary as to how to vote the underlying class A ordinary shares represented by their ADSs at a meeting and as to a matter, if:

- we gave the depositary timely notice of the meeting and related voting materials;
- we confirmed to the depositary that we wish a discretionary proxy to be given;
- we confirmed to the depositary that we reasonably do not know of any substantial opposition as to a matter to be voted on at the meeting; and
- we have confirmed to the depositary that the matter voted will not have material adverse impact on shareholders.

The effect of this discretionary proxy is that, if the holders of ADSs fail to give voting instructions to the depositary as to how to vote the underlying class A ordinary shares represented by their ADSs at any particular shareholders' meeting, they cannot prevent such underlying ordinary shares represented by their ADSs from being voted at that meeting, provided the other conditions described above are satisfied, and it may make it more difficult for shareholders to influence our management. Holders of our ordinary shares are not subject to this discretionary proxy.

The deposit agreement may be amended or terminated without the consent from the holders of ADSs.

We and the depositary may agree to amend the deposit agreement without the consent from the holders of ADSs. If the holders of ADSs continue to hold their ADSs after an amendment to the deposit agreement, they agree to be bound by the deposit agreement as amended.

The right of ADS holders to participate in any future rights offerings may be limited, which may cause dilution to their 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 ADS holders 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 ADS holders 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, ADS holders may be unable to participate in our rights offerings in the future and may experience dilution in their holdings.

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

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

Holders of the ADSs may be subject to limitations on transfer of their ADSs.

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

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

We are an exempted company incorporated under the laws of the Cayman Islands with limited liability. 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 or Hong Kong upon these individuals, or to bring an action against us or against these individuals in the United States or Hong Kong in the event that you believe your rights have been infringed under the U.S. federal securities laws, Hong Kong 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.

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

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

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

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

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

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

We are an exempted company incorporated under the laws of the Cayman Islands with limited liability. Our corporate affairs are governed by our memorandum and articles of association, as amended from time to time, the Companies Act (As Revised) of the Cayman Islands (the "Companies Act") 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 or Hong Kong. In particular, the Cayman Islands has a less developed body of securities laws than the United States or Hong Kong. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, with respect to Cayman Islands companies, plaintiffs may face special obstacles, including but not limited to those relating to jurisdiction and standing, in attempting to assert derivative claims in state or federal courts of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect or obtain register of members or corporate records (apart from our memorandum and articles of association, our register of mortgages and charges and special resolutions of our shareholders) of these companies. Under Cayman Islands law, the names of current directors can be obtained from a search conducted at the Registrar of Companies in the Cayman Islands. Our directors have discretion under our 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. Our memorandum and articles of association also provides that any register of members held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open for inspection by a shareholder without charge, provided that we may be permitted to close the register of members in terms equivalent to section 632 of the Companies Ordinance of Hong Kong. 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 or Hong Kong.

Provisions of our rights agreement could delay or prevent an acquisition of our company, even if the acquisition would be beneficial to our shareholders.

In June 2022, we implemented a defense mechanism against potential hostile takeovers through a shareholder rights plan pursuant to a rights agreement. The shareholder rights plan will be accounted as dividend in our financial statements. Although the rights plan will not prevent a takeover, it is intended to encourage anyone seeking to acquire our company to negotiate with our board of directors prior to attempting a takeover by potentially significantly diluting an acquirer's ownership interest in our outstanding shares. As the shareholder rights plan generally allows shareholders, except for the acquirer who triggers the exercise of Rights, to purchase additional shares at significantly discounted market price, the potential dilution effect is dependent on the number of shares purchased by the acquirer and other factors related to the acquisition, and may not be estimated at this time. In addition, the existence of the rights plan may also discourage transactions that otherwise could involve payment of a premium over prevailing market prices for the class A ordinary shares or ADSs.

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

Our memorandum and articles of association contains certain provisions that could limit the ability of others to acquire control of our company, including a provision that, subject to compliance with the Hong Kong Listing Rules, and provided that for as long as the prevailing Hong Kong Listing Rules restrict us from having a weight voting rights structure, no new class of shares with voting rights superior to those of class A ordinary shares shall be created, grants authority to our board of directors to issue from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series. These provisions could have the effect of depriving our shareholders and ADS holders of the opportunity to sell their shares or ADSs at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction.

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

On June 20, 2023, our board of directors approved a share repurchase plan whereby we are authorized to repurchase our company's class A ordinary shares or ADSs with an aggregate value of up to US$150 million over the next 12-month period through June 19, 2024. We refer to this plan as the 2023 Share Repurchase Plan. On March 12, 2024, our board of directors approved a share repurchase plan whereby we are authorized to repurchase our company's class A ordinary shares or ADSs with an aggregate value of up to US$350 million starting from April 1, 2024 over the next 12-month period through March 31, 2025. We refer to this plan as the 2024 Share Repurchase Plan. On November 19, 2024, our board of directors approved a share repurchase plan whereby we are authorized to repurchase our company's class A ordinary shares or ADSs with an aggregate value of up to US$450 million starting from January 1, 2025 over the next 12-month period through December 31, 2025. We refer to this plan as the 2025 Share Repurchase Plan. The share repurchases under the foregoing 2023 Share Repurchase Plan, 2024 Share Repurchase Plan, and 2025 Share Repurchase Plan may be made from time to time through legally permissible means, depending on market conditions and in accordance with applicable rules and regulations.

From June 20, 2023 to March 31, 2024, we utilized substantially all of the total authorized value for the 2023 Share Repurchase Plan and in aggregate purchased approximately 9,348,543 ADSs in the open market for a total cost of approximately US$150 million (inclusive of commissions) at an average price of US$16.02 per ADS pursuant to the 2023 Share Repurchase Plan. From April 1, 2024 to December 30, 2024, we utilized substantially all of the total authorized value for the 2024 Share Repurchase Plan and in aggregate purchased 15,110,617 ADSs in the open market for a total amount of approximately US$350 million (inclusive of commissions) at an average price of US$23.14 per ADS pursuant to the 2024 Share Repurchase Plan. From January 1, 2025 to December 31, 2025, we utilized substantially all of the total authorized value for the 2025 Share Repurchase Plan and purchased in aggregate 15,946,776 ADSs in the open market for a total amount of approximately US$450 million (inclusive of commissions) at an average price of US$28.2 per ADS pursuant to the 2025 Share Repurchase Plan.

On March 25, 2025, our board of directors approved a share repurchase plan, or the March 2025 Share Repurchase Plan, whereby we are authorized, with no definitive term, to use the net proceeds from the offering of the 2030 Notes to repurchase our ADSs and/or Class A ordinary shares. Under the March 2025 Share Repurchase Plan, concurrently with the pricing of the offering of the 2030 Notes, we repurchased approximately 5.1 million ADSs with an aggregate value of approximately US$227 million at a price of US$44.23 per ADS. With that, approximately US$450 million buyback capacity remains readily available under March 2025 Share Repurchase Plan.

Our board of directors also has the discretion to authorize additional share repurchase plans in the future. The share repurchase plans do not obligate us to repurchase any specific dollar amount or to acquire any specific number of ADSs. We cannot guarantee that any share repurchase plan will enhance long-term shareholder value. The share repurchase plans could affect the price of our securities and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of our securities. Furthermore, share repurchases could diminish our cash reserves.

We have granted, and may continue to grant, share incentive awards, which may cause shareholding dilution to our existing shareholders and result in increased share-based compensation expenses.

In May 2018 and November 2019, we adopted our 2018 Share Incentive Plan and 2019 Share Incentive Plan, respectively, for purposes of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. The 2018 Share Incentive Plan was later amended in November 2019, and the 2019 Share Incentive Plan was later amended in August 2020. We account for compensation costs for all share options using a fair-value based method and recognize expenses in our consolidated statements of comprehensive income in accordance with U.S. GAAP. Under the 2018 Share Incentive Plan and 2019 Share Incentive Plan, we are authorized to grant options to purchase ordinary shares of our company, restricted shares and restricted share units. The maximum aggregate number of ordinary shares that may be issued under the 2018 Share Incentive Plan is 25,336,096. The maximum aggregate number of ordinary shares that may be issued under the 2019 Share Incentive Plan is 17,547,567, and may increase annually by an amount up to 1.0% of the total number of ordinary shares then issued and outstanding commencing with the first fiscal year beginning January 1, 2021 for four consecutive fiscal years or such lesser amount as determined by our board of directors. As of February 28, 2026, class A ordinary shares underlying the options that have been granted and are outstanding under the 2018 Share Incentive Plan totaled 1,047,024 and class A ordinary shares underlying the options and restricted share units that have been granted and are outstanding under the 2019 Share Incentive Plan amounted to 7,808,778. For the years ended December 31, 2023, 2024 and 2025, we incurred share-based compensation expenses of RMB186 million, RMB168 million and RMB378 million (US$54 million), respectively. We believe the granting of share incentive awards is of significant importance to our ability to attract and retain employees, and we will continue to grant share incentive awards to employees in the future. Issuance of class A ordinary shares with respect to such share-based payment may dilute the shareholding percentage of our existing shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

The sale or availability for sale of substantial amounts of our class A ordinary shares and/or the ADSs could adversely affect their market price.

Sales of substantial amounts of our class A ordinary shares and/or the ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of our class A ordinary shares and/or the ADSs and could materially impair our ability to raise capital through equity offerings in the future. The ADSs or shares effectively registered with the SEC will be freely tradable without restriction or further registration under the Securities Act, and shares held by our existing shareholders or investors may also be sold in the public market in the future subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lockup agreements. In particular, a majority of our outstanding shares are held by institutional investors that are not our affiliates. These shareholders may have varying investment horizons, cash needs and repayment obligations under certain financing arrangements, and may sell their class A ordinary shares in reliance on Rule 144 without volume limitation.

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 the ADSs to decline, which in turn may drive down the price of our class A ordinary shares.

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

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

As a Cayman Islands exempted company listed on the Nasdaq Stock Market, we are subject to the Nasdaq listing standards. However, the Nasdaq Stock Market Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from Nasdaq corporate governance listing standards. For example, neither the Companies Act nor our memorandum and articles of association requires a majority of our directors to be independent and we could include non-independent directors as members of our compensation committee and nominating committee, and our independent directors would not necessarily hold regularly scheduled meetings at which only independent directors are present. Currently, we rely on home country practice with respect to certain aspects of our corporate governance, including the requirement to obtain shareholder approval prior to a plan or other equity compensation arrangement is established or materially amended. But given the other home country practice we follow, our shareholders may be afforded less protection than they otherwise would under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

We believe we were a passive foreign investment company, or PFIC, for United States federal income tax purposes for the taxable year ended December 31, 2025, which could subject U.S. holders of our ADSs or class A ordinary shares to significant adverse United States federal income tax consequences.

We will be classified as a PFIC for United States federal income tax purposes for any taxable year if either (a) 75% or more of our gross income for such year consists of certain types of "passive" income or (b) 50% or more of the 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 (the "asset test"). Although the law in this regard is unclear, we intend to treat the VIEs (including their respective subsidiaries, if any) as being owned by us for United States federal income tax purposes, not only because we exercise effective control over the operation 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 combined and consolidated financial statements.

Based upon the nature and composition of our assets (in particular, the retention of substantial amounts of cash and other passive assets), and the market price of our ADSs, we believe that we were a PFIC for U.S. federal income tax purposes for the taxable year ended December 31, 2025, and we will likely be a PFIC for our current taxable year unless the market price of our ADSs increases and/or we invest a substantial amount of the cash and other passive assets we hold in assets that produce or are held for the production of active income.

If we are a PFIC in any taxable year, a U.S. Holder (as defined in "Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations") may incur significantly increased United States income tax on gain recognized on the sale or other disposition of the class A ordinary shares or ADSs and on the receipt of distributions on the class A ordinary shares or ADSs to the extent such gain or distribution is treated as an "excess distribution" under the United States federal income tax rules, and such holder may be subject to burdensome reporting requirements. Further, if we are a PFIC for any year during which a U.S. Holder holds our class A ordinary shares or ADSs, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our class A ordinary shares or ADSs, unless we cease to be a PFIC and the U.S. Holder makes a "deemed sale" election with respect to the class A ordinary shares or ADSs. See "Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive foreign investment company considerations" and "Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive foreign investment company rules."

Conversion of our convertible notes may dilute the ownership interest of existing shareholders.

The conversion of some or all of the 2030 Notes may dilute the ownership interests of existing shareholders and existing holders of our ADSs. Any sales in the public market of the ADSs issuable upon such conversion may increase the opportunities to create short positions with respect to the ADSs, which could adversely affect prevailing market prices of our ADSs. In addition, the existence of the notes may encourage short selling by market participants because the conversion of the notes could depress the price of our ADSs.

ITEM 4 INFORMATION ON THE COMPANY

A. History and Development of the Company

Since inception, our company has been operating the Credit-Tech platform in China which enables an effective match between credit demand and supply by offering Credit-Tech services. As a spin-off from the 360 Group, we started operating independently in July 2016, when Shanghai Qibutianxia (formerly known as Beijing Qibutianxia Technology Co., Ltd.) incorporated Shanghai Qiyu.

In March 2017, Fuzhou Microcredit was founded and obtained the approval to conduct online micro-lending business. In June 2018, Fuzhou Financing Guarantee was founded and obtained the license to provide financing guarantee services.

In April 2018, we were incorporated in the Cayman Islands as an offshore holding company under our former name, 360 Finance, Inc., to facilitate our financing and offshore listing on Nasdaq. In May 2018, all shareholders of Shanghai Qibutianxia adopted a unanimous resolution to reorganize for offshore listing and determine to spin off the Credit-Tech service, micro-lending as well as related financing guarantee businesses, which were operated by Shanghai Qiyu, Fuzhou Microcredit and Fuzhou Financing Guarantee, all of which are VIEs. We conduct our business in the PRC through our subsidiaries, the VIEs and the VIEs' subsidiaries.

During the reorganization process we issued ordinary shares and preferred shares to the beneficial owners of Shanghai Qibutianxia in exchange for the contribution of Shanghai Qiyu, Fuzhou Microcredit and Fuzhou Financing Guarantee. In addition, we have incorporated a wholly owned subsidiary, HK Qirui International Technology Limited, as our offshore holding company in Hong Kong and further incorporated a wholly owned subsidiary in China, Shanghai Qiyue, which is also referred to as our WFOE in this annual report. Our WFOE has entered into a series of contractual arrangements with Shanghai Qiyu, Fuzhou Microcredit, and Fuzhou Financing Guarantee and their respective record shareholders. These contractual arrangements enable us to exercise effective control over the VIEs; receive substantially all of the economic benefits of the VIEs; and have an exclusive option to purchase all or part of the equity interests in and assets of them when and to the extent permitted by PRC law. For risks and uncertainties associated with this structure, please see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure."

As a result of our direct ownership in our WFOE and the contractual arrangements with the VIEs, we are regarded as the primary beneficiary of the VIEs, and treat them as our consolidated affiliated entities under U.S. GAAP. Accordingly, we are able to consolidate the financial results of the VIEs in our combined and consolidated financial statements in accordance with U.S. GAAP.

In May 2018, we officially launched our capital-light model.

In June 2018, Fuzhou Financing Guarantee was established and later obtained the license to provide financing guarantee services.

In September 2018, we issued an aggregate of 24,937,695 series B preferred shares to several investors in a private placement transaction and raised US$203.5 million.

In December 2018, our ADSs commenced trading on the Nasdaq Global Market under the symbol "QFIN." We raised from our initial public offering approximately US$43.3 million in net proceeds after deducting underwriting commissions and discounts and the offering expenses payable by us.

In January 2019, Shanghai Financing Guarantee obtained the license to conduct financing guarantee business. In order to streamline and consolidate the operation of our financing guarantee business, we phased out financing guarantees provided by Shanghai Financing Guarantee and now conduct all of our financing guarantee business through Fuzhou Financing Guarantee. Shanghai Financing Guarantee was approved by the PRC authority to cancel its financing guarantee certificate, and such certificate had been returned to the PRC authority for cancellation.

In May 2019, we won the Achievement in Credit Risk Management Award given by the Asian Banker.

In July 2019, we completed a follow-on public offering of ADSs by certain selling shareholders. Through the follow-on offering the selling shareholders sold an aggregate of 9,609,000 ADSs at the price of US$10.00 per ADS. Net proceeds to the selling shareholders, after deducting underwriting commissions and before expenses, amounted to approximately US$92.7 million. We did not receive any proceeds from the sale of the ADSs by the selling shareholders.

In August 2019, we launched the Intelligence Credit Engine (ICE), an open platform that offers financial institution partners intelligent marketing services.

In September 2019, we were approved by the People's Bank of China to access the Credit Reference Center.

In October 2019, we were the first group to join the anti-fraud alert platform led by the Ministry of Public Security.

In June 2020, we were among the first group to pass the filing with National Internet Finance Association of China for mobile finance app.

In June 2020, we launched our innovative "embedded finance" model.

In August 2020, we changed our name to 360 DigiTech, to better reflect our focus on technology empowerment.

In November 2020, the ADSs were transferred from the Nasdaq Global Market to begin trading on the Nasdaq Global Select Market.

In July 2021, we were awarded "China's Best Credit-Tech Services," "China's Best Implementation in Anti-Fraud Technology of the Year" and "China's Best Technological Implementation in Risk Data and Analysis of the Year" at the China Country Awards 2021 by The Asian Banker.

In November 2021, we were awarded "New Champions 2021 – Excellence in agile business governance" by the World Economic Forum, being Asia's only award-winning corporation at the New Champion Awards 2021.

In November 2022, we completed our public offering in Hong Kong and the trading of our class A ordinary shares on the Hong Kong Stock Exchange commenced on November 29, 2022 under the stock code "3660." Immediately upon the completion of our secondary listing on the Hong Kong Stock Exchange, all the then-outstanding class B ordinary shares converted into class A ordinary shares on a one-for-one basis pursuant to the conversion notice delivered by Aerovane Company Limited to the company. No class B ordinary shares remained outstanding upon that conversion and we have not issued any further ones.

On March 31, 2023, we held an extraordinary general meeting and (i) varied and amended our authorized share capital by (a) re-designating and re-classifying all authorized Class B ordinary shares as Class A ordinary shares each on a one-for-one basis and (b) re-designating and re-classifying all authorized and unissued shares of a par value of US$0.00001 each of such class or classes (however designated) as the board of directors of our company may determine in accordance with the memorandum of association and articles of association of our company as class A ordinary shares each on a one-for-one basis, (ii) adopted the third amended and restated memorandum and articles of association, and (iii) changed our English name from "360 DigiTech, Inc." to "Qifu Technology, Inc." and adopted "奇富科技股份有限公司" as our dual foreign name. Previously, under our dual class voting structure, our share capital comprises class A ordinary shares and class B ordinary shares. Each class B ordinary share is entitled to 20 votes, and each class A ordinary share is entitled to one vote on all matters subject to vote at a general meeting of us. As a result of our varied and amended authorized share capital, we unwound our dual-class shareholding structure and all the issued shares of our company (including the class B ordinary shares with super-voting rights) were redesignated and reclassified into class A ordinary shares which entitle holders to one vote for each share.

In July 2023, we were awarded "Best Lending Implementation in China" at the China Awards Program 2023 by the Asian Banker.

In September 2023, the national standards for financial large language models in China were officially released, and we were one of the leading entities in collaboration with the China Academy of Information and Communications Technology for the formulation of these standards.

In August 2024, we gradually rolled out the rebranding of our primary user interface, 360 Jietiao app to Qifu Jietiao app, to better reflect our position as a Credit-Tech platform.

On June 30, 2025, we held our annual general meeting and (i) changed our English name from "Qifu Technology, Inc." to "Qfin Holdings, Inc.", and (ii) adopted the fourth amended and restated memorandum and articles of association. After the change of our English name, we updated our logo from QIFU 奇富科技 to QFIN 奇富科技. Our Chinese and English stock names of "奇富科技 - S" and "QFIN - S", respectively, and the dual foreign name of "奇富科技股份有限公司" remain unchanged.

Our principal executive offices are located at Building 1, No. 98 Qingyijiang Road, Putuo District, Shanghai 200331, People's Republic of China. Our telephone number at this address is +86 21 5835-7668. Our registered office in the Cayman Islands is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Our agent for service of process in the United States is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168.

The information that we have filed electronically with the SEC can be accessed at http://www.sec.gov. Our annual reports, quarterly results, press release and other SEC filings can also be accessed via our investor relationship website at *https://ir. qfin.com.* The information contained on our website is not part of this annual report.

B. Business Overview

Established in 2016, we are a leading AI-empowered Credit-Tech platform in China. Leveraging our sophisticated machine learning models and data analytics capabilities, we provide a comprehensive suite of technology services to assist financial institutions, consumers, and SMEs in the loan lifecycle, ranging from borrower acquisition, preliminary credit assessment, fund matching and post-facilitation services, with Qifu Jietiao app as our primary user interface. We are dedicated to making credit services more accessible and personalized to consumers and SMEs through Credit-Tech services to financial institutions, whereby we deploy our technology solutions to help financial institutions identify the diversified needs of consumers and SMEs, effectively access prospective borrowers that are creditworthy through multi-channels, enhance credit assessment on prospective borrowers, and manage credit risks and improve collection strategies and efficiency, among others. With user insights distilled from long-term engagement with users across life and business scenarios enabled by AI and data analytics, our technology solutions empower financial institutions across different stages of the loan lifecycle, enabling them to extend the reach of services and satisfy the financing needs of consumers and SMEs, and deliver to users more accessible credit services. In turn, we derive service fees from our technology solutions to financial institutions. We started to explore overseas expansion in 2024, leveraging our cutting-edge financial technologies to serve the underserved segments in selected overseas markets. We believe these initiatives will bring long-term growth to the company and diversify our business portfolio geographically. As of December 31, 2025, we had cumulatively facilitated approximately RMB2,539.1 billion (US$363.1 billion) of loans to 38.9 million borrowers. As of the same date, we had 63.6 million users with approved credit lines, accumulatively.

Our Services

We match underserved and unserved users with credit demand to a diversified pool of financial institutions with credit to supply, through both credit-driven services and platform services.

The following table presents our operating data related to credit-driven services and platform services for the years ended or as of December 31, 2023, 2024 and 2025:

	For the year ended/ As of December 31,											
	2023				2024				2025			
	Loan facilitation volume	%	Ending balance	%	Loan facilitation volume	%	Ending balance	%	Loan facilitation volume	%	Ending balance	%
	(in RMB millions, except for percentages)											
Credit-driven services	204,811	55.5	72,002	49.6	151,380	47.0	57,415	41.9	182,694	55.9	66,515	52.8
Platform services	164,321	44.5	73,268	50.4	170,589	53.0	79,599	58.1	144,375	44.1	59,497	47.2
Total	369,132	100.0	145,270	100.0	321,969	100.0	137,014	100.0	327,069	100.0	126,012	100.0

Credit-driven services

Under the credit-driven services category, we match prospective borrowers with financial institutions and empower financial institutions in borrower acquisition, credit assessment, fund matching and post-facilitation services. Loan products offered under this line of services are primarily funded by our financial institution partners, with the remainder extended by Fuzhou Microcredit, which is licensed to conduct micro-lending business in China, or trusts and ABSs. In both cases, we bear credit risks of the loans. For loans extended by our financial institution partners, we provide guarantees against potential defaults. Such contractual guarantee arrangement is underwritten either by the licensed VIEs, or third-party licensed guarantee companies or insurance companies, to which we may provide back-to-back guarantee at their request. With respect to loan facilitation services for loans funded by financial institution partners, we charge service fees directly from our financial institutional partners pursuant to pre-negotiated terms based on the contractual agreements that vary from case to case. Our service fee rate is typically the difference between the loan pricing rate, which is set by the financial institutions, and a fixed rate negotiated between us and the respective financial institutions. For loans funded by Fuzhou Microcredit, we charge borrowers interest fees, which reflects a number of factors including the credit profile of the borrowers, the availability of funding and the associated funding cost, and the tenor of loan products, among others.

Platform services

Our platform services include loan facilitation and post-facilitation services through our capital-light model, intelligent marketing services to financial institution partners under Intelligence Credit Engine, referral services and other technology solutions. We currently do not take credit risk under platform services. For the years ended December 31, 2023, 2024 and 2025, loans facilitated under our platform services accounted for approximately 44.5%, 53.0% and 44.1% of our total loan facilitation volume, respectively.

Capital-light model

We launched our capital-light model in 2018 with the focus on implementing our strategic transition from a traditional risk bearing loan facilitator to a technology enabler. Under our capital-light model, we facilitate transactions between prospective borrowers and our financial institution partners through a suite of technology-enabled services spanning across the loan lifecycle, including borrower acquisition, technology empowerment in credit assessment, and post-facilitation services such as loan performance monitoring and loan collection. Under our capital-light model, we historically provided limited guarantee to certain collaborating insurance companies in the event of bankruptcy and certain financial institution partners pursuant to their internal requirements. Given the nature of such guarantee arrangements and our assessment that the likelihood of bankruptcy to occur with respect to the insurance companies is remote, such credit risks that we took under the platform services were negligible. We have not provided such guarantee arrangements since 2024. For loans facilitated under our capital-light model, we generate income through service fees charged to financial institution partners according to pre-negotiated terms that vary from case to case. Our service fee rate is typically a certain percentage of the pricing rate that is set by the financial institution partners on the loans to borrowers.

Intelligence Credit Engine (ICE)

ICE is an open platform that offers financial institution partners and other lending platforms intelligent marketing services. For loans facilitated through ICE, we match prospective borrowers with financial institution partners based on comprehensive data analysis and cloud computing technologies, and assist financial institution partners with preliminary credit screening of borrowers, but do not provide advanced credit assessment. We earn pre-negotiated service fees from financial institution partners and do not bear credit risks. Our service fee rate is typically a certain percentage of the pricing rate that is set by the financial institution partners on the loans to borrowers, and the service fee rate is subject to negotiations with the financial institution partners and varies from case to case.

Referral services

As different financial institution partners prescribe different metrics assigned with various values in granting credit line approvals to prospective borrowers, some users fail to match the criteria of our financial institution partners and are rejected by them. However, such borrowers may still be within the target borrower group of other online lending companies. To offer more products and better user experience to our users and maximize the value of user traffic on our platform, we provide referral services primarily to other online lending companies in line with industry practice and earn referral fees. We consider referral services to be supplemental in nature to our loan facilitation services.

Other technology solutions

In 2020, we began to offer financial institutions on-premise deployed, basic risk management SaaS solutions, or RM SaaS solutions. Since 2023, we started to offer end-to-end technology solutions, including user acquisition, risk management, credit operation and post-facilitation services to financial institutions based on on-premise deployment, SaaS or hybrid model, which we refer to as total technology solutions. Basic RM SaaS solutions and total technology solutions together are previously referred to as other technology solutions. Integrated with our credit assessment insights and algorithms as well as other proprietary technologies, other technology solutions help financial institution partners acquire borrowers and improve credit assessment results. Under this model, we typically take technology service fees or consulting fees for the corresponding technology solutions elected by the financial institutions. However, as basic RM SaaS solutions only generated marginal returns and has little potential for up selling, we ceased providing such solutions at the end of 2024 and now focus on developing our end-to-end technology solutions under our "Qifu DigiTech" brand. We expect that the end-to-end technology solutions will deepen our cooperation with the financial institution partners and empower them to achieve better efficiency.

In terms of accounting treatments, under credit-driven services, we either provide guarantees for loans funded by financial institution partners, which are recorded as off-balance sheet loans, or fund loans through trusts and ABSs or Fuzhou Microcredit, which are record as on-balance sheet loans. Under platform services, all loans facilitated through our platform are recorded as off-balance sheet loans. We have a large balance of guarantee liabilities during the years ended December 31, 2023, 2024 and 2025, as we provide guarantees under credit-driven services. We also have a large balance of accounts receivable and contract assets as well as financial assets receivable during the same period, mainly arising from off-balance sheet loans, as well as loans receivable, mainly arising from on-balance sheet loans. We have established an evaluation process designed to determine the adequacy of our impairment allowances and guarantee liabilities, and an allowance for uncollectible receivables and contract assets based on estimates that incorporate historical delinquency rate by vintage and other factors surrounding the credit risk of specific underlying loan portfolio. However, actual losses and credit risks are difficult to forecast. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We need to engage guarantee companies to provide credit enhancement or additional comfort to our financial institution partners, and we recognize guarantee liabilities for accounting purposes. If we fail to source and engage a guarantee company to our financial institution partners' satisfaction at a reasonable price, our collaboration with our financial institution partners will deteriorate, and our results of operations may be adversely and severely impacted. If our guarantee liability recognition fails to address our current status, we may face unexpected changes to our financial conditions," "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We are subject to credit risks associated with our accounts receivable, contract assets, financial assets receivables and loans receivable" and "Item 5. Operating and Financial Review and Prospects—On- and Off-balance Sheet Treatment of Loans." In terms of revenue recognition, we recognize financing income from on-balance sheet loans over the lifetime of the loans using effective interest method. For the off-balance sheet loans funded by financial institution partners, we recognize revenue from loan facilitation services, revenue from post-facilitation services and revenue from guarantee services (only applicable to off-balance sheet loans facilitated under credit-driven services). Please refer to "Item 5. Operating and Financial Review and Prospects—On- and Off-Balance Sheet Treatment of Loans" and "Item 5. Operating and Financial Review and Prospects—Key Line Items And Specific Factors Affecting Our Results of Operations—Net revenue" for details.

Products offered to users

Our core product offered to users in Mainland China is an affordable, digital revolving line of credit allowing multiple loan drawdowns, with a convenient application process and flexible loan tenors. Our products are provided under the Qifu Jietiao brand.

Our engagement with prospective consumer borrowers begins with a credit application which typically takes a few minutes. Once approved by our financial institution partners, a prospective borrower is granted a line of credit, typically with a principal amount ranging from RMB1,000 to RMB200,000, for drawdowns based on specific needs with an amount typically between RMB500 and RMB200,000. The average single drawdown amount in 2025 was RMB9,227 (US$1,319). When an approved borrower makes a drawdown request, we perform preliminary credit assessment on such borrower to ensure his or her continued qualification for drawdown before the request is transmitted to our financial institution partners for their independent final risk assessment and loan disbursement approval. Once a drawdown is approved, a borrower may elect a loan tenor best suited for his or her financial needs, in fixed terms of one month, three months, six months, twelve months, eighteen months, twenty-four months or thirty-six months, to be repaid in monthly installments. The average amount of approved credit line for each borrower in 2025 was RMB16,710 (US$2,390). In the instance where we provide guarantee services, the guarantee services are provided throughout the loan tenor. We are also offering other payment terms such as repayment at any time with a fixed daily interest. There is no interest-free period, but we may offer interest-free coupons in certain limited cases as promotional activities to encourage borrowers' engagements with our platform.

Total loan facilitation volume made through our platform in 2023, 2024 and 2025 was RMB369.1 billion, RMB322.0 billion and RMB327.1 billion (US$46.8 billion), respectively. The outstanding balance of all loans made through our platform as of December 31, 2025 was RMB126.0 billion (US$18.0 billion). The weighted average contractual tenor of loans we facilitated in 2023, 2024 and 2025 was 11.21 months, 10.05 months and 10.50 months, respectively.

Our Service Process and Operation Flow

With the focus on empowering financial institution partners and serving consumers and SMEs, our platform offers services covering the entire loan lifecycle. In particular, we set forth below the service process and operation flow for our end-to-end loan facilitation services under credit-driven services, as well as our capital-light model and ICE under platform services, which are the three primary models of services we offer. Credit-driven services and our capital-light model follow the same service process and operational flow from credit line approval to loan drawdown, and differ only in the post-facilitation stage, where under credit-driven services in which we bear credit risks, we make guarantee repayments to our financial institution partners if needed. For ICE, as we provide financial institution partners intelligent marketing services, we mainly conduct preliminary credit screening of prospective borrowers during the credit line approval stage, therefore participating in fewer steps in the loan lifecycle than we do under credit-driven services and our capital-light model.

Stage 1: Credit line approval

Step 1: Paperless credit application. For new users, our service journey begins with such users' registration of an account on our platform by providing us with certain basic information and authorization to collect other information for fraud detection and credit assessment, among others. The credit application process typically takes a few minutes, after which we initiate a user portrait profiling, fraud detection and credit assessment process.

Step 2: Portrait profiling, fraud detection and credit assessment. We deploy the Argus Engine to build a prospective borrower profile for fraud detection and credit assessment. Drawing on our database, AI-enabled credit assessment system, Argus Engine, and understanding through interactions with a broad user base, we are able to develop a more accurate and comprehensive prospective borrower portrait. Once an applicant passes the fraud detection test, we initiate a comprehensive credit assessment and generate a proprietary credit score for the applicant under credit-driven services and our capital-light model, or conduct only preliminary credit screening under ICE. Under credit-driven services and our capital-light model, following credit assessment, our Cosmic Cube Pricing Model formulates initial pricing recommendation to be provided to financial institution partners based on the overall credit profile of prospective borrowers and other market factors. See "—Credit Assessment" for details of the credit assessment process.

Step 3: Recommendation and matching. Through our workflow system CloudBank, under both credit-driven services and our capital-light model, we then recommend the prospective borrower's profile along with pricing recommendation to our financial institution partners and share the results of our preliminary credit assessment with them to facilitate their final risk management and credit decision making including loan tenor, approved credit line, and other key terms of a loan product. For ICE, we only recommend prospective borrowers to financial institution partners based on the results of preliminary credit screening, and do not provide pricing recommendations.

Step 4: Final risk management and credit decision by financial institutions. The financial institution partners conduct final risk management and make their credit decisions based on their respective credit process and regulatory guidelines.

Step 5: Notice on credit line approval. Following their final risk management, each financial institution partner will respond to our workflow system indicating approval or rejection, and in the case of approval, their maximum level of credit exposure. Upon receiving the credit approval decision from financial institution partners, we pass such information to prospective borrowers through our platform.

The diagram below illustrates the step-by-step workflow and transaction process at the stage of credit line approval under the credit-driven service and our capital-light model.

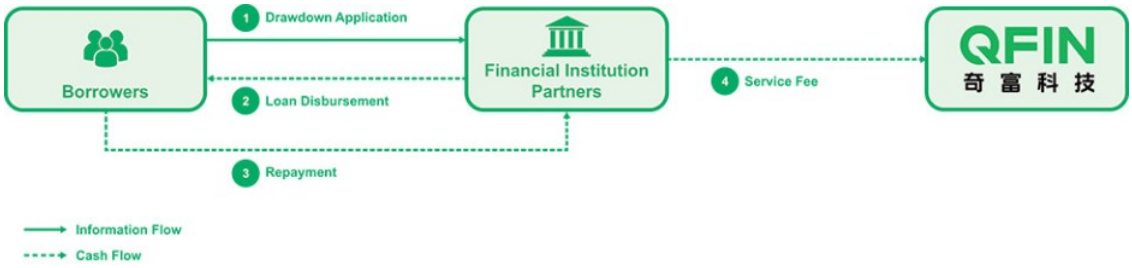
For ICE, as we only recommend prospective borrowers to financial institutions after preliminary credit screening, we do not participate in the credit line approval step, and financial institutions offer their own loan products and directly notify the borrowers of their credit approval decision. The diagram below illustrates the step-by-step workflow and transaction process at the stage of credit line approval under ICE.

Stage 2: Loan drawdown

Once a credit line is granted, a prospective borrower may request a drawdown at any time, subject to the credit limit approved by the financial institution partner. Upon receipt of a drawdown request, the Argus Engine conducts a streamlined credit assessment to ensure the prospective borrower's continued qualification for drawdown and notifies our financial institution partners of the drawdown request, which complete their final risk management and reach a drawdown decision. We undertake to notify the borrower the drawdown decision and the financial institution partner that is matched with the borrower will disburse loan to the borrower. Once the principal of the loan is transferred to the borrower, we recognize revenue from loan facilitation services for services provided to the financial institution partner.

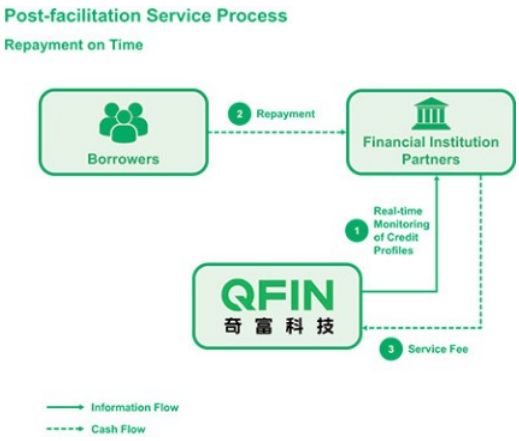
The diagram below illustrates the step-by-step workflow and transaction process at the stage of loan drawdown under the credit-driven service and our capital-light model.

For ICE, although the prospective borrower's drawdown application is made through our platform, the application is directly sent to our financial institution partner through the application programming interface (API) without us processing of the information in any way. The diagram below illustrates the step-by-step workflow and transaction process at the stage of loan drawdown under ICE.



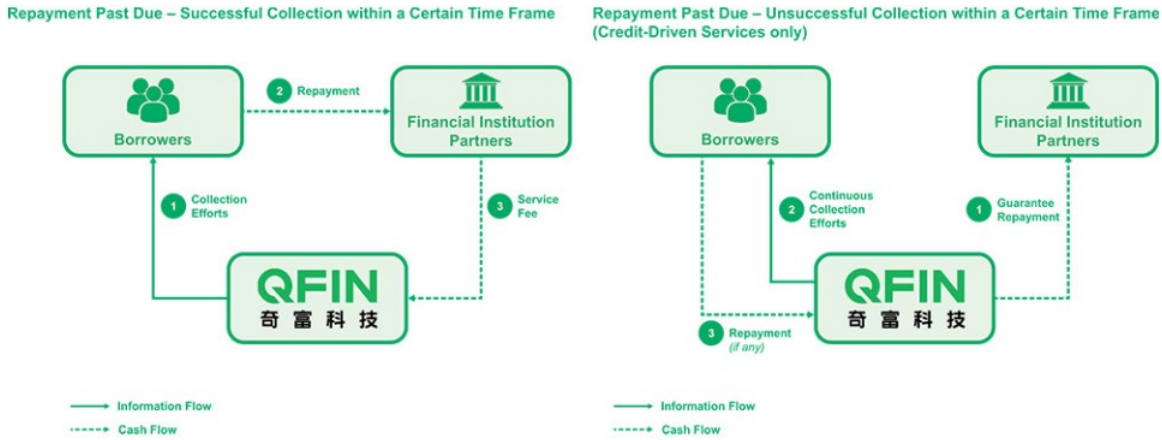
Stage 3: Post-facilitation services: continual credit profile monitoring and collection

Robust data analytics technologies have enabled us to continuously monitor the credit profiles of borrowers. After a borrower makes a loan drawdown, our Argus Engine tracks his or her borrowing and repayment activities, and automatically adjusts such borrower's credit profile on an ongoing basis. Borrowers typically make repayments to our financial institution partners through third-party payment platforms rather than through our platform. We recognize revenues from post-facilitation services on a straight-line basis over the term of the underlying loans. We typically collect pre-negotiated service fees (inclusive of fees for loan facilitation services, post-facilitation services and guarantee service fees, if applicable) from financial institution partners on a monthly basis as borrowers make repayments over the term of the underlying loans. The diagram below illustrates the step-by-step workflow and transaction process at the stage of our post-facilitation services under credit-driven services and our capital-light model under platform services for cases where repayment is made on time.



If a loan is overdue, the Argus Engine, together with other robust data analytical algorithms, will automatically prescribe an initial collection approach based on borrower profiles. Based on the analysis results, we will first initiate an AI-driven, automated process, including AI-initiated calls and text messages, for collection of the outstanding amount. Thereafter, in-house human collection calls are typically made, along with other automated collection techniques, subject to adjustments. For details of our collection efforts, see "—Credit Assessment—Collection." For loans under credit-driven services where we take credit risks, we will make guarantee repayments to the financial institution partners if a loan is past due for a certain period subject to the terms of the relevant agreements, after which we will retain any repayment made by the borrower. In the meantime, we will deploy continuous collection efforts, including outsourcing the collection to third-party collection service providers, to collect the delinquent amount, particularly after an extended period of loan delinquency. After notifying the borrower that fails to make repayment over a certain time frame, the financial institution partners would assign their claims to Fuzhou Financing Guarantee, and Fuzhou Financing Guarantee, as obligee, shall acquire the rights related to the claims. For loans under our capital-light model where we do not take credit risks, we, or the third-party collection service providers which are involved at a later stage, will continue to make collection efforts in accordance with agreements with the financial institution partners up to a predetermined point in time. Because we take credit risks and provide guarantee services under credit-driven services and currently do not take credit risks under platform services, the gross fees charged under credit-driven services are generally higher than the fees charged under platform services.

The following diagrams display the step-by-step workflow and transaction process of loan collection under the credit-driven services and our capital-light model.



For loans facilitated under ICE, we also provided limited collection services to a small portion of financial institution partners based on their special requests.

Credit Demand

Target user

In consumer Credit-Tech market, we mainly target the large and growing Chinese population of users who typically has stable income with promising growth potentials and has greater user lifetime values, but are underserved or unserved by the traditional financial institutions. Prospective borrowers are generally drawn to our platform for supplemental credit solutions. In the SME Credit-Tech market, our products mainly aim to serve SMEs with an annual operating revenue below RMB5 million, which are typically granted with credit line below RMB1 million. We believe this group of SMEs are unserved or underserved by traditional financial institutions, which typically focus on enterprises with large-scale operations.

We believe we are chosen by our users because of our reputation as a trusted and reliable platform and the convenient, fast, intuitive and transparent user experience that we offer through our platform. We have established a large base of loyal creditworthy users. As of December 31, 2025, we had 63.6 million cumulative users with approved credit lines in the aggregate, among which 59.7% had credit cards, mortgage loans or auto loans and 40.0% were between 25 to 35 years old. Our repeat borrower contribution was 93.3% for the year ended December 31, 2025.

User acquisition

We strive to diversify the network for user acquisition, which currently comprises online advertising on channels operated by leading internet companies, "embedded finance" cooperation with online platforms with heavy user traffic, offline promotions and referral programs with other platforms.

Online advertising

We partner with leading internet traffic platforms to acquire borrowers via online advertising. We are improving our targeted marketing capabilities by leveraging data analytics so that we can place advertisements to intended users who fit into our target borrower profile more effectively. We have also developed analytics algorithms in collaboration with channel partners based on the anonymous user information aggregated from such channel partners so that users of the channel partners with credit needs can be directed to our platform with improved precision and efficiency. We intend to continue optimizing our proprietary AI and data analytics systems and expand the network of channel partners to improve user acquisition efficiency.

Embedded finance model

In 2020, we started cooperating with leading online platforms with heavy user traffic under "embedded finance" model. These platform partners include, among others, leading short-form video platform, e-commerce platforms, ride-hailing companies and smart phone companies. In 2024, we started to explore collaborations with selected financial institutions to engage their existing customer bases, leveraging their proprietary traffic alongside our differentiated pricing and service capabilities to expand the breadth and depth of our user coverage. Under this model, we embed our credit assessment, data analytics and other proprietary technology solutions within the partnering internet platforms and financial institutions. Therefore, credit services used by end users of our partnering platforms will be ultimately provided by us. Through "embedded finance", we are able to reach more users effectively while empowering our partnering platforms and financial institutions to improve user experience and further unleash the monetization value of their user base. We have become the Credit-Tech service partner of many leading online platforms and financial institutions across various categories, gaining access to a large number of internet users across consumption scenarios for potential conversion into borrowers. As of December 31, 2025, we had partnered with 75 leading online platforms and financial institutions cumulatively.

Offline promotion and borrower referral programs

In the meantime, we conduct offline sales and marketing activities to promote our products and services in specific regions and for specific products. In addition, we continue to acquire new users through borrower referral programs.

Credit Supply

We have a stable and diversified base of funding partners. We primarily rely on our financial institution partners, including national and regional banks and consumer finance companies, to fund our credit products. From time to time, we also fund a certain percentage of loans through Fuzhou Microcredit. With sufficient and strong funding commitment from our financial institution partners, we have the flexibility to recommend suitable products to borrowers with different combinations of funding sources depending on market conditions. For the year of 2025, financial institutions including Fuzhou Microcredit accounted for 100% of our total funding.

Financial institutions

Our financial institution partners are mainly national and regional commercial banks and consumer finance companies. The value we add to our financial institution partners includes efficient borrower acquisition through online and offline channels, credit assessment technology empowerment, post-facilitation services and risk-adjusted returns throughout economic cycles, among others. Our technology infrastructure helps enhance financial institution partners' risk management, providing them with a more seamless and real-time risk management experience.

In certain special cases and as mutually agreed upon by us and a small number of financial institution partners pursuant to their internal business requirements and procedures, some of the loans facilitated through our platform are funded by and disbursed indirectly through trusts, which also provide us with more flexibility to utilize the funds from the trusts for loan facilitation within the specified time frame and are in line with the industry norms.

As of December 31, 2025, we had established partner relationship with a total of 167 financial institutions cumulatively, including national and regional banks and consumer finance companies, across 26 provinces and autonomous regions of provincial level and 70 cities in China.

Fuzhou Microcredit

In March 2017, Fuzhou Microcredit was established, which has obtained the regulatory approval and micro-lending license to originate loans. The sources of funding for the loans funded by Fuzhou Microcredit include its registered capital, profits from its operations, shareholder loans and bank loans. In 2025, RMB69.4 billion (US$9.9 billion) of credit drawdowns on our platform were initially funded by Fuzhou Microcredit, representing approximately 21.2% of our total funding during such period. All loans funded by Fuzhou Microcredit were recorded on our balance sheet. Currently, Fuzhou Microcredit has a registered capital of RMB5 billion, which has been fully paid.

Alternative funding initiatives

We have explored and expect to continue exploring alternative funding initiatives, which include standardized capital instruments such as the issuance of ABSs and ABNs. The type of underlying assets in the asset backed special plans includes beneficial rights in trusts and loans receivable. As of December 31, 2025, we had cumulatively issued ABSs and ABNs of RMB67.6 billion (US$9.7 billion) with a comprehensive cost of funding between 3% and 4%. In addition, our shelf registration of ABSs and ABNs with a total value of issuance amounting to RMB19.4 billion has been approved by the Shanghai Stock Exchange and Shenzhen Stock Exchange and National Association of Financial Market Institutional Investors, as applicable, as of December 31, 2025.

Credit Assessment

We believe our industry-leading credit assessment capabilities are a key competitive advantage allowing us to expand our business while maintaining consistently solid asset quality of the loan portfolios. Our credit assessment technology solutions are built upon a comprehensive database, a sophisticated credit profiling engine, and an efficient post-facilitation service process. With our technology empowerment, financial institutions conduct core risk management and credit approval independently to achieve better risk management.

Comprehensive database

Large volume of high-quality data is a key factor differentiating Credit-Tech platforms. With users' consent to our use of their data, we have developed a comprehensive database comprising a large volume of reliable information including, among others, a user's credit history, credit lines granted by banks, consumption pattern and past repayment behavior, that are relevant to the assessment of a given user's credit risk against future borrowing. We develop our database and build user profile primarily with our first-hand and proprietary data. Meanwhile, we also partner with third-party data providers to enrich our database of credit information. For example, we have access to the People's Bank of China's credit reporting system, which allows us to retrieve and submit data on borrowers' credit profiles.

Credit assessment engine

The success of our business relies on the effectiveness of our credit profiling systems. The "brain" of our credit profiling systems is our Argus Engine. Our Argus Engine integrates user database, AI-powered data analytics, and expert experience based on AI technologies, such as machine learning and deep learning, into comprehensive models. It allows us to effectively recognize and infer the patterns and relationships between information nodes and develop user profiles more accurately without substantial human intervention. For example, our Argus Engine is capable of automatically and continually training its algorithms with data in real life, and iterating and refining the precision of its profiling and decision making across the lifecycle of a loan. In addition, we have equipped the Argus Engine with a number of cutting-edge technologies in the area of AI, including machine learning and deep learning, which enable a more effective screening of fraudulent application and a more precise profile buildup. For example, integrated with visual risk technology under deep learning, our Argus Engine is able to verify the identity of a prospective borrower, denying those applications completed with what it believes to be a false identify, allowing for another layer of effective protection from frauds. For another instance, we have programed large-scale social network (knowledge graph) into our Argus Engine for fraud detection, which empowers us to comprehensively map and reason about connections between our users, and therefore more effectively identify organizational fraudulent behaviors. Leveraging its three core functions of anti-fraud, credit assessment and risk alert, Argus Engine helps us effectively build user profile, conduct overall credit assessment for each prospective borrower and detect frauds, thereby lowering the possibility of loan delinquency.

Behavior analysis and fraud detection

The Argus Engine is deployed to conduct fraud detection and initial credit screening of a prospective borrower, generating an F-Score which is a proprietary metric quantifying potential fraud risks of the borrower. Through our Argus Engine, we seamlessly combine data aggregation with fraud detection capabilities as follows.

- *Identity authentication.* We use facial recognition technology and other tools and processes to verify the identity of a prospective borrower, denying those applications with what we believe to be false identities.

- *Blacklist filtering.* We maintain a real-time list of suspicious devices and accounts referred to as a blacklist and to which we have automated access. We refer to the blacklist as well as fraud records provided by third-party institutions to filter prospective borrowers with high fraud risks.

- *Telecommunication fraud prevention.* Our anti-telecommunication fraud system integrates black or gray list, AI powered source tracking technologies, as well as real time transaction and risk monitoring models. This system enables fraud prevention across the entire lending process, from pre-facilitation borrower acquisition to post-facilitation services. Its telecommunication fraud prevention mechanism features fraud risk alert, fraud interception and post-fraud feedback.

- *Anti-fraud algorithms.* We filter prospective borrowers through the use of anti-fraud algorithms based on machine learning:

- we utilize supervised machine learning processes to learn from known fraud behavior patterns, training our algorithms to develop rules to identify similar patterns and deny suspicious applications;

- we utilize unsupervised machine learning to run anomaly detection to detect individual and aggregated abnormal patterns for the purpose of identifying unknown fraud behaviors; and

- we conduct a social network analysis, connecting seemingly unrelated factors to often detected fraud schemes. For example, when a new user uses the same mobile device as that of users A and B to access our services, our social network analysis algorithm is able to automatically catch the high correlations that may exist between the new user and the existing users A and B. If users A and B have been flagged by our system due to previous collaborative fraudulent loan applications, and the same mobile device has been identified as owned by the leader of this fraudulent organization, the social network analysis algorithm is able to conclude that the new user is likely to be a member of the fraudulent organization and subsequently direct the new user for manual verification.

Proprietary credit scoring and risk models

When a credit application is deemed to not represent a fraud risk, it is then subjected to the credit assessment module of our Argus Engine. This module will select and analyze variables associated with a given credit application. The variables that the Argus Engine analyzes are selected based on the perceived risk profiles of the applicants. The Argus Engine ultimately generates an A-Score to quantify an applicant's credit profile. Prospective borrowers with higher A-Scores typically receive recommendation for higher credit limits. The A-Score is then directed to the Cosmic Cube Pricing Model for pricing.

We conduct credit assessment each time a new borrower requests a drawdown. A-Score is the result of the initial credit assessment performed on an applicant based on his/her credit profile, considering various factors such as financial condition, education, past credit history and social behaviors. Different from A-Score, B-Score is applied to existing borrowers on our platform with more than three months of borrowing history, by monitoring borrower behaviors, such as account, drawdown, repayment, among others. The B-Score replaces the A-Score for the purpose of future credit assessment and re-evaluation. The B-Score is reevaluated each time the borrower applies for a drawdown and at the end of each month. Given that we have high repeat borrower contribution, B-Score, reflecting the latest borrower behavior, plays a relatively more prominent role in our overall credit assessment process.

Based on the B-Score assigned to borrowers, the system adjusts recommendation of their credit line both proactively and in response to the requests made by them. For a given borrower, the request for credit line adjustment can be done no more than once every three months. A typical 15% to 25% increase will be given to the credit line of the borrower if the underlying adjustment is approved.

Real-time risk events monitoring

Leveraging the expansive and complicated relational network of a borrower's financial connections, Argus Engine can extract the most important information from the massive dataset and determine the borrower's credit profile. When a borrower makes an online credit drawdown or application, we need to conduct real-time credit assessment, which necessitates the support of a powerful credit profiling engine. As of December 31, 2025, the real-time graph engine was in the fourth generation with more than 3.7 billion nodes and 232 billion edges. It provides more than 390 million online calculations daily, mapping first-degree connections in an average of 5 milliseconds, and second-degree connections in an average of 40 milliseconds. Backed by powerful computation, our real-time screening net can accurately identify risks from group fraud, multiple platform borrowing and default, among others.

Collection

We believe we optimize the collection process for delinquent loans based on the use of a C-Score we assign to each borrower in default using the Argus Engine. The C-Score processes data from historical collection efforts to automatically identify the most efficient channel for collection, including text messages, mobile app push notices, AI-initiated collection calls, human collection calls, emails or legal letters. We also outsource our collection to third-party collection service providers, particularly after 60 days of delinquency. To fulfill the compliance requirements, we have adopted and enforced comprehensive collection policies and procedures, including close monitoring of our third-party service providers, to ensure that all our collection practices, including in-house and third-party practices, are in compliance with current laws and regulations. First of all, all collection operations, either conducted by our in-house collection team or through third-party agencies, must be processed on our proprietarily developed online operation platform and call-out platform so that we are able to track and perform full-angle inspection on the collection practices. Secondly, all borrower data are subject to a desensitization procedure before they are used for collection. Our system enables a close-loop monitoring over the process of the collection exercise, from case categorization and the desensitization of delinquent borrowers' information to the dispatch of delinquency information to the collection team or third-party collection agencies, as the case may be, and the collection call initiation. It ensures that only the necessary and minimum amount of desensitized data are being used for collection and that no data are able to be saved locally. Thirdly, all manual collection calls, either initiated by our in-house collection team or by third-party agents, are recorded and transmitted to our inspection system for an "AI + manual" dual inspection procedure, where our AI models will perform automatic, preliminary analysis on the content of the collection conversation against the rules that we set, identifying the expressions that are suspected to be deviating from our rules, and our inspection team will then further investigate the cases and provide improvement advice. Fourthly, we maintain real-time inspection on all collection operations. Our system constantly analyzes the real-time recording of the collection calls for potential defects or violations. Once a defect or violation is identified, a notice will be promptly sent to the on-site collection supervisor for intervention, so that we are able to proactively de-escalate the situation, prevent violative collections and deliver better user experience. Last but not least, we stipulate into each service agreements with our third-party agencies obligations of such agencies to abide by our policies, comply with laws and regulations, preserve confidentiality, refrain from using excessive or otherwise inappropriate measures.

We have built an AI-powered collection and borrower service system based on automatic speech recognition, text-to-speech and natural language processing technologies. In 2025, the application of our AI-powered collection had handled 72% of our total collection volume. Our collection system can conduct automatic outbound calls in batches and interact with borrowers. We assess the appropriateness of AI-driven communication, and will adjust the approach and tone of the system, based on the risk level and the type of collection. This assessment is conducted automatically and we leverage the capability for all early-stage notification, contact confirmation and basic collection negotiations, while focusing our collection team on complicated collection cases, or other challenging interactions as identified by our system, to increase our operational efficiency and reduce our collection costs. In 2025, we maintained a 30-day collection rate of approximately 86.3%.

Data And Privacy Protection

We are dedicated to protecting users' privacy, and we have implemented a data privacy and security system to ensure the security, confidentiality and integrity of data. We adopt policies to make sure we obtain users' consent in collecting and using their data. We have promulgated a user privacy policy on our platform, setting forth our data use practices and privacy protection protocols. When a user registers an account via our app, he or she must read through and agree to the privacy agreement before the registration can be completed. Besides, in certain phases of the loan application process that involve data collection or usage, such as activating facial recognition function to facilitate credit assessment and transaction security, our users will be prompted again to read through and agree to separate authorization agreements on our data collection and use practices before they can proceed. We only use the user data for the stated purposes as authorized by the users of our app in connection with credit assessment and as otherwise required by applicable laws and regulations. All user data which we collected and generated from our operations in the PRC are stored in the PRC territory and the user data which we recognize as sensitive data are encrypted with the double encryption approach of data encryption and database encryption. We store user data in accordance with applicable laws and regulations, and we have adopted and implemented internal controls system and protocols focused on data security and personal information protection. Our core systems have all passed and been certified as the Level III Protection of the National Information System. We require all of our employees to comply with the protocols, respect the privacy of users, and protect their information. In addition, we limit our employees' access to de-identified information and the output of such credit analysis only (except for key data security personnel whose access is subject to stringent internal approval) for purposes of mitigating the possibility of data leakage and avoiding unnecessary privacy invasion as much as possible.

With rigorous data privacy and security system, in June 2020, our fintech service application, Qifu Jietiao received both the app security certification and the app information security certification from the National Computer Virus Emergency Response Center, which is the official agency for anti-virus internet security and designated testing body for the "Special Crackdown on the Illegal Collection and Misuse of Personal Information by Apps" initiative by the Ministry of Public Security. In particular, Qifu Jietiao received a level 3 rating for both app privacy and data security, the highest level granted by the center. Given the ongoing regulatory environment, the certifications granted to us recognize our core competency in privacy protection and security technology and further solidify our competitive advantage in terms of regulatory compliance.

Technology & Security

We are a technology-driven company. The success of our business is dependent upon our technological capabilities, which deliver a superior user experience, protect information on our platform, increase operational efficiency and facilitate continued innovation. Our innovation efforts are driven by strong research and development and risk management teams, which accounted for 35.9% of our total employees, as of December 31, 2025.

Principal components of our technology infrastructure include:

- *Data science.* Data science contributes to many elements of our business and operations, extending across an entire loan lifecycle. Our Argus Engine allows us to aggregate and assess thousands of data points to build a comprehensive profile for each user which guides fraud detection, credit assessment and general borrower behavior, useful in anticipating borrowers' needs. Our Cosmic Cube Pricing Model then applies similar data science strategies in establishing pricing. Our workflow system CloudBank is capable of processing millions of transactions every day and integrates with our financial institution partners' systems in loan disbursements, credit decisions, and payment clearances. We have also developed our network relationship database with tens of billions of connecting points for fraud detection purpose. The algorithms powering the majority of our decision systems iterate in real-time through machine learning, allowing us to promptly identify and correct operational issues.

- *Artificial intelligence.* We have identified specific applications for AI across our platform, notably around precision marketing, rapid underwriting and post-facilitation services. We consistently upgrade our capabilities through machine learning. For instance, our fraud detection and credit assessment capabilities are based on the self-learning of the Argus Engine, which consistently re-evaluates statistically significant variables and re-develops policies around borrower credit assessment. A key benefit of AI is the automation of many of our processes. We can generally process a credit application from submission through drawdown approval without material human intervention, and our internal preliminary credit assessment mostly only takes less than a minute in accordance with recent IT records, achieving massive operational efficiency. For example, our AI-powered voice system, which we utilize for the collection of delinquent loans, primarily conducting quality inspections on the recordings of collection calls, analyzing the effectiveness and content of completed collections and optimizing future communication strategies, has significantly reduced the need for collections staff, particularly those involved in quality inspection, and has empowered the remaining team to operate more efficiently and effectively.

- *Security.* We are committed to maintaining a secure online platform. Our focus on security provides operational benefits, as our reputation for data safety helps foster borrower trust and facilitates the collection of sensitive information. Key features of our security system are as follows:

- Our firewall monitors and controls incoming and outgoing traffic 24 hours per day, and the firewall is updated and trained periodically with mimic attacks from hackers to spot potential loopholes and protect our platform from malware, computer virus and hackings;

- Our server security is built upon a dedicated private cloud that provides both physical and virtual isolation. Combined with 24/7 firewall monitoring, regular penetration testing, least-privilege access control, encryption of data in transit and at rest, automated patch management, and real-time log alerting, it ensures a secure and reliable server environment; and

- All transmission of borrower information is encrypted.

We have also adopted a series of policies on internal controls over information systems and network access management. We maintain redundancy through a real-time multi-layer data backup system to prevent loss of data resulting from unforeseen circumstances. We conduct periodic reviews of our technology platform, identifying and correcting problems that may undermine our system security.

- *Stability.* Our servers run on a dedicated private cloud. Our system infrastructure is hosted in data centers at three separate locations in Beijing and Shanghai, and we maintain redundancy through a real-time multi-layer data backup system to ensure network reliability. We have established change management, segregation of duties, and continuous monitoring mechanisms to effectively reduce operational risks and ensure uninterrupted system operation. Our platform adopts a modular architecture consisting of multiple interconnected components, each of which can be independently upgraded or replaced without affecting the functioning of other components. This makes our platform both highly reliable and scalable.
- *Scalability.* With a modular architecture, our platform can be easily expanded as data storage requirements and user visits increase. In addition, load balancing technology helps us improve the distribution of workloads across multiple computing components, optimizing resource utilization and minimizing response time. Meanwhile, we have built our system in a partner-friendly approach as we provide flexible options to our partners regarding the scope of the data to be provided as well as how the data is provided. With such flexibility, we can cut a considerable amount of time and monetary cost in synchronizing the systems of ours and our partners'. For instance, it typically takes one to two weeks for us to develop our system access to a new partner's system, which is a key selling point when prospective financial institution partners evaluate joining our platform.

Marketing And Brand Awareness

We primarily employ and implement variable online sales and marketing methods, supplemented with traditional promotional activities and general brand and awareness building. We focus on building brand awareness through online marketing campaigns, including cooperating with leading online platforms for directing user traffic to our business and boosting public relations as well as other offline advertising. We invest in a series of marketing activities to further solidify our brand image and continue to grow our user base, including collaborating with leading social media, video and live streaming platforms to extend our brand to a broader potential user group.

Seasonality

We experience seasonality in our business, mainly correlating to the seasonal fluctuations in internet usage and traditional personal behavior patterns in China. For example, individual borrowers generally reduce their borrowings during national holidays in China, particularly during the Chinese New Year holiday season in the first quarter of each year. Furthermore, when e-commerce platforms hold special promotional campaigns, for example, on November 11 and December 12 each year, we typically observe an increase in borrowing proceeds immediately following these campaigns. However, the seasonal trends that we have experienced in the past may not apply to, or be indicative of, our future operating results.

Competition

We primarily target the consumer Credit-Tech market, and compete for borrowers, financial institution partners and other third-party services with other Credit-Tech platforms with a similar market focus, which mainly include Credit-Tech platforms backed by large internet companies, and independent Credit-Tech platforms that operate standalone platforms without support from traditional financial institutions or large internet companies. As the macro and regulatory environment evolved in recent years, we have observed dynamic changes in the market landscape. In particular, the regulatory developments in 2025 have accelerated the reshaping of the competitive landscape. As regulatory compliance becomes increasingly important, we expect that smaller Credit-Tech platforms whose business models have historically relied on higher pricing, and lack the capabilities to maintain profitability under the tightened pricing environment, will come under increasing pressure. In an evolving landscape, platforms with robust compliance capabilities and established scale may be better positioned for a sustainable, long-term development.

In addition, many leading internet and technology companies that possess large user bases, substantial financial resources and high frequency consumption platform entered the consumer Credit-Tech market in the past few years. However, many of them have since scaled back their effort in developing Credit-Tech business by themselves to optimize their strategic priorities. Instead, some leading internet and technology companies choose to partner with leading Credit-Tech platforms like us to help them better monetize their user base with comprehensive financing solutions. Such partnerships are the basis for "embedded finance."

We believe that our deep understanding of users, robust credit assessment systems, effective user acquisition channels, user-friendly product designs, and broad and diversified funding sources form a substantial competitive advantage over many of our peers. Such competitive advantage, along with our consistent track record of solid execution, also in turn helps us gain trust from financial institutions and strengthen our relationship with business partners. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We face increasing competition, and if we do not compete effectively, our operating results could be harmed" for more information about the market where we operate and the competition we face.

Intellectual Properties

We regard our trademarks, domain names, software copyrights, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on a combination of patent, copyright, trademark and trade secret laws in China, as well as licensing agreements and other contractual protections, to protect our proprietary technology.

As of December 31, 2025, we had 388 registered trademarks and 135 trademarks pending approval in China, and 13 registered trademarks and 20 trademarks pending approval outside of China. As of the same date, we had 492 registered patents and 362 patents pending approval in China, and 8 patents pending approval outside of China. As of December 31, 2025, we had 153 registered software copyrights and nine copyrights of works in China. We are also the registered holder of 80 domain names in China and three domain names outside of China.

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. 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 and Industry—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 and Industry—We may be subject to intellectual property infringement claims, which may be costly to defend and may disrupt our business and operations."

Regulation

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

Regulations on Foreign Investment Restrictions

The Company Law and The PRC Foreign Investment Law

Companies established and operating in the PRC shall be subject to the Company Law of the PRC, which was promulgated by the Standing Committee of the National People's Congress on December 29, 1993, came into effect on July 1, 1994, and last revised on December 29, 2023 and became effective on July 1, 2024. The Company Law provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in the PRC. Unless otherwise provided in the PRC foreign investment laws, the provisions in the Company Law shall prevail. The main amendments in the PRC Company Law involve improving the company's establishment and exit system, optimizing the company's organizational structure, detailing exercise of shareholder rights, perfecting the company's capital system and strengthening the responsibilities of controlling shareholders and management personnel, among others. The PRC Company Law provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises.

On March 15, 2019, the National People's Congress approved the Foreign Investment Law, which came into effect on January 1, 2020, replaces the trio of existing laws regulating foreign investment in the PRC, namely, the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-Invested Enterprise Law, and has become the legal foundation for foreign investment in the PRC.

The Foreign Investment Law sets out the basic regulatory framework for foreign investments and proposes to implement a system of pre-entry national treatment with a negative list for foreign investments, pursuant to which (i) foreign entities and individuals are prohibited from investing in the areas that are not open to foreign investments, (ii) foreign investments in the restricted industries must satisfy certain requirements under the law, and (iii) foreign investments in business sectors outside of the negative list will be treated equally with domestic investments. The Foreign Investment Law also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information report system, through which foreign investors are required to submit information relating to their investments to the Ministry of Commerce or its local branches.

The Implementing Regulation for the Foreign Investment Law of the PRC (Decree No. 723 of the State Council), adopted at the 74th executive meeting of the State Council on December 12, 2019 and effective on January 1, 2020, provides implementing measures and detailed rules to ensure the effective implementation of the Foreign Investment Law.

Regulations on foreign investment industries

Pursuant to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024), or the Negative List (2024), jointly promulgated by the NDRC and MOFCOM on September 6, 2024 and came into effect on November 1, 2024, limitations were stipulated for foreign investments in different industries in the PRC. The 2024 Negative List (2024) is further classified into "Catalog of Industries Limited for Foreign Investment" and "Catalog of Industries Prohibited for Foreign Investment". Industries which do not fall within the "Special Management Measures (Negative List) for the Access of Foreign Investment" are industries permitted for foreign investment.

On December 30, 2019, the Ministry of Commerce and the State Administration for Market Regulation jointly issued the Measures on Reporting of Foreign Investment Information, which replaced the existing filing and approval procedures regarding the establishment and change of foreign-invested companies with new procedures. On December 31, 2019, the Ministry of Commerce issued the Announcement on Matters Relating to Foreign Investment Information Reporting which emphasizes the information reporting requirements provided by the Measures on Reporting of Foreign Investment Information, and stipulates the forms for information reporting.

Regulations on value-added telecommunications services

The Telecommunications Regulations of the PRC issued by the PRC State Council in September 2000, as amended in February 2016, set out a regulatory framework for telecommunications service providers in the PRC. Under these regulations, telecommunications service providers are required to procure operating licenses for basic telecommunications services and licenses for value-added telecommunications services. In July 2017, the Ministry of Industry and Information Technology issued the Administrative Measures for the Telecommunications Business Operating Permit which took effect in September 2017 and invalidated the prior telecommunications permit measures issued in 2009. The Administrative Measures for the Telecommunications Business Operating Permit regulate that a commercial operator of value-added telecommunications services must first obtain the VATS License and conduct its business in accordance with the specifications listed in the license, thereby providing more detailed requirements and procedures for the value-added telecommunications services industry. In September 2000, the PRC State Council promulgated the Administrative Measures on Internet Information Services, which was amended in December 2024 and effective in January 2025. The Administrative Measures on Internet Information Services define "internet information services" as the services providing information through the internet to online users and further divide such services into "commercial internet information services" and "non-commercial internet information services." internet content provider is considered as a sub-set of value-added telecommunications business. In accordance with the Administrative Measures on Internet Information Services, commercial internet information services operators must obtain a VATS License with the business scope of Internet information service, namely, the ICP License from competent government authorities before engaging in any commercial internet information services business in the PRC.

The Provisions on the Administration of Foreign-Invested Telecommunications Enterprises, issued by the PRC State Council in December 2001 and amended in September 2008, February 2016 and March 2022, respectively, and the Circular on Lifting Restrictions on the Proportion of Foreign Equity in Online Data Processing and Transaction Processing Business (Operating E-commerce) issued by the Ministry of Industry and Information Technology on June 19, 2015, clarify that foreign-invested value-added telecommunications enterprises may only be Sino-foreign equity joint ventures, whose foreign equity ownership may not exceed 50%, except for online data processing and transaction processing businesses (operating e-commerce businesses) which may be wholly owned by foreign investors. Historically, foreign investors having equity ownership in those foreign-invested value-added telecommunications enterprises are required to have a good track record and operational experience in value-added telecommunications businesses. On March 29, 2022, the State Council promulgated the Decision of the State Council on Amending or Abolishing Certain Administrative Regulations, effective on May 1, 2022, which stipulate that the requirements of the aforementioned operational experience and good track record on foreign investors of a value-added telecommunications service provider are no longer required.

Additionally, in July 2006, the Ministry of Industry and Information Technology issued the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Businesses, which stipulates that foreign investors can only operate telecommunications businesses in China through telecommunications enterprises with valid telecommunications business operation licenses and prohibits a domestic company that holds a VATS License from leasing, transferring or selling such license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities to foreign investors that conduct a value-added telecommunications business illegally in China.

We provide Credit-Tech services for which a VATS License is required. Shanghai Qiyu, one of the VIEs, obtained its ICP License, a type of VATS License, in April 2021. The subsidiary of Shanghai Qiyu, Fuzhou Microcredit, obtained an ICP License in April 2023.

Regulation on Online Finance Services Industry

General regulations on internet finance service

In July 2015, the Guidelines on Promoting the Healthy Growth of Internet Finance, were promulgated by ten PRC regulatory agencies, including the People's Bank of China, the Ministry of Industry and Information Technology and the China Banking Regulatory Commission, or the CBRC, and provide the definition of "online lending." Online lending under the guidelines includes peer-to-peer online lending, meaning the direct loans transacted through the internet between individual lenders and borrowers, and online micro-lending, meaning the small-sum loans transacted through the internet and offered by online micro-lending companies.

In April 2016, the General Office of the PRC State Council issued the Implementing Proposal for the Special Rectification of Internet Financial Risk, which emphasizes the goal to ensure legitimacy and compliance of the internet finance service industry and specifies the rectification measures for non-compliance regarding the operations of internet finance business and by institutions engaged in the internet finance business.

Regulations on private lending

According to the PRC Civil Code, promulgated in May 2020 and effective on January 1, 2021, the interest rates charged under a loan agreement must not violate applicable provisions of the PRC laws and regulations. The PRC Civil Code also provides that the interest on a loan shall not be deducted from the principal in advance, and if the interest is deducted from the principal in advance, the loan shall be repaid and the interest shall be calculated according to the actual amount of loan provided.

In August 2015, the Supreme People's Court issued the Provisions on Several Issues Concerning Laws Applicable to Trials of Private Lending Cases, which took effect in September 2015 and most recently revised on December 29, 2020. The provisions define private lending as financing between and among individuals, legal entities and other organizations. They establish that private lending contracts are to be upheld as valid in the absence of (i) relending of funds to a borrower who knew or should have known that the funds were fraudulently obtained from a financial institution; (ii) relending of funds to a borrower who knew or should have known that the funds were borrowed from other enterprises or raised by the company's employees; (iii) lending of funds to a borrower wherein the investor knew or should have known that the borrower intended to use the borrowed funds for illegal or criminal purposes; (iv) violations of public orders or good morals; or (v) violations of mandatory provisions of laws or administrative regulations. In addition, pursuant to the provisions, lending agreements between private lenders and borrowers with annual interest rates below 24% are valid and enforceable. As to the loans with annual interest rates between 24% (exclusive) and 36% (inclusive), if the interest on the loans has already been paid to the lender voluntarily, and so long as such payments have not damaged the interest of the state, the community and any third party, the People's Court will turn down the borrower's request to demand the return of the excess interest payments. If the annual interest rate of a private loan is higher than 36%, the agreement on the excess part of the interest is invalid, and if the borrower requests the lender to return the part of interest exceeding 36% of the annual interest that has been paid, the People's Court will support such requests.

In addition, on August 4, 2017, the Supreme People's Court issued the Circular of Several Suggestions on Further Strengthening the Judicial Practice Regarding Financial Cases, which provides that (i) the claim of the borrower under a financial loan agreement to adjust or cut down the part of interest exceeding 24% per annum on the basis that the aggregate amount of interest, compound interest, default interest, liquidated damages and other fees collectively claimed by the lender is obviously high shall be supported by the PRC courts and (ii) in the context of internet finance disputes, if the online lending information intermediaries and the lender evade the maximum interest rate protected under the law by charging an intermediary fee, the lender's claim shall be held as invalid.

On December 29, 2020, the Supreme People's Court issued the Judicial Interpretation Amendment, which was revised on January 1, 2021 and amended several provisions of the 2015 Judicial Interpretation including the upper limit of judicial protection for private lending interest rates. The Judicial Interpretation Amendment provides that where the lender requests the borrower to pay interest in accordance with the interest rate agreed upon in the agreement, the People's Court shall support such request, except where the interest rate agreed by both parties exceeds the Quadruple LPR Limit. The one-year Loan Prime Rate refers to the one-year loan market quoted interest rate issued by the National Bank Interbank Funding Center, an institution authorized by the People's Bank of China, on the 20th of each month since August 20, 2019. According to the amendment, the upper limits of interest rates of 24% and 36% provided in the 2015 Judicial Interpretation, are replaced by the Quadruple LPR Limit. Moreover, if the lender and the borrower agree on both the overdue interest rate and the liquidated damages or other fees, the lender may choose to claim any or all of them, but the excess of the aggregate amount over the Quadruple LPR Limit shall not be supported by the People's Court.

On December 29, 2020, the Supreme People's Court issued the Reply to Issues Concerning the Scope of Application of the New Judicial Interpretation on Private Lending, which clarifies that seven types of local financial organizations, including micro-lending companies, financing guarantee companies, regional equity markets, pawnshops, financing lease companies, commercial factoring companies and local asset management companies under the regulation of local financial regulatory authorities, are financial institutions established upon approval by financial regulatory authorities. The Judicial Interpretation Amendment is not applicable to disputes arising from foregoing organizations' engagements in financial service businesses.

Although the Judicial Interpretation Amendment and the Reply to Issues Concerning the Scope of Application of the New Judicial Interpretation on Private Lending provide that they do not apply to licensed financial institutions including micro-lending companies that conduct loan businesses, there are uncertainties in the interpretation and implementation of the Judicial Interpretation Amendment, including whether licensed financial institutions may be subject to it pursuant to under Circular 141 or in certain circumstances, the basis of the formula used to determine the interest rate limit, the scope of inclusion of related fees and insurance premiums and inconsistencies in the standard applied and enforcement actions taken by different PRC courts.

On March 3, 2026, the National Financial Regulatory Administration and the People's Bank of China promulgated the Provisions on Explicitly Disclosing Comprehensive Financing Costs for Personal Loan Business, which will take effect on August 1, 2026 and require that: (i) lenders and their cooperative partners must present a "Comprehensive Financing Cost Disclosure Table" to borrowers, which shall list all cost items including interest, installment fees, and credit enhancement fees, as well as penalty interest; (ii) for online loan facilitation, such disclosure must be made through a pop-up window with a mandatory reading time; and (iii) no fees other than those explicitly disclosed in the table shall be charged. Furthermore, the 2026 Disclosure Provisions emphasize the lenders' responsibility to supervise their cooperative partners, including Credit-Tech platforms, to ensure full compliance with these disclosure requirements.

We conduct loan facilitation services through our Credit-Tech platform. We charge service fees from financial institution partners for loans funded by them, and charge borrowers interest fees for loans funded by Fuzhou Microcredit, which is a subsidiary of the VIEs and is licensed to conduct micro-lending business in China. Our financial institution partners and Fuzhou Microcredit are permitted to charge interests for the loans they fund pursuant to PRC laws and regulations.

Regulations on illegal fund-raising

On January 26, 2021, the State Council promulgated the Regulation on the Prevention and Disposition of Illegal Fund-raising Practices which came into effect on May 1, 2021 and replaces the Measure for the Banning of Illegal Financial Institution and Illegal Financial Business Operations promulgated by PRC State Council in July 1998 and amended in 2011, which explicitly prohibits illegal public fund-raising. In accordance with the aforementioned regulations, the following description is deemed to detail the key features of illegal public fund-raising: (i) soliciting and raising funds from the general public by means of issuing stocks, bonds, lotteries or other securities without the required approval, (ii) promising or guaranteeing a return of interest or profits or investment returns in cash, properties or other forms, or (iii) using a legitimate form to disguise the unlawful purpose. In December 2010, the Supreme People's Court promulgated the Judicial Interpretations to Issues Concerning Applications of Laws for Trial of Criminal Cases on Illegal Fund-Raising which was amended on March 1, 2022 and sets forth the criteria, criminal charges and the punishment on illegal fund-raising.

We operate a Credit-Tech platform to facilitate loans between borrowers and our financial institution partners, and we do not fund the loans facilitated through our platform, other than the loans funded by Fuzhou Microcredit, a subsidiary of the VIEs licensed to conduct micro-lending business in China. We do not raise funds from our financial institution partners to provide loans to borrowers.

Regulations on the business of loan facilitation

In April 2017, the P2P Online Lending Working Group issued the Notices on Cash Loans. The Notices on Cash Loans require the local branches of the P2P Online Lending Working Group to conduct a comprehensive review and inspection of the cash loan business on online lending platforms and require such platforms to take necessary improvements and remediation measures within a specific period of time to comply with the requirements under applicable PRC laws and regulations. The Notices on Cash Loans aim to eliminate non-compliance in the operations of online lending platforms, including fraudulent activities, loans with excessive interest rates, and forced loan collection practices.

Notice on Regulating and Rectifying "Cash Loan" Business, or Circular 141, issued by the Special Rectification of Internet Financial Risks Working Group and the P2P Credit Risks Rectification Working Group on December 1, 2017, introduces the regulating guidance on cash loan businesses including online micro-lending companies, P2P platforms and banking financial institutions. According to Circular 141, activities offering cash loans, which are characterized by the lack of specific consumption scenarios, designated purposes, targeted users or mortgages, are subject to inspections and rectifications to prohibit excessive borrowing and granting credits repeatedly to individual borrowers, collecting interests at abnormally high interest rates and violating privacy. Circular 141 clarifies that no organization or individual shall start a loan business without the required qualifications and approved licenses. The synthetic fund cost charged by various institutions on borrowers in the form of interest rates and other fees must comply with the requirements of private lending by the Supreme People's Court. The loan shall not be collected through violence, intimidation or insult. Circular 141 also sets out requirements and limitations for various entities involved in internet finance services and banking financial institutions involved in cash loan operations.

Circular 141 further requires P2P lending information intermediaries not to outsource their core operations such as borrower information collection, borrower selection, credit evaluation and accounts opening. The banking financial institutions shall also comply with the regulations relating to cash loans, including: (i) not extending loan funded by its own capital and funding from unqualified institutions; (ii) not outsourcing credit review and approval, risk management or other core operations in the provision of credit services to third-party collaborators; including not accepting credit enhancement services, loss-bearing commitments or other credit enhancement services provided in a disguised form by any third party that does not have the qualifications to provide guarantees; (iii) making sure that the third party with which it cooperates will not charge any interests or fees from borrowers; and (iv) not directly investing or investing in a disguised form in asset-backed securitization products or other products backed by cash loans, campus loans or down payment loans. In addition, according to Circular 141, all the relevant local authorities should submit the regulation plan and monthly working progress to the Special Rectification of Internet Financial Risks Working Group and the P2P Credit Risks Rectification Working Group, which indicates gradual rectification for compliance with Circular 141 is allowed.

The Interim Measures for Administration of Internet Loans Issued by Commercial Banks, promulgated by the China Banking and Insurance Regulatory Commission, came into effect on July 12, 2020 and was amended on June 21, 2021, which apply to the institutions cooperating with commercial banks to develop internet loan businesses and their existing business models. Pursuant to these measures, commercial banks shall evaluate their cooperating institutions and implement processes to manage these institutions. Commercial banks shall not accept direct and disguised credit enhancement services from unqualified cooperation agencies, nor entrust third-party agencies with records of violent collection or other illegal records to collect loans. The measures also provide that, except for cooperating institutions that contribute funding to the loans, commercial banks shall not completely delegate the cooperating institutions to perform core operations, such as loan disbursement, principal and interest collection, and stop payment. Pursuant to the measures, commercial banks shall independently carry out risk assessment and credit approval for the loans they fund, and shall bear primary responsibility for post-loan management. Regional banks that carry out Internet lending business shall mainly serve local customers, prudently conduct business across administrative regions of registration, and effectively identify and monitor the development of business across administrative regions of registration. As we operate a Credit-Tech platform and collaborate with financial institution partners in the loan lifecycle, pursuant to the measures, we shall not participate in the independent risk management and credit approval processes for the loans funded by commercial banks. We are not involved in financial institutions' independent credit review and approval and risk management operations. We assist in financial institutions' post-loan management as instructed or delegated by them and the financial institutions still bear the primary responsibility, among others, in compliance with the measures.

In accordance with the above measures, the Circular of the General Office of the China Banking and Insurance Regulatory Commission on Further Standardizing the Internet Loans Business of Commercial Banks was issued and took effect on February 19, 2021, setting detailed rules on strengthening risk management of the banking financial institutions and strictly controlling cross-regional operations. Furthermore, on July 12, 2022, the China Banking and Insurance Regulatory Commission issued the Notice on Strengthening the Management of Commercial Banks' Internet Loan Business and Improving the Quality and Efficiency of Financial Services, which further requires commercial banks to: (i) effectively conduct security assessments on the cooperating institutions which provide and process personal information; (ii) strengthen loan fund management, take effective measures to monitor loan usage, ensure safety of the loan funds, and prevent cooperating institutions from intercepting, pooling, or misappropriating fund; (iii) standardize the Internet loan cooperation business with third-party institutions, and restrict or refuse to cooperate with those that are in violation of the regulations on Internet loans; and (iv) strengthen the protection of consumer rights and interests, strengthen the compliance management of the marketing and publicity behaviors of cooperating institutions, and clearly stipulate prohibited behaviors in the cooperation agreement.

The Notice on Strengthening the Management of Commercial Banks' Internet Loan Business and Improving the Quality and Efficiency of Financial Services mainly regulates the conducts of commercial banks. We will closely monitor the regulatory requirements, seek guidance from regulatory authorities and take applicable measures in a timely manner to maintain our cooperation with the commercial banks and ensure compliance with laws and regulations applicable to us.

On January 30, 2024, the National Financial Regulatory Administration of the PRC issued the Administrative Measures for Fixed Asset Loans, the Administrative Measures for Working Capital Loans, and the Administrative Measures for Personal Loans, which took effect on July 1, 2024. The Administrative Measures for Personal Loans further require banks and other financial institutions to strengthen their own channel construction and independent risk control: (i) the lender shall not entrust the core matters of risk control in the loan investigation involving the borrower's true intention, income level, debt situation, source of own funds and access to external evaluation institutions to a third party; (ii) the lender can interview the borrower through video according to business needs (excluding loans for personal housing purposes). The video interview shall be conducted on the lender's own platform, and the image shall be recorded and saved; (iii) the lender shall require the borrower to sign the loan contract and other documents in person, or sign contracts and documents through electronic banking channels (excluding loans for personal housing purposes). The Administrative Measures for Personal Loans also regulate that where the China Banking and Insurance Regulatory Commission stipulates otherwise on other special types of loans such as Internet loans, such provisions shall prevail.

In April 2025, the National Financial Regulatory Administration promulgated the Notice on Strengthening the Management of Internet Loan Facilitation Business of Commercial Banks and Improving the Quality and Efficiency of Financial Services. The notice primarily focuses on the following aspects: (i) the establishment of a "whitelist" management system for loan facilitation platforms requiring commercial banks to conduct comprehensive due diligence and continuous evaluation of their partners; (ii) the requirement that the comprehensive financing costs paid by borrowers for a single loan shall comply with the relevant provisions of the Supreme People's Court, which in judicial practice effectively caps such costs at an annualized rate of 24%; and (iii) commercial banks shall terminate cooperation with agencies that fail to meet compliance standards or engage in improper collection practices.

In addition, we have taken various measures to comply with Circular 141, the Interim Measures for Administration of Internet Loans Issued by Commercial Banks and other laws and regulations that are applicable to our loan facilitation business operations. For details about the various measures we have taken to comply with Circular 141, please refer to "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We are subject to uncertainties surrounding regulations and administrative measures of the loan facilitation business. If any of our business practices are deemed to be non-compliant with applicable laws and regulations, our business, financial condition and results of operations would be adversely affected."

Given that the laws and regulations governing the loan facilitation business are evolving, and substantial uncertainties exist with respect to their interpretation and implementation, we cannot assure you that our existing practices would not be challenged by governmental authorities under any existing or future rules, laws and regulations. See also "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We are subject to uncertainties surrounding regulations and administrative measures of the loan facilitation business. If any of our business practices are deemed to be non-compliant with applicable laws and regulations, our business, financial condition and results of operations would be adversely affected."

If institutions violate the aforementioned provisions, the regulatory authorities may impose business suspensions, compulsory enforcements or cancelation of business qualifications, or supervise the rectifications. If the circumstances are extremely serious, the business licenses of such institutions may be revoked.

Regulations on online lending information intermediaries

In August 2016, the CBRC, the Ministry of Industry and Information Technology, the Ministry of Public Security and the State Internet Information Office jointly issued the Interim Lending Measures on Administration of Business Activities of Online Lending Information Intermediaries, which introduced online lending information intermediaries as financing information enterprises specifically engaged in the business of lending information intermediation services connecting investors and borrowers. Pursuant to that, online lending information service providers must complete registration with local financial regulatory departments, apply for appropriate telecommunication business licenses in accordance with the rules issued by competent telecommunication authorities and specify the "online lending information intermediary" in its business scope.

In accordance with these measures, the CBRC, the Ministry of Industry and Information Technology and the State Administration for Industry and Commerce jointly issued the Circular on Printing and Distribution the Guidelines on the Filing-based Administration of the Online Lending Information Intermediaries in October 2016, setting forth the rules on the filing-based administrative regime of online lending information intermediaries which requires local financial regulators to register, publicize and archive the basic information of online lending information intermediaries within their respective jurisdictions.

In November 2019, the Special Rectification of Internet Financial Risks Working Group and the P2P Credit Risks Rectification Working Group issued the Guiding Opinions on the Transformation of Online Lending Information Intermediaries into Pilot Micro-Lending Companies, or Circular 83. Circular 83 allows qualified online lending information intermediaries to transform into micro-lending companies in order to proactively deal with and resolve the existing business risks of online lending information intermediaries industry. The online lending information intermediaries to be transformed must comply with certain requirements including strong shareholder backgrounds and a registered capital of RMB50 million.

Regulations on online marketing of financial products

On April 24, 2026 the People's Bank of China and seven other departments jointly issued the Measures for Administration of Online Marketing of Financial Products, which shall come into force on September 30, 2026. These measures clarify the rights and responsibilities boundaries between financial institutions and third-party online platforms. However, given the measures were recently promulgated, there are uncertainties as to their interpretation, application and enforcement. We will closely monitor the regulatory development and adjust our business operations from time to time to comply with laws and regulations applicable to us. See also "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our access to sufficient and sustainable funding at reasonable costs cannot be assured. If we fail to maintain collaboration with our financial institution partners or to maintain sufficient capacity to facilitate loans to borrowers, our reputation, results of operations and financial condition may be materially and adversely affected."

Regulations on microcredit business

In May 2008, Guidance on the Pilot Establishment of Micro-Lending Companies was jointly promulgated by the CBRC and the People's Bank of China, 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 borrowed by a micro-lending company from financial institutions must not exceed 50% of the net capital of such micro-lending company. The interest rate and terms of the borrowed 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 Inter-bank 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 People's Bank of China. 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 aforementioned 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.

In November 2017, the Online Finance Working Group issued the Notice on the Immediate Suspension of Approvals for the Establishment of Online Micro-Lending Companies, requiring all relevant regulatory authorities of micro-lending companies to suspend the approval of the establishment of any online micro-lending companies and the approval of any micro-lending business conducted across provinces. Circular 141 further confirms to suspend the approval of the establishment of online micro-lending companies and the approval of any micro-lending business across provinces and enhances the regulation of online micro-lending companies by stipulating that (i) the relevant regulatory authorities must suspend the approval for the establishment of any new online micro-lending companies and the conduct of offline business of any micro-lending companies across provinces (districts or cities); (ii) online micro-lending companies must not extend loans to any borrowers without income, such as students; (iii) online micro-lending companies must suspend the funding of online micro-lending with no specific consumption scenarios or specified uses of loan proceeds, and gradually reduce the volume of the existing business relating to such loans and take rectification measures in a period to be specified by authorities.

On December 8, 2017, the P2P Credit Risks Rectification Working Group promulgated the Implementation Plan of Specific Rectification for Risks in Micro-Lending Companies Conducting Online Micro-Lending Business, or Circular 56. Pursuant to Circular 56, "online micro-lending" is defined as micro-lending provided through the internet by online micro-lending companies. Circular 56 emphasizes several material aspects subject to inspection and rectification, which include but not limited to (i) online micro-lending companies must be approved by the competent authorities in accordance with the applicable regulations promulgated by the State Council, and approved online micro-lending companies that operate in violation of any regulatory requirements must be re-examined; (ii) whether the qualification and funding source of the shareholders of online micro-lending companies are in compliance with the applicable laws and regulations; (iii) whether the "integrated actual interest" (namely, the aggregated costs of borrowing charged to borrowers in the form of interest and various fees) are annualized and subject to the limit on interest rates of private lending set forth in the Provisions on Several Issues Concerning Laws Applicable to Trials of Private Lending Cases and, whether any interest, handling fee, management fee or deposit are deducted from the principal of loans provided to the borrowers in advance; (iv) whether campus loans, or online micro-lending with no specific scenario or designated use of loan proceeds are granted; (v) with respect to the loan business conducted in collaboration with third-party institutions, whether micro-lending companies cooperate with internet platform without website filing or telecommunications business license to provide online micro-lending, whether the online micro-lending companies outsource their core business (including the credit assessment and risk management), or accept any credit enhancement service provided by any third-party institutions with no guarantee qualification; or whether any applicable third-party institution collects any interest or fee from the borrowers; and (vi) whether there are any entities conducting online micro-lending business without the approval or license for lending business.

On December 31, 2024, National Financial Regulatory Administration of the PRC issued the Interim Administrative Measures for Micro-Lending Companies, which aims to regulate the operation of micro-lending companies, prevent and resolve relevant risks and promote the healthy growth of micro-lending companies. The measures impose requirements on micro-lending companies, including, without limitation, (i) micro-lending companies engaging in micro-lending business shall be approved by the provincial local financial regulatory administration institutions; (ii) the financing balance of the micro-lending company funding by bank loans, shareholder loans and other nonstandard financing instruments shall not exceed its net assets at the end of the previous year; (iii) the financing balance of the micro-lending company funding by issuance of bonds, asset securitization products and other instruments of standardized debt assets shall not exceed four times of its net assets at the end of the previous year; (iv) the balance of loans offered to one borrower shall not exceed 10% of the net assets of the micro-lending company at the end of the previous year, and the balance of loans offered to one borrower and such borrower's related parties shall not exceed 15% of the net assets of the micro-lending company at the end of the previous year; (v) the balance of loans to one borrower for consumption shall not exceed RMB200,000, and the balance of loans to one borrower for production and business shall not exceed RMB10 million; (vi) micro-lending companies shall conduct business in the administrative area at the county level where the company is domiciled in principle, except as otherwise provided for the operation of online micro-lending business; and (vii) the micro-lending companies and third-party loan collection agencies entrusted shall not collect loans by violence, threats of violence, or other ways that intentionally cause harm, infringe personal freedom, illegally occupy property, or interfere with day-to-day life through insulting, slandering, harassing, or disseminating private personal information, or other illegal methods.

On November 2, 2020, the China Banking and Insurance Regulatory Commission and the People's Bank of China published the Interim Measures for the Administration of Online Micro-Lending Business (Draft for Comments), adding new requirements on Online Micro-Lending Business. In particular, the draft interim measures, among other things, strengthens the legal approval, license and access conditions of online micro-lending business. Pursuant to the draft interim measures, to the extent a micro-lending company engages in online micro-lending business, the said business shall mainly be carried out within the provincial-level administrative region to which its place of registration belongs, and shall be not operated beyond such region without the approval of the banking regulator under the State Council. The draft interim measures provide the following requirements with respect to micro-lending companies that engage in online micro-lending business, including, without limitation; the registered capital of a micro-lending company which engages in online micro-lending business shall not be less than RMB1 billion and shall be paid in lump-sum in the form of cash; the registered capital of a micro-lending company which engages in online micro-lending business across provincial-level administrative regions shall not be less than RMB5 billion and shall be paid in lump-sum in the form of cash; and the capital contribution of a micro-lending company's controlling shareholder shall not be higher than 35% of its net assets in the previous fiscal year. The draft interim measures also provide that the controlling shareholder of a micro-lending company which engages in online micro-lending business shall have a good financial position and be profitable consecutively in the last two fiscal years while having cumulative tax liabilities of not less than RMB12 million (as per the standard of consolidated accounting statement). In addition, an investor, its related parties and persons acting in concert shall not be the major shareholders of more than two micro-lending companies that engage in online micro-lending business across provincial level administrative regions, or hold controlling interests in more than one micro-lending company that engage in online micro-lending business across provincial-level administrative regions. Fuzhou Microcredit complies with such requirement.

On December 19, 2025, the People's Bank of China and the National Financial Regulatory Administration further issued the Guidelines on the Management of Comprehensive Financing Costs of Micro-lending Companies. The guidelines impose requirements on micro-lending companies, including: (i) prohibition on the issuance of new loans with comprehensive financing costs exceeding an annualized rate of 24%; (ii) a requirement that by the end of 2026, the proportion of newly issued loans with comprehensive financing costs exceeding the Quadruple LPR Limit shall decline significantly, and in principle, by the end of 2027, the comprehensive financing costs of all new loans issued by micro-lending companies shall be reduced to within the Quadruple LPR Limit.

We operate online micro - lending business through one of the subsidiaries of the VIEs, Fuzhou Microcredit, which is approved by the local government authority to conduct micro - lending business in China. Fuzhou Microcredit has obtained the approval from a competent supervising authority to operate online micro-lending business. Currently, Fuzhou Microcredit can conduct cross-province business with its valid license. As of the date of this annual report, the draft interim measures are yet to be formally promulgated and adopted and it is uncertain when the final regulations will be issued and take effect and how they will be enacted, interpreted and implemented. If the draft interim measures take effect in its current form, Fuzhou Microcredit may need to obtain the legal approval of the banking regulator under the State Council in order to engage in online micro-lending business across provincial-level administrative regions. As of the date of this annual report, Fuzhou Microcredit has increased its registered capital to RMB5 billion, which has been fully paid, to meet the requirements as stated in the draft interim measures and would proactively apply for the license to engage in online micro-lending business across provincial-level administrative regions when the relevant rules are officially formulated. If we fail to obtain the license to engage in online micro-lending business across provincial-level administrative regions, we may not be able to obtain sufficient funding to fulfill our future growth needs. As the regulatory regime and practice with respect to online micro-lending companies are evolving, there is uncertainty as to how the requirements in the above rules will be interpreted and implemented and whether there will be new rules issued which would establish further requirements and restrictions on online micro-lending companies. We will closely monitor the regulatory development and adjust our business operations from time to time to comply with laws and regulations applicable to us. See also "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We are subject to uncertainties surrounding regulations and administrative measures of micro-lending business and financing guarantee business. If any of our business practices are deemed to be non-compliant with such laws and regulations, our business, financial condition and results of operations would be adversely affected."

Regulations on Financing Guarantee

In March 2010, seven government authorities, including the CBRC, the Ministry of Commerce and the Ministry of Finance, promulgated the Interim Administrative Measures for Financing Guarantee Companies which require an entity or individual to obtain a prior approval from the government authorities 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. The Regulations on the Supervision and Administration of Financing Guarantee Companies 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. The Regulations on the Supervision and Administration of Financing Guarantee Companies also provide 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 government authorities including the China Banking and Insurance Regulatory Commission, the NDRC and the Ministry of Industry and Information Technology promulgated the Supplementary Financing Guarantee Provisions, which, as advised by our PRC legal counsel, for the first time, explicitly require that institutions providing services of customer recommendation and credit assessment to various lending institutions, including us as a Credit-Tech company, shall not provide, directly or in a disguised form, financing guarantee services without the approvals of relevant government authorities. For the companies that do not have the financing guarantee licenses but engage in the financing guarantee business, the regulatory authorities shall suspend such operations and cause these companies to properly settle the existing business contracts.

On July 14, 2020, the China Banking and Insurance Regulatory Commission 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 continually 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 these 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 subject to off-site supervisions.

On December 31, 2021, the People's Bank of China issued the Regulations on Local Financial Supervision and Administration (Draft for Comments), which regulate all types of local financial organizations including financing guarantee companies. Pursuant to the regulations, local financial organizations are required to operate business within the area approved by the local financial regulatory authority, and are not allowed to conduct business across provinces in principle. The rules for cross-province business carried out by local financial organizations shall be formulated by the State Council or by the financial regulatory department of the State Council as authorized by the State Council. The financial regulatory department of the State Council will specify a transition period for local financial organizations that have carried out businesses across provincial administrative regions to maintain compliance.

Fuzhou Financing Guarantee, through which we provide guarantee services to our financial institution partners, has obtained the financing guarantee certificate granted by competent government authorities to conduct financing guarantee business in June 2018. Shanghai Financing Guarantee (before its financing guarantee license was canceled upon its voluntary application), through which we provided guarantee services to our financial institution partners, obtained the financing guarantee certificate granted by competent government authorities to conduct financing guarantee business in January 2019. Shanghai Financing Guarantee applied, and permission was granted by the PRC authority, to have its financing guarantee certificate canceled, and such certificate had been returned to the PRC authority for cancellation.

If the Regulations on Local Financial Supervision and Administration (Draft for Comments) were to be adopted in its current form, Fuzhou Financing Guarantee may need to obtain the legal approval of the financial regulatory department of the State Council in order to engage in Financing Guarantee business across provincial-level administrative regions. However, given the Regulations on Local Financial Supervision and Administration (Draft for Comments) have not come into effect as of the date of this annual report, there are uncertainties as to their interpretation, application and enforcement. We will closely monitor the legislative process, seek guidance from regulatory authorities and take applicable measures in a timely manner to ensure our compliance with laws and regulations applicable to us. See also "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We are subject to uncertainties surrounding regulations and administrative measures of micro-lending business and financing guarantee business. If any of our business practices are deemed to be non-compliant with such laws and regulations, our business, financial condition and results of operations would be adversely affected."

Regulations On Credit Reporting Business

The PRC government has adopted several regulations governing personal and enterprise credit reporting businesses. These regulations include the Regulation for the Administration of Credit Reporting Industry, enacted by the State Council and effective in March 2013, and the Management Rules on Credit Agencies, issued by the People's Bank of China, in the same year.

The Regulation for the Administration of Credit Reporting Industry defines "credit reporting business" and "credit reporting agency" for the first time. According to the Regulation for the Administration of Credit Reporting Industry, "credit reporting business" means the activities of collecting, organizing, storing and processing "credit-related information" of individuals and enterprises, as well as providing such information to others, and a "credit reporting agency" refers to a duly established agency whose primary business is credit reporting. Besides, the Regulation for the Administration of Credit Reporting Industry and the Management Rules on Credit Agencies stipulate that the establishment of a credit reporting agency to engage in individual credit reporting business shall be subject to the approval of the People's Bank of China, and the requirements for such establishment. Such requirements include: (i) the credit reporting agency's major shareholders shall have a good reputation and do not have any record of major violation of law or non-compliance in the past three years; (ii) the credit reporting agency's registered capital shall not be less than RMB50 million; (iii) the credit reporting agency shall have facilities, equipment, systems and measures in place for the protection of information security which comply with the provisions of the People's Bank of China; (iv) the candidates for the credit reporting agency's director, supervisor and senior management positions shall be familiar with laws and regulations relating to credit reporting business, shall possess the work experience and management capabilities in the credit reporting business required for performance of their duties, shall not have any record of major violation or non-compliance during the past three years, and shall have obtained the appointment qualifications approved by the People's Bank of China; (v) the credit reporting agency shall have a proper organizational structure; (vi) the credit reporting agency shall have proper internal control systems for, among others, business operation, information security management and compliance management; (vii) the credit reporting agency's individual credit information system shall satisfy the standard of National Information System Security Level Protection Level 2 or above; and (viii) the credit reporting agency shall satisfy any other prudential requirements of the People's Bank of China. Establishment of a credit reporting agency to engage in enterprise credit reporting business shall complete filing with the responsible branch of the People's Bank of China. To complete the filing, a company must submit to the People's Bank of China (i) its business license; (ii) an explanation on equity structure and organization structure; (iii) a description of its scope of business, business rules and basic information on business system; and (iv) its information security and risk prevention measures. Entities engaged in individual/enterprise credit reporting business without such approval/completing filing formality may be subject to fine or criminal liabilities.

Given that the People's Bank of China is a subordinate authority under the State Council, the Management Rules on Credit Agencies enacted by the People's Bank of China is based on the Regulation for the Administration of Credit Reporting Industry, and further details the rules with respect to the administration for credit reporting agencies, including rules to establish, change and deregister a credit reporting agency and the rules for the daily operation of a credit reporting agency.

On September 27, 2021, the People's Bank of China issued the Credit Reporting Measures, effective on January 1, 2022. The measures define "credit information" to include "basic information, borrowing and lending information and other relevant information collected pursuant to the law to provide services for financial and other activities for identifying and judging the credit standing of businesses and individuals, as well as analysis and evaluation formed based on the aforesaid information." They apply to entities that carry out credit reporting business and "activities relating to credit reporting business" in China. Separately, entities providing "services with credit reporting function" in the name of "credit information service, credit service, credit evaluation, credit rating, credit repair and other services" are also subject to the Credit Reporting Measures. The measures require that whoever engages in personal credit reporting business shall obtain permit from the People's Bank of China's personal credit reporting agency and whoever engages in enterprise credit reporting business shall complete filing formalities pursuant to the law; and whoever engages in credit rating business shall complete filings as a credit rating agency pursuant to the law. The Credit Reporting Measures provide rules on credit reporting business and credit reporting agencies, including that (i) the credit reporting agencies shall collect credit information following the "minimum and necessary" principle and must not collect, compile, store and process credit information by unlawful means, and must not alter original data, (ii) information user shall not abuse credit information, and the credit reporting agencies shall comply with business rules when they provide credit information for credit inquiry, credit evaluation, credit rating and anti-fraud services, (iii) credit reporting agencies shall take measures to ensure the credit information security, and establish an emergency and report system for incidents, and (iv) credit reporting agencies shall comply with related laws and regulations when providing credit information to overseas. The measures provide an 18-month grace period from their effectiveness date for organizations that engage in credit reporting business to obtain the credit reporting business license and comply with its other provisions.

In addition, on July 7, 2021, the Credit Information System Bureau of People's Bank of China further issued the Notice Relating to Disconnecting Direct Connection to 13 internet platforms including us, requiring the internet platforms to achieve a complete "disconnected direct connection" in terms of personal information with financial institutions, meaning that the direct flow of personal information from internet platforms that collect such information to financial institutions is prohibited.

Historically, we provided preliminary credit assessment assistance directly to financial institution partners which mainly depended on the evaluation of information regarding personal credit status. Such practice may be deemed as engaging in credit reporting business or credit reporting function services by the PRC authorities. To ensure compliance, we have involved three licensed credit reporting institutions and have substantially completed our business adjustments with respect to disconnecting direct connection for credit reporting as of the date of this annual report. In particular, we have entered into collaboration agreements with three licensed credit reporting institutions to ensure the flow of personal information complies with the requirements of the Credit Reporting Measures and the Notice Relating to Disconnecting Direct Connection. We will closely monitor the regulatory requirements, seek guidance from regulatory authorities and take applicable measures in a timely manner to ensure our compliance with laws and regulations applicable to us.

Regulations on Consumer Protections

The Law on Protection of Consumers' Rights and Interests of the PRC, or the Consumer Protection Law, which was promulgated by the Standing Committee of the National People's Congress on October 31, 1993 and last amended on October 25, 2013 and effective from March 15, 2014, sets out the obligations of business operators and the rights and interests of the consumers. Business operators must guarantee the quality, function, usage and term of validity of the goods or services they sell or provide. The consumers whose interests have been damaged due to their purchase of goods or acceptance of services on online platforms may claim damages from the sellers or service providers. Online platform operators may be subject to liabilities if the lawful rights and interests of consumers are infringed in connection with consumers' purchase of goods or acceptance of services on online platforms, and the platform operators fail to provide consumers with authentic contact information of the sellers or service providers. In addition, platform operators may be jointly and severally liable with the sellers and service providers if they are aware or should be aware that the sellers or the service providers are using the online platform to infringe upon the lawful rights and interests of consumers and fail to take measures necessary to prevent or stop this activity. The Consumer Protection Law also provides principles of legality, appropriateness and necessity for collecting or using consumers' personal data. In particular, businesses operators should disclose the purposes, methods and scopes of collecting and using personal data and obtain consumers' consent. Business operators should also disclose the terms for its data collection and use and should not collect or use information in violation of laws, regulations or agreements with consumers. Businesses operators should maintain confidentiality of the personal data collected from consumers and should not leak or sell personal data and should not provide personal data in violation of laws to third parties. They should also adopt technical and other necessary measures to ensure security of personal data, and to safeguard against information leak and loss. In case of information leak or loss, remedial measures should be taken by the business operators.

On December 12, 2022, the China Banking and Insurance Regulatory Commission issued the Measures for the Administration of the Protection of Consumer Rights and Interests by Banking and Insurance Institutions, which came into effect on March 1, 2023. These measures mainly require banking and insurance institutions to establish and improve systems and mechanisms for the protection of consumers' rights and interests, including mechanisms for review, disclosure, consumer appropriateness management, traceability of sales practices, protection of consumers' information, list-based management of partners and complaint processing, among others. These measures further require banking and insurance institutions: (i) to establish a list-based management mechanism for their partners, set the access and exit standards for partners for cooperation matters involving consumers' rights and interests, and strengthen the continuous management of partners. The cooperation agreement shall specify the responsibilities and obligations of both parties concerning the protection of consumers' rights and interests, including, but not limited to information security control, service price management, service continuity, information disclosure, dispute resolution mechanism, assumption of liability for breaches of contract and emergency response; (ii) not to allow a third-party partner to promote or sell products and services to consumers in the name of the banking or insurance institution at its business outlets or on the network platforms that it operates itself; (iii) to handle the personal information of consumers together with their partners on the basis of the authorization and consent of consumers, and the cooperation agreement shall stipulate clauses on data protection responsibility, confidentiality obligation, default liability, contract termination and emergency response; and (iv) to urge and regulate the Internet platform enterprises cooperating with them to protect the personal information of consumers effectively, and the personal information of consumers shall not be transmitted between different platforms without the consent of consumers, unless otherwise stipulated by laws and regulations. There are uncertainties with respect to the application and enforcement of the newly published measures. We will closely monitor the regulatory development and adjust our business operations from time to time to comply with the regulations over the course of our cooperation with banking institutions.

On March 15, 2024, the State Council promulgated the Implementation Regulations on the PRC Consumer Rights and Interests Protection Law, which took effect on July 1, 2024. These implementation regulations refine and supplement the provisions on operator obligations, and improve the provisions related to the online consumption. For example, (i) operators shall not use standard clauses to unreasonably exempt or reduce their liabilities, aggravate consumers' liabilities, or restrict consumers' rights to change or terminate contracts in accordance with the law, choose litigation or arbitration to resolve disputes, or choose goods or services from other operators; (ii) operators shall not excessively collect consumers' personal information, and shall not force or covertly force consumers to consent to the collection and use of personal information that is not directly related to business activities by means of a general authorization, default authorization, or other methods; (iii) without the consent of consumers, operators shall not send commercial information or make commercial phone calls to consumers; if consumers agree to receive such information or calls, operators shall provide clear and convenient cancellation methods; if consumers choose to cancel, operators shall immediately stop sending such information or making such calls; and (iv) operators shall use an easy-to-understand method to provide consumers with information related to goods or services truly and comprehensively, and shall not set different prices or charging standards for the same goods or services under the same conditions without the knowledge of consumers.

Regulations on Issuances of Asset-Backed Securities

According to the Administrative Measures on Asset Securitization of Securities Companies and Subsidiaries of Fund Management Companies and their supportive documents, Guidelines for Securities Companies and Subsidiaries of Fund Management Companies on Asset Securitization and Guidelines for Securities Companies and Subsidiaries of Fund Management Companies on Due Diligence for Asset Securitization all of which were adopted by the CSRC on November 19, 2014, asset securitization shall mean business activities of issuance of asset-backed securities paid and supported by cash flows generated by the underlying assets, and credit enhancement through structuring, among others. Underlying assets broadly refer to property rights such as an enterprise's accounts receivable, creditor's rights under a lease, credit assets and beneficial rights to a trust, immovable property or usufruct such as infrastructure and commercial properties, and other properties or property rights recognized by the CSRC. The assets of the ABS plan shall be placed under custody of a commercial bank with the appropriate business qualifications, or an asset custodian organization recognized by the CSRC. The issuer (originator) shall not encroach upon or cause damage to the underlying assets, and shall perform the following duties: (i) transfer underlying assets pursuant to the provisions of laws, administrative regulations, the company's articles of association and the relevant agreement; (ii) cooperate with and support performance of duties by the manager, custodian and any other organization providing services for asset securitization; and (iii) any other duties agreed in the legal documents of the ABS plan.

Regulations on Anti-Money Laundering

The PRC Anti-Money Laundering Law, initially issued by the Standing Committee of the National People's Congress in October 2006 and last amended on November 8, 2024 with effect on January 1, 2025, sets forth the principal anti-money laundering requirements applicable to financial institutions as well as non-financial institutions with anti-money laundering obligations, including the adoption of precautionary and supervisory measures, the establishment of various systems for client identification, the retention of clients' identification information and transactions records, and the reporting obligation on material transactions and suspicious transactions. The People's Bank of China and other government authorities issued a series of administrative rules and regulations to specify the anti-money laundering obligations of financial institutions and certain non-financial institutions.

The Guidelines on Promoting the Healthy Growth of Internet Finance clarify, among other things, internet financial service provider requirements to comply with certain anti-money laundering provisions, including the establishment of a customer identification program, the monitoring and reporting of suspicious transactions, the preservation of customer information and transaction records, and the provision of assistance to the public security department and judicial authority in investigations and proceedings in relation to anti-money laundering matters. The People's Bank of China will formulate implementing rules to further specify the anti-money laundering obligations of internet financial service providers. On September 29, 2018, the People's Bank of China, the China Banking and Insurance Regulatory Commission and the CSRC jointly promulgated the Administrative Measures for Anti-money Laundering and Counter-terrorism Financing by Internet Finance Service Agencies (for Trial Implementation), effective as of January 1, 2019, which specify the anti-money laundering obligations of internet finance service agencies and regulate that the internet finance service agencies (i) shall adopt continuous customer identification measures; (ii) shall implement the system for reporting large-value or suspicious transactions; (iii) shall conduct real-time monitoring of the lists of terrorist organizations and terrorists; and (iv) shall properly keep the information, data and materials such as customer identification and transaction reports, among others.

Pursuant with the aforementioned regulations, we have implemented various policies and procedures, such as internal controls and "know-your-customer" procedures, for anti-money laundering purposes. However, our policies and procedures may not be completely effective in preventing other parties from using us for money laundering without our knowledge. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—If our financial institution partners fail to comply with applicable anti-money laundering and anti-terrorist financing laws and regulations, our business and results of operations could be materially and adversely affected."

Regulations on Anti-monopoly

The Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress on August 30, 2007, which became effective on August 1, 2008 and was amended on June 24, 2022, and the Provisions on the Review of Concentrations of Undertakings promulgated by the State Administration for Market Regulation on March 10, 2023, which became effective on April 15, 2023 require that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the State Administration for Market Regulation before they can be completed. Where the participation in concentration of undertakings by way of foreign-funded merger and acquisition of domestic enterprises or any other method which involves national security, the examination of concentration of undertakings shall be carried out pursuant to the provisions of this law and examination of national security shall be carried out pursuant to the provisions of the State. The revised Anti-monopoly Law provides, among others, that business operators shall not use data, algorithms, technology, capital advantages and platform rules to exclude or limit competition, and also requires government authorities to strengthen the examination of concentration of undertakings in areas related to national welfare and people's well-being, and enhances penalties for violation of the regulations regarding concentration of undertakings.

On February 7, 2021, the Anti-monopoly Commission of the State Council issued the Anti-Monopoly Guidelines for the Internet Platform Economy Sector, which specifies that any concentration of undertakings involving variable interest entities (VIE structure) shall fall within the scope of anti-monopoly review. If a concentration of undertakings meets the criteria for declaration as stipulated by the State Council, an operator shall report such concentration of undertakings to the anti-monopoly law enforcement agency under the State Council in advance.

Regulations on Information Security and Privacy Protection

On June 22, 2007, the Ministry of Public Security, National Administration of State Secrets Protection and other governmental authorities issued the Administrative Measures for the Graded Protection of Information Security, which regulates that the security protection of an information system may be graded into five. For a newly built information system of Grade II or above, its operator or user shall, within 30 days after it is put into operation, complete the record filing procedures at the local public security organ at the level of municipality divided into districts or above.

In recent years, PRC government authorities have enacted laws and regulations on internet use to protect personal information from any unauthorized disclosure. Under the Several Provisions on Regulating the Market Order of Internet Information Services, issued by the Ministry of Industry and Information Technology in December 2011 and effective as of March 2012, an internet information service provider may not collect any user personal information or provide any such information to third parties without the specific consent of the user. An internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information, and may only collect such information necessary for the provision of its services.

In addition, pursuant to the Decision on Strengthening the Protection of Online Information issued by the Standing Committee of the National People's Congress in December 2012, which seeks to enhance the legal protection of information security and privacy on the internet, and the Order for the Protection of Telecommunication and Internet User Personal Information issued by the Ministry of Industry and Information Technology in July 2013, which regulates the collection and use of users' personal information in the provision of telecommunications services and internet information services in China, any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes.

The State Internet Information Office issued the Administrative Provisions on Mobile Internet App Information Services in June 2016, effective on August 2016 and amended on June 14, 2022, to implement the regulations of the mobile app information services. The provisions regulate the APP information service providers and the Internet application store service providers, while the CAC and local offices of cyberspace administration shall be responsible for the supervision and administration of nationwide or local APP information respectively. The APP information service providers shall acquire qualifications required by laws and regulations and implement the information security management responsibilities strictly and fulfill their obligations provided by the provisions.

In addition, the Guidelines on Promoting the Healthy Growth of Internet Finance require internet financial service providers, including Credit-Tech service providers, among other things, to improve technology security standards, and safeguard customer and transaction information. They also prohibit Credit-Tech service providers from illegally selling or disclosing customers' personal information. The People's Bank of China and other regulatory authorities will jointly adopt the implementing rules and technology security standards.

Pursuant to the Ninth Amendment to the Criminal Law issued by the Standing Committee of the National People's Congress, effective as of November 2015, any internet service provider that fails to fulfill the obligations related to internet information security administration as required by applicable laws and refuses to rectify upon administrative orders is subject to criminal penalty as a result of (i) any dissemination of illegal information on a large scale; (ii) any severe effect due to the leakage of customers' information; (iii) any serious loss of criminal evidence; or (iv) other severe situation. Moreover, any individual or entity that (i) sells or provides personal information to others in a way that violates applicable law, or (ii) steals or illegally obtains any personal information, is subject to criminal liabilities in severe situations. Moreover, on May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information, which became effective on June 1, 2017. The Interpretations determine the scope of citizens' personal information under the Criminal Law of the People's Republic of China, and explain other issues related to criminal offenses involving the infringement of personal information.

The Cybersecurity Law is formulated to maintain network security, safeguard cyberspace sovereignty, national security and public interest, protect the lawful rights and interests of citizens, legal persons and other organizations, and requires a network operator, which includes, among others, Internet information services providers, to take technical measures and other necessary measures in accordance with the provisions of applicable laws and regulations as well as the compulsory requirements of the national and industrial standards to safeguard the safe and stable operation of the networks, effectively respond to the network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Cybersecurity Law emphasizes that any individual and organization that uses networks is required to comply with the PRC Constitution and laws, abide by public order and cannot endanger network security or make use of networks to engage in unlawful activities such as endangering national security, economic order and social order, and infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of other people. The Cybersecurity Law reaffirms the basic principles and requirements as specified in other existing laws and regulations on personal information protections, such as the requirements on the collection, use, processing, storage and disclosure of personal information, and internet service providers being required to take technical and other necessary measures to ensure the security of the personal information they have collected and prevent personal information from being divulged, damaged or lost. Any violation of the provisions and requirements under the Cybersecurity Law may subject the Internet service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities.

On December 29, 2017, the Information Security Technology Personal Information Security Specification (GB/T 35273-2017) was issued by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC and the Standardization Administration and was replaced by the 2020 Specification issued by the State Administration for Market Regulation and the Standardization Administration jointly, which came into effect on October 1, 2020. Pursuant to the specification, product and service providers should take technical and other necessary measures to ensure the safety of personal information, clearly demonstrate the purpose, approaches and scope of processing of the personal information to the individual and obtain the requisite authorization. In addition, according to the 2020 Specification, the original personal biometric information should not, in principle, be stored and, in any event, should be stored separately from personal identity information. It further requires that the privacy policy disclose the scope and rules of personal information collection and use by the personal information controller, which should not be regarded as a contract signed by the subject of personal information.

On January 23, 2019, the Office of the Central Cyberspace Affairs Commission, the Ministry of Public Security, the State Administration for Market Regulation and the Ministry of Industry and Information Technology jointly issued the Announcement of Launching Special Crackdown Against Illegal Collection and Use of Personal Information by Apps. According to the announcement, from January to December 2019, the four aforementioned authorities would conduct a nationwide crackdown on the illegal collection and use of personal information. App operators shall strictly fulfill their obligations pursuant to the Cybersecurity Law of the PRC when collecting and using personal information, and shall be responsible for the security of personal information obtained and take effective measures to strengthen personal information protection. The App operators shall follow the principles of lawfulness, legitimacy and necessity, refrain from collecting personal information that is not related to the services provided; when collecting personal information, shall display the rules for the collection and use of personal information in an easy-to-understand, simple and clear manner, and personal information subjects shall independently choose consents; app operators shall not force users to provide authorization through the use of default setting, bundling and stopping installation and use, among others, and may not collect personal information in violation of laws and regulations or against the agreements with users. App operators are asked to provide users with the options of refusing to receive targeted pushes when app operators push news, current affairs and advertisements to targeted users.

On March 13, 2019, the State Administration for Market Regulation and the Office of the Central Cyberspace Affairs Commission jointly issued the Announcement on Launching the Security Certification of Apps, which encourages app operators to voluntarily pass the security certification of apps, and encourages operators of search engines and app stores to clearly identify and give priority to recommending those certified Apps. On November 28, 2019, the CAC and other three authorities jointly issued the Announcement on Identification Method of App Collecting and Using Personal Information in Violation of Laws and Regulations, which provides further guidance for determining conduct that qualifies as the unlawful collection and usage of personal information via Apps.

On April 10, 2019, the Ministry of Public Security issued the Guide for Internet Personal Information Security Protection, which sets out the management mechanism, security technical measures and business processes for personal information security protection. This Guide is applicable to personal information holders in carrying out their security protection work during personal information life cycle processing. It is applicable to enterprises that provide services through the Internet, as well as to organizations or individuals who use a private or non-networked environment to control and process personal information.

On February 13, 2020, the People's Bank of China issued the Personal Financial Information Protection Technical Specification, which is an industry standard, specifying the security protection requirements for all aspects of personal financial information life cycle processing, including collection, transmission, storage, use, deletion and destruction. This standard is applicable to institutions in the financial industry in the provision of financial products and services, and also provides guidance for security assessment agencies in conducting security inspections and assessments. Based on the potential impact caused by unauthorized viewing or unauthorized change of financial information, this standard classifies personal financial information into three categories of C3, C2, and C1 from high to low sensitivity, and different requirements apply to information classified under different categories.

On May 28, 2020, the National People's Congress adopted the PRC Civil Code, which came into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or disclose personal information of others.

On March 12, 2021, the CAC, Ministry of Industry and Information Technology, the Ministry of Public Security and the State Administration for Market Regulation promulgated the Provisions on the Scope of Necessary Personal Information Required for Common Types of Mobile Internet Applications, which became effective on May 1, 2021. The Provisions on the Scope of Necessary Personal Information Required for Common Types of Mobile Internet Applications clarify the scope of necessary information required for certain common types of mobile apps and stipulate that mobile app operators shall not deny users' access to basic functions and services of the app in the event that the users disagree with collection of unnecessary personal information.

On June 10, 2021, the Standing Committee of the National People's Congress promulgated the Data Security Law of the PRC, which came into effect on September 1, 2021. The law introduces a data classification and hierarchical protection system based on the materiality of data in economic and social development, as well as the degree of harm to national security, public interests, or legitimate rights and interests of persons or entities if such data is tampered with, destroyed, divulged, or illegally acquired or used. It also provides for a security review procedure for the data activities that may affect national security. Violation of the law may subject entities or individuals to warnings, fines, suspension of operations, revocation of permits or business licenses, or even criminal liabilities.

On August 20, 2021, the Standing Committee of the National People's Congress promulgated the Personal Information Protection Law of the PRC, which became effective on November 1, 2021. The Personal Information Protection Law stipulates certain important concepts with respect to personal information processing, including that: (i) "personal information" refers to all kinds of information relating to identified or identifiable natural persons recorded by electronic or other channel and methods, excluding information processed anonymously; (ii) "processing of personal information" includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information; and (iii) "personal information processor" refers to an organization or individual that independently determines the purpose and method of processing personal information. Except as otherwise provided in the Personal Information Protection Law, a personal information processor may only process personal information under the circumstances where the individuals' consents have been obtained or where certain contractual arrangements, employment relationships, public emergencies, performance of statutory duties or obligations or publishing of press release for public interests so require.

On April 13, 2020, the Measures on Cybersecurity Review were issued, which took effect on June 1, 2020. They provide detailed rules regarding cyber security review, and further provide that any operator found in violation of the measures will be penalized in accordance with Article 65 of the Cybersecurity Law of the PRC. The measures for Cybersecurity Review (2021 Revision), which came into effect on February 15, 2022, provide that, to ensure the security of the supply chain of critical information infrastructure and safeguard national security, a cybersecurity review is required when national security has been or may be affected where critical information infrastructure operators purchase network product or service and network platform operators process data. When an operator in possession of personal information of over one million users applies for a listing abroad, it must apply to the CAC for a cybersecurity review. These measures further elaborate the factors to be considered when assessing national security risks, including, among others, (i) the risks of illegal control, interference or destruction of critical information infrastructure brought about by the use of products and services; (ii) the harm caused by supply interruption of products and services to the business continuity of critical information infrastructure; (iii) security, openness, transparency and diversity of sources of products and services, reliability of supply channels, and risks of supply interruption due to political, diplomatic, trade or other factors; (iv) information on compliance with Chinese laws, administrative regulations and departmental rules by product and service providers; (v) risks of theft, disclosure, damage, illegal use or cross-border transfer of core data, important data or large amounts of personal information; (vi) risks of influence, control or malicious use of critical information infrastructure, core data, important data or large amounts of personal information by foreign governments after listing on a foreign stock exchange; and (vii) other factors that may endanger critical information infrastructure security and national data security.

On July 7, 2022, the CAC published Outbound Data Transfer Security Assessment Measures that took effect on September 1, 2022 and outline the potential security assessment process for outbound data transfer. Under the Outbound Data Transfer Security Assessment Measures, data processors that provide important data and personal information outbound that are collected or produced through operations within the territory of the PRC, where a security assessment shall be conducted according to the law, shall apply to the provisions of these Measures. Under the Outbound Data Transfer Security Assessment Measures, data processors providing outbound data shall apply for outbound data transfer security assessment with the CAC in any of the following circumstances: (i) where a data processor provides important data abroad; (ii) where a critical information infrastructure operator or a data processor processing the personal information of more than one million individuals provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for outbound data transfers is required. The Outbound Data Transfer Security Assessment Measures also provide procedures for security assessment and submissions, important factors to be considered in conducting assessment, and legal liabilities of a data processor for failure to apply for assessment. In addition, on February 22, 2023, the CAC promulgated Measures for the Standard Contract for Outbound Transfer of Personal Information, which came into effect on June 1, 2023. Pursuant to the measures, personal information processor transferring personal information abroad shall conclude a standard contract if all the following conditions are met: (i) the data processor who intends to transfer personal information abroad is not a critical information infrastructure operator; (ii) the data processor processes personal information of less than one million individuals; (iii) the data processor has cumulatively transferred abroad the personal information of less than 100,000 individuals since January 1 of the previous year; and (iv) the data processor has cumulatively transferred abroad the sensitive personal information of less than 10,000 individuals since January 1 of the previous year. On March 22, 2024, the CAC promulgated the Regulations on Promoting and Regulating Cross-border Data Flow, which further clarified the implementation and connection of the existing data outbound security assessment, personal information cross-border standard contract and personal information protection certification regarding data outbound activities. The regulations, among other things, provide relaxed conditions for cross-border data flow and narrowed scope of security assessment for data outbound activities. Among them, the two types of data outbound activity conditions that should be reported for data outbound security assessment are (i) the operator of critical information infrastructure provides personal information or important data overseas and (ii) data processors other than critical information infrastructure operators provide important data overseas, or provide personal information of more than 1 million people (excluding sensitive personal information) or more than 10,000 sensitive personal information overseas since January 1 of the year. The Measures for the Certification of Personal Information Outbound Transfer were jointly issued by the Cyberspace Administration of China (CAC) and the State Administration for Market Regulation (SAMR) on October 14, 2025, and came into effect on January 1, 2026. These measures regulate certification activities for outbound transfer of personal information, specifying the qualifications of certification bodies, procedures, and validity periods of certificates.

In addition, the Ministry of Industry and Information Technology promulgated the Measures for Data Security Management in the Industrial and Information Technology Sector (Trial) on December 8, 2022, which came into effect on January 1, 2023. The measures stipulate that industrial and telecoms data processors shall implement hierarchical management of industrial and telecoms data, which will be classified into three levels: general data, important data and core data. The measures also stipulate certain obligations of industrial and telecoms data processors in relation to the implementation of data security systems, key management, data collection, data storage, data usage, data transmission, data provision, data disclosure, data destruction, security audits and contingency planning. Industrial and telecoms data processors shall file their catalogues of important data and core data with the local industrial regulatory authorities for the record.

On February 6, 2023, the Ministry of Industry and Information Technology promulgated the Notice on Further Improving the Service Capabilities of Mobile Internet Applications, effective on the same date. The notice stipulates that users shall be informed of personal information processing rules in a concise, clear and easy-to-understand way, and in case of changes, users shall be informed of the latest development in time. The data processors shall highlight the purpose, method and scope of sensitive personal information processing activities, and establish a list of personal information that has been collected, and should not induce users to agree to personal information processing rules with default check, small prints or lengthy texts.

On July 21, 2023, the Ministry of Industry and Information Technology issued the Notice on Carrying out the Filing of Mobile Internet Applications, requiring App operators engaging in Internet information services within the territory of the PRC to complete filing procedures in accordance with the Anti-Telecommunications Network Fraud Law of the PRC and the Measures for the Administration of Internet Information Services. App operators shall complete filing procedures with the provincial-level communications administration bureau where they are domiciled, and their network access service providers and app distribution platforms (including the distribution platforms of mini programs, quick applications and others) shall submit such applications online for inspection and review through the “National Internet Basic Resources Management System.”

On September 24, 2024, the State Council promulgated the Data Security Regulations, which is applicable to network data processing activities and the security supervision and administration thereof conducted within the territory of the People's Republic of China and took effect on January 1, 2025. The Data Security Regulations stipulate that data processors engaging in data processing activities that affect or may affect national security shall be subject to national security review in accordance with relevant laws and regulations. Furthermore, the Data Security Regulations include, but are not limited to, the following provisions: (i) specific guidelines to clarify the Personal information Protection Law regarding notification, consent, and individuals' rights; (ii) requirements for establishing an important data catalog and stipulate the responsibilities of network data processors to identify and report important data; (iii) optimization of regulations for cross-border data security management, specifying conditions under which network data processors may provide personal information abroad in accordance with international treaties or agreements; these regulations clarify that data not identified or publicly disclosed as important data by relevant regions or departments need not undergo cross-border security assessments for important data; and (iv) network data security protection requirements for network platform service providers, third-party product and service providers, and other relevant entities.

On December 27, 2024, the National Financial Regulatory Administration of the PRC issued the Measures for the Administration of Data Security in Banking and Insurance Institutions, which took effect immediately upon release. The main provisions include: (i)the party committee (or leading party group) and the board of directors (or council) of banking and insurance institutions are responsible for the data security of their respective organizations and the principal leader of the institution is the primary responsible person for data security, while the leader in charge of data security is the direct responsible person; (ii)banking and insurance institutions are required to designate a dedicated data security department as the main body responsible for data security within the organization and such department is tasked with formulating data security management systems and standards, establishing and maintaining data catalogs, promoting the classification and tiered protection of data and organizing risk monitoring, early warning, and response efforts; (iii) banking and insurance institutions must define clear management processes, proactively assess risks, and effectively monitor data security risks to prevent incidents such as data breaches, leaks, or unauthorized use. The risk management, internal control, compliance, and audit departments are required to conduct regular audits, inspections, and evaluations of data security practices; (iv) banking and insurance institutions must conduct security assessments before engaging in data processing activities. These assessments should analyze data security risks, the impact on the rights of data subjects, the necessity, compliance, and effectiveness of risk prevention and control measures; and (v) data security should be incorporated into the network security multi-level protection system of the banking and insurance institutions, and the banking and insurance institutions shall enhanced protection measures for data centers and networks that store or transmit sensitive-level or higher data, take access control measures throughout the data lifecycle and adopt secure transmission methods to ensure data integrity, confidentiality, and availability. Additionally, the Measures for the Administration of Data Security in Banking and Insurance Institutions stipulate that financial organizations established with the approval of local financial regulatory authorities shall also comply with these provisions.

On February 12, 2025, the CAC issued the Administrative Measures for the Compliance Audit of Personal Information Protection, which took effect on May 1, 2025. According to the Administrative Measures for the Compliance Audit of Personal Information Protection, the term "compliance audit of personal information protection" refers to supervisory activities that review and evaluate whether the personal information processing activities of personal information processors comply with laws and administrative regulations. Personal information processors that process personal information of more than 10 million individuals shall carry out the compliance audit of personal information protection at least every two years. Personal information processors in any of the following circumstances may be required by the CAC and other departments performing personal information protection duties to entrust a professional agency to conduct a compliance audit of their personal information processing activities: (i) where significant risks are identified in the personal information processing activities that severely impact individual rights or lack adequate security measures; (ii) where the personal information processing activities may infringe upon the rights and interests of a large number of individuals; (iii) in the event of a personal information security incident resulting in the leakage, tampering, loss, or destruction of personal information of more than 1 million individuals or sensitive personal information of more than 100,000 individuals.

On March 13, 2025, the CAC and the Ministry of Public Security jointly issued the Regulations on the Security Management of Facial Recognition Technology Applications, which came into effect on June 1, 2025. The regulations apply to activities within the territory of the PRC that use facial recognition technology to process facial information. However, the regulations do not apply to activities within the territory of the PRC that use facial recognition technology to process facial information for the purpose of developing facial recognition technology or training algorithms. The regulations specify the basic requirements and processing rules for using facial recognition technology to process facial information and the security standards and the responsibilities for supervision and management for facial recognition technology applications. They require that activities using facial recognition technology to process facial information must comply with laws and regulations, respect social ethics and morals, adhere to business ethics and professional ethics, act in good faith, fulfill obligations to protect personal information, assume social responsibilities, and must not endanger national security, harm public interests, or infringe upon the legitimate rights and interests of individuals.

The Measures for the Management of Data Security in the Business Areas were issued by the People's Bank of China on May 1, 2025, and became effective on June 30, 2025. The measures stipulate matters of data security management in business areas where the People's Bank of China undertakes supervision and management responsibilities based on laws, administrative regulations, decisions of the Party Central Committee, and the State Council. The main contents include data classification and grading, full-process security management, technical security requirements, risk monitoring, and legal responsibilities. The Administrative Measures for Reporting Cybersecurity Incidents in the Business Areas were issued by the People's Bank of China on May 23, 2025, and came into effect on August 1, 2025. These measures establish the classification standards for cybersecurity incidents in the PBOC's business areas (categorized into four levels: extremely serious, serious, relatively serious, and general), reporting procedures (covering three stages: incident occurrence, incident handling, and post-incident), content and time limit requirements, and specify legal liabilities and penalty measures.

To ensure compliance with the above laws and regulations, in providing our Credit-Tech service, we collect certain personal information from our consumers and SMEs, and also are required to share the information with our financial institution partners for the purpose of facilitating credit to our borrowers. We have obtained consent from borrowers for us to collect, use and share their personal information, and have also established information security systems to protect user information and to abide by other network security requirements under such laws and regulations. However, there is uncertainty as to the interpretation application and enforcement of such laws which may be interpreted and applied in a manner inconsistent with our current policies and practices or require changes to the features of our system. Any non-compliance or perceived non-compliance with these laws, regulations or policies may lead to warnings, fines, investigations, lawsuits, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or apps or even criminal liabilities against us by government agencies or other individuals.

While we have taken measures to protect the personal information to which we have access, our security measures could be breached, resulting in leaks of such confidential personal information. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity.

Regulations on Artificial Intelligence Services

On September 17, 2021, the CAC, together with eight other government authorities, jointly issued the Guidelines on Strengthening the Comprehensive Regulation of Algorithms for Internet Information Services. On December 31, 2021, the Ministry of Industry and Information Technology, the CAC, the Ministry of Public Security and the State Administration for Market Regulation jointly issued the Provisions on the Administration of Algorithm Recommendation for Internet Information Services, which became effective on March 1, 2022. Application of algorithm recommendation refers to the use of algorithmic technologies such as generation and synthesis, personalized push, sorting and selection, retrieval and filtering, scheduling decision-making to provide information to users. Algorithm recommendation service providers with public opinion attribute or social mobilization ability shall go through record-filing formalities within 10 business days from the date of provision of services. Algorithm recommendation service providers that have completed record-filing shall indicate their record-filing numbers and provide links to the publicized information on their websites and/or applications.

On November 25, 2022, the Ministry of Industry and Information Technology issued the Provisions on the Administration of Deep Synthesis of Internet Information Services, which became effective on January 10, 2023. These provisions apply to the use of deep synthesis technologies to provide internet information services and activities providing technical support to deep synthesis services within the territory of the PRC. Pursuant to the provisions, the "deep synthesis technology" refers to the technology using generative and synthesizing algorithms, with deep learning and virtual reality as representative examples, to produce text, images, sound, video, virtual settings and other such information. Deep synthesis service providers shall (i) establish and improve control systems with regard to user registration, algorithm review, technological ethic review, information public review, statistics security, personal information protection, anti-telecom and online fraud, emergency disposal, etc. and take safe and controlled technical protection measures; and (ii) formulate and publicize related management rules and platform pacts, improve service agreements, perform the management responsibilities in accordance with laws and agreements, and inform with explicit methods the technical supporters and users of the in-depth integration of their respective information safety obligations. Where deep synthesis service providers and technology providers provide models or templating tools with the capability to edit facial generation, human voice or other distinguishing biological information, such providers shall conduct security assessments. Where deep synthesis service providers and technology providers provide editing functions for facial, vocal information or other distinguishing biological information, they shall prompt deep synthesis service users and notify them and obtain separate consent from the edited personal information subjects. In addition, as for deep synthesis service providers that provide certain deep synthesis services, such as smart dialogue, smart writing and other such textual generation or editing services simulating natural persons, and synthesized voices, imitated voices and other such speech generation or editing services that significantly change individual identifying characteristics, such providers shall use prominent methods to label deep synthesis information content, and effectively point out to the public the synthesized nature of the information content. Deep synthesis service providers with public opinion attribute or social mobilization ability shall conduct filing formalities in accordance with the Provisions on the Administration of Algorithm Recommendation for Internet Information Services.

On July 10, 2023, the CAC promulgated the Provisional Measures for the Administration of Generative Artificial Intelligence Services, or the Measures on Generative AI Services, which took effect on August 15, 2023. The Measures on Generative AI Services defines the generative artificial intelligence as the models and technology to generate such contents as texts, pictures, sound, videos. The Measures on Generative AI Services requires generative AI service providers to take effective measures to enhance the accuracy and reliability of the content created by the generative artificial intelligence. Pursuant to the Measures on Generative AI Services, generative AI service providers shall (i) assume the responsibilities of content producers and perform network information security obligations; (ii) assume the responsibilities of processors of personal information to protect personal information; and (iii) process training data such as conducting pre-training and optimization training in accordance with the laws and regulations, including, among others, (a) the training shall use data and models from lawful sources; (b) if intellectual properties are involved, it shall not contain any contents that infringe upon the intellectual property rights of other parties; (c) if such data contains personal information, the providers shall obtain consent of personal information subjects or comply with relevant laws and regulations; and (d) take effective measures to improve the quality of training data and enhance the quality, authenticity, objectivity and diversity of training data. In addition, the service providers that provide generative artificial intelligence services with public opinion attribute or social mobilization ability are required to apply for security assessment with the national cybersecurity administration authorities in accordance with the Provisions on the Security Assessment of Internet Information Services with Public Opinion Attribute or Social Mobilization Ability and complete the filing formalities of algorithms in accordance with the Provisions on the Administration of Algorithm Recommendation for Internet Information Services.

On September 7, 2023, the Ministry of Science and Technology, together with other relevant departments, jointly promulgated the Measures for Ethical Review of Science and Technology (for Trial Implementation), or the Ethical Review Measures, which came into effect on December 1, 2023, according to which, any universities, scientific research institutions, medical and health institutions, and enterprises engaged in "ethically sensitive" science and technology activities in certain areas, including AI, must establish a science and technology ethical review committee. The Appendix of the Ethical Review Measures set out a special list of science and technology activities that shall be subject to (i) the preliminary review by the ethical review committee; and (ii) the additional expert review by the local or relevant industry-competent department. Science and technology activities that fall under such special list include, among other things, the research and development of algorithm models, applications and systems with public sentiment attributes or social mobilizing capability, and the research and development of automated decision-making systems with a high degree of autonomy for scenarios with safety or personal health risks. In addition, the obligor is required to complete certain registration requirements, such as to register (i) its ethical review committee within 30 days after establishment; and (ii) its science and technology activities that require additional expert review within 30 days after clearance of ethical review, in each case on the National Science and Technology Ethics Management Information Registration Platform to be established by the Ministry of Science and Technology. The registration should be updated in time when the relevant contents change.

On February 28, 2025, the State Administration for Market Regulation and the Standardization Administration issued the mandatory national standard Cybersecurity Technology - Methods for Identifying Artificially Generated Synthetic Content (GB 45438-2025). This standard came into effect on September 1, 2025, and sets specific requirements for the methods of identifying content by service providers of artificially generated synthetic content and network information dissemination services.

On March 14, 2025, the CAC, the Ministry of Industry and Information Technology, the Ministry of Public Security, and the National Radio and Television Administration jointly issued the Measures for the Identification of Artificial Intelligence Generated Synthetic Content, or the Identification Measures, which came into effect on September 1, 2025. The Identification Measures apply to online information service providers that meet the conditions specified in the Regulations on the Provisions on the Administration of Algorithm Recommendation for Internet Information Services, the Provisions on the Administration of Deep Synthesis of Internet Information Services, and the Provisional Measures for the Administration of Generative Artificial Intelligence Services. The Identification Measures clarifies that service providers must add explicit identifiers to generated synthetic content such as text, audio, images, videos, and virtual scenes. When providing functions such as downloading, copying, and exporting generated synthetic content, they must ensure that the files contain explicit identifiers that meet the requirements. They must also add implicit identifiers to the file metadata of generated synthetic content, which include attributes of the generated synthetic content, service provider name or code, content number, and other production element information. Additionally, they must clearly explain the methods and styles of identifying generated synthetic content in their user service agreements and remind users to carefully read and understand the relevant identifier management requirements.

On March 20, 2026, the Ministry of Industry and Information Technology (MIIT), together with nine other departments, jointly promulgated the *Measures for the Review and Service of Artificial Intelligence Ethics (Trial)*, which took effect on the date of promulgation. These Measures apply to artificial intelligence scientific research, technology development, and other activities conducted within the territory of the People's Republic of China that may pose risks and challenges to scientific and technological ethics in respect of human dignity, public order, life and health, ecological environment, and sustainable development, as well as other scientific and technological activities subject to artificial intelligence ethics review pursuant to laws, administrative regulations, and relevant provisions of the State. The Measures specify that entities conducting such scientific and technological activities are the responsible parties for the administration of artificial intelligence ethics review, and shall establish ethics review committees in accordance with law to conduct ethics review activities. For artificial intelligence scientific and technological activities included in the "List of Artificial Intelligence Scientific and Technological Activities Requiring Expert Re-review of Ethics" formulated and published by MIIT, the Ministry of Science and Technology, and other relevant departments, an expert re-review shall be conducted in accordance with law following the ethics review.

Regulations on Foreign Exchange

Pursuant to the Foreign Exchange Administration Regulations, as issued in January 1996 and amended in January 1997 and August 2008, Renminbi is freely convertible for current account items, including the trade and service-related foreign exchange transactions, the distribution of dividends, interest payments but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless prior approval from SAFE is obtained and prior registration with SAFE is made.

In June 2015, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or SAFE Circular 19. SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and SAFE Circular 16 on June 9, 2016, which, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company shall not be used for business beyond its business scope, or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties.

In February 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment, or SAFE Circular 13, which took effect in June 2015. SAFE Circular 13 delegates the power to enforce the foreign exchange registration in connection with inbound and outbound direct investments under the SAFE rules from local branches of SAFE to banks, thereby further simplifying the foreign exchange registration procedures for inbound and outbound direct investments.

Regulations on dividend distribution

The principal regulations governing distribution of dividends of foreign-invested enterprises include PRC Company Law, PRC Wholly Foreign-owned Enterprise Law, and Implementation Rules of the PRC Wholly Foreign-owned Enterprise Law, of which the Wholly Foreign-invested Enterprise Law together with its implementation regulations was replaced by 2019 PRC Foreign Investment Law from January 1, 2020. Under these 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. Wholly foreign-owned companies may, at their discretion, allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserves are not distributable as cash dividends.

Under our current corporate structure, our Cayman Islands holding company may rely on dividend payments from Shanghai Qiyue Information Technology Co., Ltd., which is a wholly foreign-owned enterprise incorporated in China, to fund any cash and financing requirements we may have. Limitation on the ability of the VIEs to make remittance to our wholly foreign owned enterprise and on the ability of our wholly foreign owned enterprise to pay dividends to us could limit our ability to access cash generated by the operations of those entities. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may 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."

Regulations on foreign exchange registration of overseas investment by PRC residents

In July 2014, SAFE promulgated SAFE Circular 37 in the replacement of Notice on Issues relating to Foreign Exchange Administration for Financing and Roundtrip Investments by Domestic Residents through Overseas Special-purpose Companies in October 2005, requiring 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 further enacted SAFE Circular 13, which allows PRC residents or entities to register with qualified banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities. In addition, the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

These aforementioned regulations apply to our direct and indirect shareholders who are PRC residents and may apply to any offshore acquisitions and share transfer that we make in the future if our shares are issued to PRC residents. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—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."

Regulations on stock incentive plans

In February 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies, replacing the previous rules issued by SAFE in March 2007 and in January 2008. Under such stock option rules and other rules and regulations, PRC residents who participate in a 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 SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents 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.

In addition, SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with SAFE or its local branches before exercising rights. If the PRC optionees fail to comply with the Individual Foreign Exchange Rule and the Stock Option Rules, we and our PRC optionees may be subject to fines and other legal sanctions. In May 2018 and November 2019, we adopted the 2018 Share Incentive Plan and the 2019 Share Incentive Plan, respectively, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and promote the success of our business. We will also advise the recipients of awards under our 2018 Share Incentive Plan to handle foreign exchange matters in accordance with the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company. However, we cannot guarantee that all employee awarded equity-based incentives can successfully register with SAFE in full compliance with the notices. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—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" and "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—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."

Laws and Regulations relating to Intellectual Property

Copyright and software products

The Standing Committee of the National People's Congress adopted PRC Copyright Law in 1990 and most recently amended in 2020, with its implementing rules adopted in 1991 and most recently amended in 2013 by PRC State Council, and the Regulations for the Protection of Computer Software promulgated by the PRC State Council in 2001 and most recently amended in 2013. These rules and regulations extend copyright protection to internet activities, products disseminated over the internet and software products. In addition, there is a voluntary registration system administered by the China Copyright Protection Center. According to the aforementioned laws and regulation, the term of protection for copyrighted software is fifty years.

Trademarks

PRC Trademark Law was promulgated by the Standing Committee of the National People's Congress in August 1982 and most recently amended in April 2019, and the Implementation Regulations on the PRC Trademark Law was promulgated by PRC State Council in August 2002 and amended in April 2014. These laws and regulations provide the basic legal framework for the regulations of trademarks in the PRC. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective trademarks and certificate trademarks. The Intellectual Property Office under the State Administration for Market Regulation is responsible for the registration and administration of trademarks throughout the country. Trademarks are granted on a term of ten years. Applicants may apply for an extension 12 months prior to the expiration of the 10-year term.

Domain names

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Internet Domain Names, which were issued by Ministry of Industry and Information Technology and effective as of November 1, 2017. Domain name registrations are handled through domain name service agencies, and the applicants become domain name holders upon successful registration.

We have adopted necessary mechanisms to register, maintain and enforce intellectual property rights in China. However, we cannot assure you that we can prevent our intellectual property from all the unauthorized use by any third party, neither can we promise that none of our intellectual property rights would be challenged by any third party. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—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 and Industry—We may be subject to intellectual property infringement claims, which may be costly to defend and may disrupt our business and operations."

M&A Rules

In August 2006, six PRC governmental agencies jointly promulgated the M&A Rules as most recently amended in 2009. The M&A Rules establish procedures and requirements that could make certain acquisitions of PRC companies by foreign investors more time-consuming and complex, including requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise.

According to the Provisional Measures on Administration of Filing for Establishment and Change of Foreign Investment Enterprises, the merger and acquisition of domestic non-foreign-invested enterprises by foreign investors shall, if not involving special access administrative measures and affiliated mergers and acquisitions, be subject to the record filing measures.

Furthermore, the Ministry of Commerce and the State Administration of Market Regulation issued the Measures for the Reporting of Foreign Investment Information on December 30, 2019, which came into effect on January 1, 2020 and replaced Provisional Measures on Administration of Filing for Establishment and Change of Foreign Investment Enterprises. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to such measures.

For detailed analysis, see "Risk Factors—Risks Related to Doing Business in China—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."

Overseas Listings

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

On February 17, 2023, the CSRC released the Trial Administration Measures of Overseas Securities Offering and Listing by Domestic Companies, and five supporting guidelines, which came into effect on March 31, 2023. The measures regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. According to the measures, companies in China will be required to submit the filing with respect to its overseas initial public offering and listing with the CSRC within 3 working days after submitting listing application materials to overseas regulators, and such filing shall be completed before the companies are permitted to be listed and offering securities overseas.

In addition, pursuant to these measures, an overseas offering and listing of a PRC company is prohibited under any of the following circumstances, if (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

At a press conference held for these new regulations, officials from the CSRC clarified that the domestic companies that have already been listed overseas on or before the effective date of the measures (i.e., March 31, 2023) shall be deemed as existing issuers. Existing issuers are not required to complete the filling procedures immediately, and they shall be required to file with the CSRC when subsequent matters such as refinancing are involved.

On February 24, 2023, the CSRC published the revised Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies. The provisions require that, in relation to the overseas listing activities of domestic enterprises, such domestic enterprises, as well as securities companies and securities service institutions providing securities services, are required to strictly comply with the requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. According to the provisions, if during the course of an overseas offering and listing, if a PRC company needs to publicly disclose or provide to securities companies, accounting firms or other securities service providers and overseas regulators, any materials that contain state secrets or that have a sensitive impact, the PRC company should complete the relevant approval/filing and other regulatory procedures. However, there remain uncertainties regarding the further interpretation and implementation of the rules.

Laws and Regulations Relating to Labor

Pursuant to PRC Labor Law, promulgated by the Standing Committee of the National People's Congress in July 1994 and revised in August 2009 and December 2018, and the Labor Contract Law of PRC, promulgated by the Standing Committee of the National People's Congress in June 2007 and amended in December 2012, and the Implementing Regulations of the Labor Contract Law, employers must execute written employment contracts with full-time employees. All employers must compensate their employees with wages equal to at least the local minimum wage. Violations of the Labor Law and the Labor Contract Law may result in fines and other administrative sanctions, and serious violations may result in criminal liabilities.

Under PRC laws, rules and regulations, including the PRC Social Insurance Law promulgated by the Standing Committee of the National People's Congress in October 2010, which became effective in July 2011 and amended in December 2018, the Interim Measures on the Collection and Payment of Social Security Funds in January 1999 and amended in March 2019, the Regulations on Work Injury Insurance issued by PRC State Council in April 2003, and amended in December 2010, the Regulations on Unemployment Insurance promulgated by PRC State Council in January 1999 and the Regulations on the Administration of Housing Accumulation Funds released by PRC State Council in April 1999 and last amended in March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds and implement certain employee benefit plans, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and housing accumulation funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the deficit amount. According to the PRC Social Insurance Law, an employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of 0.05% per day, as the case may be. If the employer still fails to rectify the failure to make social insurance contributions within the deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to the Regulations on the Administration of Housing Accumulation Funds, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement.

We have caused all of our full-time employees to enter into written employment contracts with us and have provided and currently provide our employees with proper welfare and employee benefits as required by the PRC laws and regulations.

Regulations related to Tax

Enterprise income tax

Under the Enterprise Income Tax Law, effective in January 2008 and amended in February 2017 and December 2018, and its implementing rules, enterprises are classified as resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%. An enterprise established outside of the PRC with its "de facto management bodies" located within the PRC is considered a "resident enterprise," which means that it can be treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. The implementing rules of the law define a de facto management body as a managing body that in practice exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise.

The Enterprise Income Tax Law and the implementation rules provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are "non-resident enterprises," and gains derived by such investors, which (i) do not have an establishment or place of business in the PRC or (ii) have an establishment or place of business in the PRC, but the income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and other jurisdictions. 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 and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority.

However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, issued in February 2009 by the State Taxation Administration if the PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and the Announcement on Issues concerning "Beneficial Owners" in Tax Treaties issued on February 3, 2018 by the State Taxation Administration, when determining the status of "beneficial owners," a comprehensive analysis may be conducted through materials such as articles of association, financial statements, records of capital flows, minutes of board of directors, resolutions of board of directors, allocation of manpower and material resources, the relevant expenses, functions and risk assumption, loan contracts, royalty contracts or transfer contracts, patent registration certificates and copyright certificates, among others. However, even if an applicant has the status as a "beneficiary owner," the competent tax authority finds necessity to apply the principal purpose test clause in the tax treaties or the general anti-tax avoidance rules stipulated in domestic tax laws, the general anti-tax avoidance provisions shall apply.

The Enterprise Income Tax Law and its Implementation Rules permit certain "high and new technology enterprises strongly supported by the state" that hold independent ownership of core intellectual property and simultaneously meet a list of other criteria, financial or non-financial, as stipulated in the Implementation Rules and other regulations, to enjoy a reduced 15% enterprise income tax rate. The State Taxation Administration, the Ministry of Science and Technology and the Ministry of Finance jointly issued the Administrative Measures on the Recognition for High and New Technology Enterprise delineating the specific criteria and procedures for the "high and new technology enterprises" certification in April 2008, which was amended in January 2016. Shanghai Qiyu was accredited as a "high and new technology enterprises" in 2018, which was renewed in 2021 and 2024, therefore it was entitled to a reduced 15% enterprise income tax rate from 2018 to 2026. In 2020, our WFOE obtained "high and new technology enterprises" status, which was renewed in 2023. As a result, our WFOE is entitled to a reduced enterprise income tax rate of 15% from 2020 to 2025.

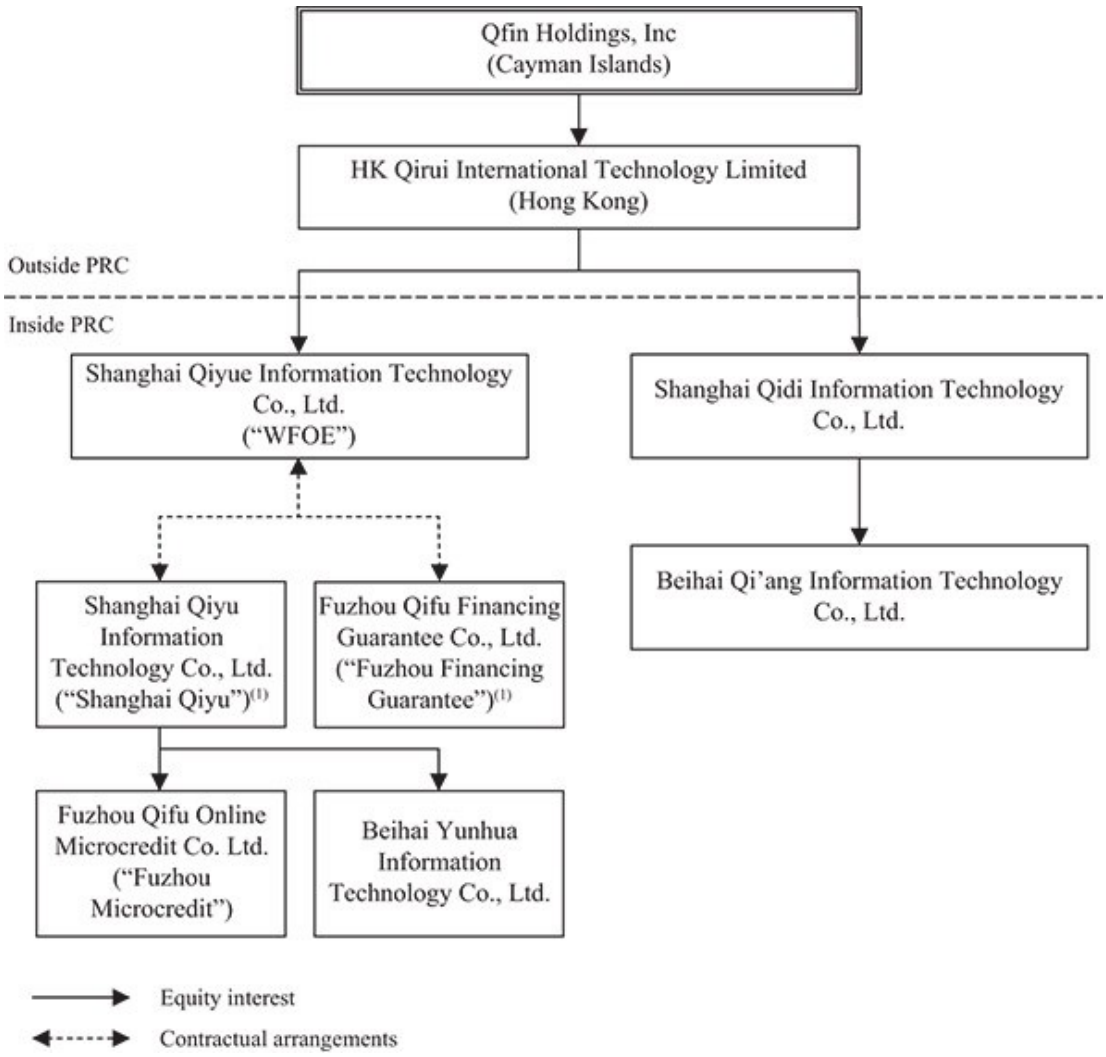
We believe that we should not be treated as a "resident enterprise" for PRC tax purposes even if the standards for "de facto management body" are applicable to us. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%, which could materially reduce our net income. 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."

Value-added tax

Pursuant to the Value-added Tax Law of the PRC, which was promulgated by the Standing Committee of the National People's Congress on December 25, 2024 and came into effect on January 1, 2026, and the Regulations for the Implementation of the Value-added Tax Law issued on December 25, 2025 and implemented on January 1, 2026, entities and individuals (including individual industrial and commercial proprietors) selling goods, services, intangible assets, real estate and importing goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law. Unless stated otherwise, for payers who sell goods, and provide processing, repairs and replacement services and rental services of tangible movable assets as well as import goods, the tax rate shall be 13%, and be, in certain specified circumstances, 9%, 6% and 0%.

C. Organizational Structure

The following diagram illustrates our corporate structure, including our significant subsidiaries, the VIEs and the VIEs' subsidiaries as of December 31, 2025:



(1) Each of Shanghai Qiyu and Fuzhou Financing Guarantee is wholly owned by Shanghai Qibutianxia, which was a related party of our company before December 2025.

Contractual Arrangements with the VIEs and Their Shareholders

Agreements that provide us with effective control over the VIEs

Voting Proxy Agreements. Pursuant to the voting proxy agreement entered into among our WFOE, Shanghai Qiyu and Shanghai Qibutianxia, Shanghai Qibutianxia would irrevocably authorize our WFOE or any person designated by our WFOE (including any director of its direct or indirect offshore parent company and liquidators exercising such directors' powers or other successors) to act as its attorney-in-fact to exercise all of its rights as a shareholder of Shanghai Qiyu, including, but not limited to the right (i) to convene and participate in shareholders' meetings pursuant to the constitutional documents of Shanghai Qiyu in the capacity of a proxy of Shanghai Qibutianxia, and to sign any and all written resolutions and meeting minutes for and on behalf of Shanghai Qibutianxia; (ii) to exercise the voting rights pursuant to the PRC laws and regulations and the articles of Shanghai Qiyu, on behalf of Shanghai Qibutianxia, and adopt resolutions, including, but not limited to dividend rights, sale or transfer or pledge or disposal of part or all of Shanghai Qiyu's equity, and the right to appoint directors; (iii) to sign or submit any required document to any company registry or other authorities; (iv) to nominate, designate or appoint and remove the legal representative, directors, supervisors and other senior management of Shanghai Qiyu pursuant to the constitutional documents of Shanghai Qiyu; and (v) to raise lawsuits or other legal proceedings against the directors, supervisors and senior management of Shanghai Qiyu when their behaviors harm the interest of Shanghai Qiyu or its shareholder; and to instruct the directors and senior officers to act in accordance with our attention.

Equity Interest Pledge Agreements. Pursuant to the equity interest pledge agreement entered into among our WFOE, Shanghai Qiyu and Shanghai Qibutianxia, Shanghai Qibutianxia agreed to pledge all of its equity interests in Shanghai Qiyu to our WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts under the Contractual Arrangements. Under the equity interest pledge agreement, Shanghai Qiyu and Shanghai Qibutianxia represent and warrant to our WFOE that appropriate arrangements have been made to protect our WFOE's interests in the event of bankruptcy or any other event which causes Shanghai Qibutianxia's inability to exercise its rights as a shareholder of Shanghai Qiyu to avoid any practical difficulties in enforcing the equity pledge agreement and shall procure or use its reasonable efforts to procure any successors of Shanghai Qibutianxia to comply with the same undertakings as if they were parties to the equity interest pledge agreement. In the event of a breach by Shanghai Qiyu or Shanghai Qibutianxia of contractual obligations under the Contractual Arrangements, our WFOE, as pledgee, will have the right to dispose of the pledged equity interests in Shanghai Qiyu. Shanghai Qibutianxia has undertaken to our WFOE, among other things, not to transfer its equity interests in Shanghai Qiyu and not to create or allow any pledge thereon that may affect the rights and interest of our WFOE without its prior written consent.

We are in the process of registering the equity interest pledges described above with the competent office of the State Administration for Industry and Commerce in accordance with the PRC laws.

Loan Agreements. Pursuant to the loan agreement among our WFOE, Shanghai Qiyu and Shanghai Qibutianxia, the shareholder of Shanghai Qiyu, our WFOE is entitled to provide interest-free loans, to the extent permitted by laws, regulations and industry policies of PRC, from time to time at such time and amount as it deems appropriate to Shanghai Qibutianxia for the purpose of Shanghai Qiyu's business operation and development, including, but not limited to directly injecting such funds to the registered capital of Shanghai Qiyu. Each of the loans made under this loan agreement has no fixed term, and unless otherwise agreed, our WFOE shall unilaterally decide when to withdraw the loans, provided that our WFOE shall notify Shanghai Qibutianxia in writing one month in advance. The loan agreement shall remain in effect during Shanghai Qiyu's term and the renewable period stipulated by the laws of the PRC, and shall automatically terminate after our WFOE and/or other entities designated by our WFOE fully exercise all their rights under the exclusive option agreement.

Agreement that allows us to receive economic benefits from the VIEs

Exclusive Business Cooperation Agreements. Pursuant to the exclusive business cooperation agreement entered into between our WFOE and Shanghai Qiyu, our WFOE will have the exclusive right to provide Shanghai Qiyu with the consulting and technical services required by Shanghai Qiyu's business. Without our WFOE's prior written consent, during the term of the exclusive business cooperation agreement, with respect to the services subject to the exclusive business cooperation agreement and other matters, Shanghai Qiyu and its subsidiaries shall not accept the same or any similar services provided by any third party and shall not establish cooperation relationships similar to that formed by the exclusive business cooperation agreement with any third party. Our WFOE may appoint other parties, who may enter into certain agreements with Shanghai Qiyu, to provide Shanghai Qiyu with the services under the exclusive business cooperation agreement. Pursuant to the exclusive business cooperation agreement, in consideration of the services provided by our WFOE, Shanghai Qiyu shall pay services fees to our WFOE. The service fees, without contravening PRC laws, are equal to the entirety of the total consolidated net profit of the Shanghai Qiyu and its subsidiaries, after the deduction of any accumulated deficit in respect of the preceding financial year(s) (if applicable), operating costs, expenses, taxes and other payments required by the laws and regulations to be reserved or withheld. Notwithstanding the foregoing, our WFOE may adjust the scope and amount of services fees in its discretion taking into account, among other things, the complexity of the services, the exact content and business value of the services, as well as the market price of services of similar types. Unless otherwise agreed upon, the service fee shall be payable by Shanghai Qiyu within five working days after receiving the payment notice sent out by our WFOE. The exclusive business cooperation agreement also provides that our WFOE will have the exclusive ownership of all the intellectual property rights created as a result of the performance of the exclusive business cooperation agreement to the extent permitted by applicable PRC laws.

Agreements that provide us with the option to purchase the equity interests in and assets of the VIEs

Exclusive Option Agreements. Pursuant to the exclusive option agreement entered into among our WFOE, Shanghai Qiyu and Shanghai Qibutianxia, Shanghai Qibutianxia will irrevocably grant our WFOE an exclusive option to purchase or designate one or more persons to purchase, all or part of its equity interests in Shanghai Qiyu. Further, Shanghai Qiyu will irrevocably grant our WFOE an exclusive option to purchase all or part of its assets, subject to applicable PRC laws. Our WFOE or its designated person may exercise such options at the lowest price permitted under applicable PRC laws.

Pursuant to the Exclusive Option Agreement, Shanghai Qibutianxia and Shanghai Qiyu have undertaken, amongst other things, that:

(i) without our WFOE's prior written consent, they shall not in any manner supplement, change or amend the constitutional documents of Shanghai Qiyu, increase or decrease their registered capital, or change the structure of their registered capital in other manner;

(ii) they shall maintain Shanghai Qiyu's corporate existence in accordance with good financial and business standards and practices, prudently and effectively operate its business and handle its affairs, procure Shanghai Qiyu to perform its obligations under the exclusive business cooperation agreement, and procure Shanghai Qiyu to obtain and/or maintain all necessary licenses and permits;

(iii) without the prior written consent of our WFOE, they shall not at any time following the signing of the exclusive option agreement, sell, transfer, pledge or dispose of in any manner any assets of Shanghai Qiyu or interest in the business or revenues of Shanghai Qiyu, or allow the encumbrance thereon of any security interest;

(iv) unless otherwise mandatorily required by PRC laws, Shanghai Qiyu shall not be dissolved or liquidated without prior written consent by our WFOE;

(v) without the prior written consent of our WFOE, Shanghai Qiyu shall not incur, inherit, guarantee or assume any debt, except for (i) debts incurred in the ordinary course of business other than payables incurred by a loan and (ii) debts that have been disclosed to and consented to by our WFOE in writing;

(vi) they shall operate all of Shanghai Qiyu's businesses during the ordinary course of business to maintain its asset value and refrain from any action/omission that may adversely affect Shanghai Qiyu's operating status and asset value;

(vii) without the prior written consent of our WFOE, they shall not cause Shanghai Qiyu to execute any material contract, except the contracts executed in the ordinary course of business or with our WFOE, its direct or indirect offshore parent companies or their direct or indirect subsidiaries;

(viii) without the prior written consent of our WFOE, they shall not cause Shanghai Qiyu to provide any person with any loan, financial assistance, security, pledge or any other form of security, or permit any form of security to be created on its assets or equity interests, except those contracts executed in the ordinary and usual course of business;

(ix) they shall provide our WFOE with information on Shanghai Qiyu's business operations and financial condition within 10 days after the end of each quarter or at the request of our WFOE;

(x) they shall procure and maintain insurance in respect of Shanghai Qiyu's assets and business from an insurance carrier acceptable to our WFOE, at an amount and type of coverage typical for companies that operate similar businesses;

(xi) without the prior written consent of our WFOE, they shall not cause or permit Shanghai Qiyu to merge, consolidate with, acquire or invest in any person;

(xii) they shall immediately notify our WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Shanghai Qiyu's assets, business or revenue, shall take all necessary actions pursuant to reasonable requests of our WFOE and shall only reach settlement in respect of such proceedings with the prior written consent of WFOE;

(xiii) to maintain the ownership by Shanghai Qiyu of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

(xiv) without the prior written consent of our WFOE, Shanghai Qiyu shall not in any manner distribute dividends to its shareholder, provided that upon the written request of our WFOE, Shanghai Qiyu shall immediately distribute all distributable profits to its shareholders;

(xv) at the request of our WFOE, they shall appoint any persons designated by our WFOE as the directors, supervisors and/or senior management of Shanghai Qiyu or terminate existing directors, supervisors and/or senior management of Shanghai Qiyu, and perform all relevant resolutions and filing procedures; and

(xvi) if Shanghai Qiyu or its shareholder fails to perform the tax obligations under applicable laws, and hence obstructs our WFOE in exercising its exclusive option right, Shanghai Qiyu or its shareholder shall pay the taxes or pay the same amount to our WFOE so our WFOE may pay the taxes on behalf of Shanghai Qiyu or its shareholder.

All of the two other VIEs, namely Fuzhou Financing Guarantee and Shanghai Financing Guarantee, and their respective nominee shareholders, have each entered into a set of contractual arrangements, including the voting proxy agreement, equity interest pledge agreement, loan agreement, exclusive business cooperation agreement, exclusive option agreement, with our WFOE, in terms that are substantially similar to the agreements described above.

On April 29, 2021, Shanghai Qibutianxia, the sole shareholder of Fuzhou Microcredit, transferred all of its equity interest in Fuzhou Microcredit to Shanghai Qiyu, and Shanghai Qiyu became the sole shareholder of Fuzhou Microcredit. On April 30, 2021, our WFOE, Fuzhou Microcredit and Shanghai Qibutianxia entered into a termination agreement, which terminated the contractual arrangements entered into among our WFOE, Fuzhou Microcredit and Shanghai Qibutianxia. Therefore, Fuzhou Microcredit ceased to be the VIE, but a subsidiary of Shanghai Qiyu.

In the opinion of our PRC legal counsel, Commerce & Finance Law Offices:

- the ownership structures of the VIEs in China and our WFOE are not in violation of applicable PRC laws and regulations currently in effect; and

- the proposed contractual arrangements between our company, our WFOE, the VIEs and their shareholders governed by PRC law are valid, binding and enforceable under PRC law, and will not result in any violation of applicable PRC laws currently in effect.

However, our PRC legal counsel has also advised us that there are substantial uncertainties regarding the interpretation and application of PRC laws, regulations and rules. Accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC legal counsel. It is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If we or the VIEs are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures. 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 VIEs 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" and "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to us."

D. Property, Plants and Equipment

Our corporate headquarters is located in Shanghai, where we lease office space with an area of 11,726 square meters as of December 31, 2025. We also lease an area of 4,692 square meters in Beijing, an area of 4,290 square meters in Hefei, an area of 3,120 square meters in Shenzhen, an area of 2,011 square meters in Xi'an, an area of 1,855 square meters in Chengdu, an area of 1,169 square meters in Chongqing, an area of 1,410 square meters in Fuzhou, an area of 1,235 square meters in Beihai, an area of 797 square meters in Haikou, an area of 288 square meters in Zhuhai, an area of 204 square meters in Zhengzhou, an area of 188 square meters in Hong Kong, and an area of 40 square meters in the United Kingdom as of December 31, 2025 as office space. The lease term varies from one year to three years. Our servers are primarily hosted at internet data centers and located in Beijing, Shanghai and Luoyang. We expect to seek additional office space as needed to accommodate future growth.

Qifu Changfeng is a joint venture company established in Shanghai, China to develop and build our regional headquarters and the affiliated industrial park. We and Shanghai Changfeng Investment (Group) Co., Ltd., or Changfeng, an independent third party, hold 70% and 30%, respectively, of the equity interests in Qifu Changfeng. The construction has been completed, and the new regional headquarters and industrial park have been officially put into use since January 2026, enabling us to consolidate all of our Shanghai-based facilities and employees from various departments into a single office space, which we expect will further save administrative costs and improve operating efficiency. As of December 31, 2025, shareholders of Qifu Changfeng had provided a total of RMB1.07 billion to acquire land use rights of the parcel of land on which our regional headquarters and affiliated industrial park stand and support the joint venture company's operations, of which RMB0.32 billion was funded by Changfeng.

ITEM 4A UNRESOLVED STAFF COMMENTS

None.

ITEM 5 OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

A. Operating Results

Key Factors Affecting Our Results of Operations

Our results of operations and financial condition are affected by the general factors driving China's economy and China's Credit-Tech industry. These factors include per capita disposable income, consumer spending, the emergence of new technologies, interest rate environment, government policies and regulations, and other general economic conditions in China that affect consumption and business activities in general.

In particular, we believe our results of operations are more directly affected by the following major factors:

Ability to attract and retain quality borrowers

In 2025, we facilitated RMB327.1 billion (US$46.8 billion) of loans, representing a slight increase from RMB322.0 billion in 2024 and a decrease from RMB369.1 billion in 2023. The decline in loan facilitation volume from 2023 to 2024 aligns with our deliberate shift toward a prudent strategy, which balances loan quality over loan facilitation volume in response to softening credit demand and rising risks amid challenging macroeconomic environment. Total loan facilitation volume slightly increased from 2024 to 2025 despite regulatory changes and macroeconomic uncertainties in the second half of 2025. We continued to focus on long-term user engagement by expanding our user base and building a comprehensive credit-tech service platform that encompasses the full user lifecycle and promotes financial inclusion. The number of users with approved credit lines grew from 50.9 million as of December 31, 2023 to 56.9 million as of December 31, 2024, and further to 63.6 million as of December 31, 2025. We anticipate that, in the longer term, our future growth sustainability will continue to depend on our ability to increase our existing users' engagement with our platform and attract high - quality users to our platform.

We believe repeat borrowings by existing borrowers are important to our future growth. As we provide our users with revolving credit lines, we use repeat borrower contribution to monitor stickiness and loyalty of our users. Repeat borrower contribution was 93.3% for the year ended December 31, 2025. We believe this high repeat borrower contribution is primarily due to our ability to address the credit needs of our targeted users with the superior user experience and competitive product offerings on our platforms.

Ability to effectively manage risks

Our ability to effectively analyze user risk profiles impacts our ability to attract prospective borrowers and retain existing borrowers, as well as our ability to empower financial institution partners to receive attractive risk-adjusted returns. We have developed and deployed the Argus Engine to conduct fraud detection and credit assessment and to create personalized profiling strategy, which will scrutinize the data related to a prospective borrower in a highly automated approach and output credit scores to our Cosmic Cube Pricing Model to price each drawdown. Benefiting from the strong machine learning and analyzing capability of our Argus Engine, we can draw credit profiles of prospective borrowers and effectively prevent potential credit losses.

Since late 2021, we started to optimize our user base aiming for lower overall credit risks, which was substantially completed by the end of 2022. In light of the industry-wide negative impact of the COVID-19 pandemic, we implemented a prudent credit assessment strategy and enhanced our efforts in loan collection-related regulatory compliance in 2022, which enabled us to navigate through the challenging macroeconomic environment relatively smoothly and consistently deliver solid operating and financial results. In 2023, as macroeconomic recovery momentum was weaker than expected, borrowers' confidence and ability to repay on time was negatively impacted. We promptly made adjustments to our risk management by tightening credit standards, improving user risk identification and enhancing our collection strategies. With these measures, we strengthened our ability to effectively manage risks and stabilized our risk performance.

In the second half of 2025, the consumer credit industry experienced a sector-wide risk elevation amid regulatory changes and subsequent business adjustments. Despite the challenging backdrop, we promptly adjusted our risk strategies across the entire credit lifecycle to manage our risk performance. The 90 day+ delinquency rate for all our loans outstanding was approximately 2.71% as of December 31, 2025. Please see "—Loan Performance Data" below for details of our credit profiling performance.

We intend to continue optimizing our fraud detection capabilities, improving the accuracy of our credit assessment models and enhancing our collection effectiveness through the combination of our data analytical capabilities and deepened insights into users.

Ability to maintain collaboration with quality financial institution partners and diversify funding sources

Maintaining a healthy collaborative relationship with institutional funding partners is critical to our business. Within all types of funding partners, financial institutions are currently our main funding source. In 2025, all loans facilitated through our platform were funded by financial institutions, including Fuzhou Microcredit. In addition, our ability to collaborate with quality financial institution partners also impacts our profitability and our ability to provide reasonably priced financing solutions to users.

We have established cooperative relationships with a wide array of financial institution partners, and are further diversifying the financial institution partner pool. As of December 31, 2025, we had collaborated with 167 financial institutional partners, cumulatively.

Cumulatively, we had cumulatively issued ABSs and ABNs of RMB67.6 billion (US$9.7 billion) as of December 31, 2025 to further diversify our funding sources. The ABSs are listed and traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, while the ABNs are issued in the interbank market.

Ability to optimize our cost structure

Our ability to optimize our cost structure will impact future profitability. We incurred significant expenses following inception as we grew our business. In particular, we have invested significantly in user acquisition, IT infrastructure, and research and development, particularly around advanced analytics tools and models. We also adjusted our cost structure from time to time to reflect changing macro environment and our preferred risk exposure.

Continued optimization of our cost structure will depend on our ability to continue improving operational efficiency and maintaining consistent asset quality of the loan portfolios, while driving solid growth in overall scale.

Loan Performance Data

We primarily monitor the cumulative performance of loans facilitated by us as of a given measurement date via 90 day+ delinquency rates, and evaluate the healthiness of loans facilitated by us in each fiscal quarter through 180 day+ vintage delinquency rates.

90 day+ delinquency rates

90 day+ delinquency rate refers to the principal balance of on- and off-balance sheet loans we facilitated that are 91 to 180 calendar days past due as a percentage of the total outstanding loan balance of on- and off-balance sheet loans we facilitated across our platform as of a specific date. Loans that are charged-off and loans under Intelligent Credit Engine (ICE) and other technology solutions are not included in the delinquency rate calculation. The following table provides our 90 day+ delinquency rates as of December 31, 2023, 2024 and 2025:

	90 day+ delinquency rate
December 31, 2023	2.35 %
December 31, 2024	2.09 %
December 31, 2025	2.71 %

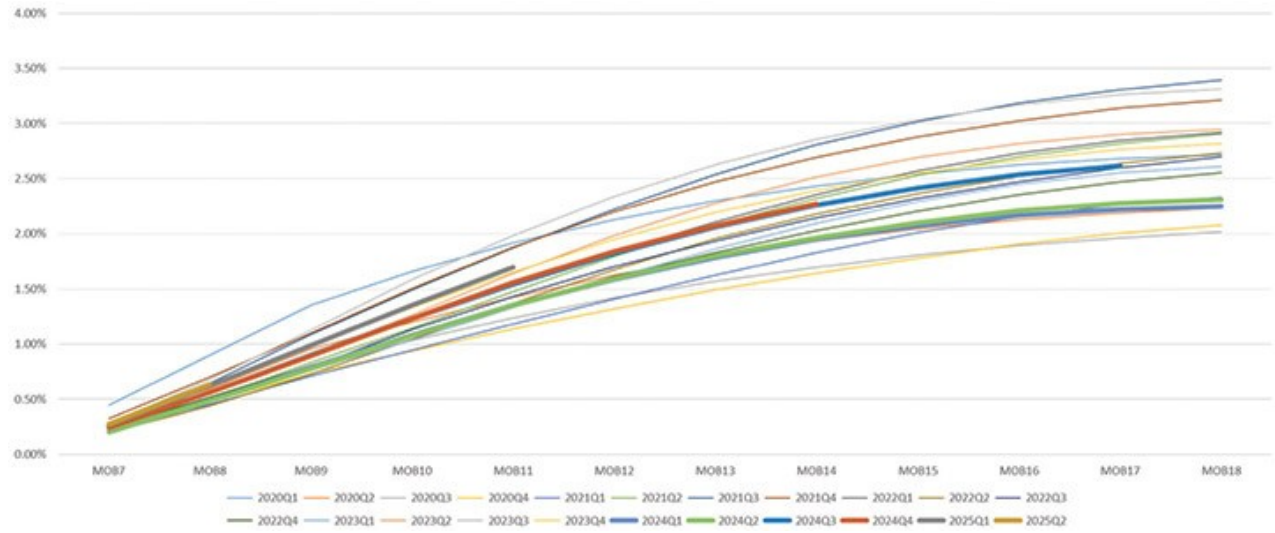
The overall 90 day+ delinquency rate decreased from 2.35% as of December 31, 2023 to 2.09% as of December 31, 2024, primarily due to the prompt adjustments we made to our risk management in the second half of 2023 by tightening credit standards, improving user risk identification and enhancing our collection strategies. The overall 90 day+ delinquency rate increased from 2.09% as of December 31, 2024 to 2.71% as of December 31, 2025, primarily due to macroeconomic uncertainties and recent regulatory changes in China. Since April 2025, regulators have issued a series of measures targeting the consumer finance industry, including interest rate caps, which have contributed to a broader industry-wide liquidity tightening, particularly in the second half of 2025. To manage credit risks effectively, we continued to proactively tighten our risk standards and optimize our asset portfolio and customer mix. We also continue to focus on enhancing our technology and credit assessment capabilities and fine-tuning our services and solutions to address financial institution partners' evolving needs and risk preferences. The 90 day+ delinquency rate is a backward looking indicator as it reflects asset quality trend 90 days before.

180 day + vintage delinquency rates

We refer to loans facilitated during a specified time period as a vintage, which in our case represents a given fiscal quarter, and define vintage delinquency rate as (i) the total amount of principal for all loans facilitated by us in a vintage that become delinquent, less the total amount of recovered past due principal for all loans facilitated by us in the same vintage, divided by (ii) the total initial principal amount of loans facilitated by us in such vintage. Loans under Intelligent Credit Engine and other technology solutions are not included in the vintage delinquency rate calculation. Our 180 day+ vintage delinquency rate data includes loans delinquent for more than 180 days.

The following chart displays the historical cumulative 180 day+ delinquency rates by vintage for all loans facilitated through our platform:

180 day+ Delinquency Rates by Vintage



On- and Off-Balance Sheet Treatment of Loans

We have established cooperative relationships with various financial institution partners. Some of our financial institution partners fund and disburse loan principal to borrowers through their own accounts, while the others choose to fund and disburse loan principal to borrowers indirectly through trusts. In addition, we fund a portion of loans facilitated on our platform through Fuzhou Microcredit, a subsidiary of the VIE that is licensed to conduct micro-lending business in China. The accounting treatment of assets, liabilities and revenues arising from the loans facilitated on our platform varies:

On-balance sheet loans

For loans disbursed indirectly through trusts per request of our financial institution partners, we have determined that we are the primary beneficiary of the majority of such trusts. We therefore consolidate these trusts and record the loans funded through these trusts, along with those directly by our own funds through Fuzhou Microcredit, on our balance sheet. On-balance sheet loans are recorded at amortized costs. Revenues from these loans are accounted as financing income, and we recorded allowance for loan loss. Services provided in connection with our on-balance sheet loans are categorized under credit-driven services.

Off-balance sheet loans

Off-balance sheet loans refer to loans funded and disbursed directly by our financial institution partners and not consolidated on our balance sheet. For a portion of off-balance sheet loans, we only provide platform services to financial institutions, and earn service fees. For the other portion, we not only provide loan facilitation and post-facilitation services but also guarantee the repayment either through the VIEs with financing guarantee license or third-party guarantee companies or insurance companies. As a result, we incur guarantee liabilities and take credit risks. Services provided in connection with this portion of loans are categorized under credit-driven services. For the years ended December 31, 2023, 2024 and 2025, the total balance of outstanding off-balance sheet loans (excluding loans delinquent for more than 180 days) facilitated under credit-driven services amounted to RMB42.7 billion, RMB25.5 billion and RMB23.7 billion (US$3.4 billion), respectively. The table below sets forth details of the balance of outstanding on-balance sheet loans and off-balance sheet loans as of the dates indicated.

	As of December 31,					
	2023		2024		2025	
	Outstanding Loan Balance	%	Outstanding Loan Balance	%	Outstanding Loan Balance	%
	(RMB in millions, except for percentages)					
On-balance sheet loan	**29,257**	**20.1**	**31,866**	**23.3**	**42,863**	**34.0**
through trusts/ABSs[(1)] and others	19,414	13.3	21,066	15.4	32,849	26.1
through Fuzhou Microcredit	9,843	6.8	10,800	7.9	10,014	7.9
Off-balance sheet loan	**116,013**	**79.9**	**105,148**	**76.7**	**83,149**	**66.0**
Total	**145,270**	**100.0**	**137,014**	**100.0**	**126,012**	**100.0**

Note:

(1) Including loans originated by Fuzhou Microcredit and subsequently transferred to the ABS plans as of December 31, 2023, 2024 and 2025, respectively.

The outstanding loan balance of on-balance sheet loans increased from RMB29,257 million as of December 31, 2023 to RMB31,866 million as of December 31, 2024, and further increased to RMB42,863 million (US$6,129 million) as of December 31, 2025, primarily due to the increase in the loan facilitation volume of on-balance sheet loans that was mainly driven by our dynamic adjustments in loan mix to enhance efficiency and profitability.

Key Line Items and Specific Factors Affecting Our Results of Operations

Net revenue

We generate revenue mainly from providing Credit-Tech services through matching the credit demand of unserved and underserved borrowers with credit supply from our financial institution partners. The following table sets forth the principal components of our net revenue in absolute amounts and as percentages of our total net revenue for the years presented:

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Net revenue:							
Credit driven services	**11,738,560**	**72.0**	**11,719,027**	**68.2**	**13,977,218**	**1,998,716**	**72.7**
Loan facilitation and servicing fees-capital heavy	1,667,119	10.2	1,016,514	5.9	1,604,903	229,498	8.4
Revenue from loan facilitation services	1,081,699	6.6	638,814	3.7	1,143,395	163,503	6.0
Revenue from post-origination services	585,420	3.6	377,700	2.2	461,508	65,995	2.4
Financing income	5,109,921	31.4	6,636,511	38.6	8,569,063	1,225,360	44.5
Revenue from releasing of guarantee liabilities	4,745,898	29.1	3,695,017	21.5	3,412,952	488,046	17.8
Other services fees	215,622	1.3	370,985	2.2	390,300	55,812	2.0
Platform services	**4,551,467**	**28.0**	**5,446,629**	**31.8**	**5,227,841**	**747,571**	**27.3**
Loan facilitation and servicing fees-capital light	**3,213,955**	**19.8**	**2,116,797**	**12.4**	**1,162,563**	**166,244**	**6.1**
Revenue from loan facilitation services	2,096,085	12.9	1,246,541	7.3	683,929	97,801	3.6
Revenue from post-origination services	1,117,870	6.9	870,256	5.1	478,634	68,443	2.5
Referral service fees	950,016	5.8	2,842,637	16.6	2,738,786	391,641	14.3
Other services fees	387,496	2.4	487,195	2.8	1,326,492	189,686	6.9
Total net revenue	**16,290,027**	**100.0**	**17,165,656**	**100.0**	**19,205,059**	**2,746,287**	**100.0**

We divide loans facilitated on our platform into two categories, namely credit-driven services and platform services.

In providing credit-driven services, we either fund on-balance sheet loans or provide guarantee to financial institution partners for off-balance sheet loans through the VIEs with financing guarantee license or third-party guarantee companies or insurance companies. Consequently, we take credit risk because of the on-balance sheet lending or the guarantee arrangement. By revenue nature, revenue from facilitation and post-facilitation services for such off-balance sheet loans is recorded as loan facilitation and servicing fees-capital heavy, revenue from guarantee services provided to financial institution partners for such off-balance sheet loans is recorded as revenue from releasing of guarantee liabilities, and revenue from our on-balance sheet lending is recorded as financing income.

On the other hand, in providing platform services, we provide customized technology solutions at different stages of the loan lifecycle, such as borrower acquisition, credit assessment, fund matching and post-facilitation services. Specifically, we (i) provide to financial institutions comprehensive facilitation and post-facilitation services under our capital-light model, and charge them service fees based on pre-negotiated terms, which service fees are recorded as loan facilitation and servicing fees - capital light; (ii) provide intelligent marketing services to financial institutions and other lending platforms under ICE and earn pre-negotiated service fees, which are recorded under referral service fees; (iii) provide referral services to other online lending companies and earn referral fees, which are recorded under referral service fees; and (iv) offer financial institutions other technology solutions and take technology service fees or consulting fees for the corresponding technology solutions elected by the financial institutions, which are recorded under other services fees. These solutions contributed a small fraction to our total net revenue in 2023, 2024 and 2025. We currently do not take credit risk under platform services.

Set forth below is an elaboration on the nature of each of our revenue streams.

Loan facilitation and servicing fees. We generate loan facilitation and servicing fees from financial institution partners in consideration of our facilitation and post-facilitation services for off-balance sheet loans. For each off-balance sheet loan facilitated through our platform, we charge service fees from our financial institution partners based on pre-negotiated terms. Loan facilitation and servicing fees for off-balance sheet loans under credit-driven services are recorded as loan facilitation and servicing fees – capital heavy, and loan facilitation and servicing fees for off-balance sheet loans through our capital-light model under platform services are recorded as loan facilitation and servicing fees – capital light. See "—E. Critical Accounting Estimates—Revenue recognition."

Financing income. We generate financing income from on-balance sheet loans, which include loans from our financial institution partners but disbursed indirectly to borrowers through our consolidated trusts, as well as loans funded by Fuzhou Microcredit.

Revenue from releasing of guarantee liabilities. We provide guarantee services to our financial institution partners on the off-balance sheet loans facilitated under the credit-driven services. We recognize the stand-ready guarantee liabilities on a gross basis and amortize the entire amount into "revenue from releasing of guarantee liabilities" over the term of the guarantee. See "—E. Critical Accounting Estimates—Guarantee liabilities" for more details.

Referral service fees. We provide referral services to other platforms by referring to them the borrowers who do not fit our financial institution partners' risk preference. We also provide referral services to the financial institution partners through our ICE model, by matching borrowers with them.

Costs and expenses

The table below sets forth our operating costs and expenses in absolute amounts and as a percentage of our total net revenue for the years indicated.

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Operating costs and expenses:							
Facilitation, origination and servicing	2,659,912	16.3	2,900,704	16.9	3,001,938	429,271	15.6
Funding costs	645,445	4.0	590,935	3.4	548,936	78,497	2.9
Sales and marketing	1,939,885	11.9	1,725,877	10.1	2,469,546	353,140	12.9
General and administrative	421,076	2.6	449,505	2.6	658,980	94,233	3.4
Provision for loans receivable	2,151,046	13.2	2,773,323	16.2	3,625,042	518,374	18.9
Provision for financial assets receivable	386,090	2.4	296,857	1.7	234,924	33,594	1.2
Provision for accounts receivable and contract assets	175,799	1.1	421,481	2.5	319,532	45,692	1.7
Provision for contingent liabilities	3,053,810	18.7	478,404	2.8	1,667,742	238,484	8.7
Total cost of revenues	**11,433,063**	**70.2**	**9,637,086**	**56.2**	**12,526,640**	**1,791,285**	**65.3**

Set forth below is an elaboration on the nature of each item of our costs and expenses.

Facilitation, origination and servicing. Facilitation, origination and servicing expenses represent the costs incurred to facilitate, originate and service loans through our platform, including both off-balance sheet loans where we earn loan facilitation service fees and post-facilitation service fees, as well as on-balance sheet loans where we earn financing income.

It mainly includes (i) salary and benefit expenses for personnel working in facilitation and post-facilitation servicing functions, (ii) credit search expenses, (iii) collection expenses, (iv) payment transaction expenses and (v) expenses related to communications with users.

As a general trend, expenses related to credit search, collection, and payment transaction all change in proportion to the change of loan facilitation volume or the number of loan applications on our platform; expenses related to communications with users were primarily driven by the number of users with approved credit lines.

Funding costs. Funding costs consist of interest expenses that we pay to financial institutions of our consolidated trusts and the investors of our asset backed securities, as well as costs relating to the set-up and operation of our consolidated trusts.

Sales and marketing. Sales and marketing expenses include advertising and marketing related expenses to promote our brands and attract users to our platform, as well as salary and benefit expenses related to our sales and marketing personnel.

Advertising and marketing related expenses, particularly those used to attract users to our platform, are largely a discretionary cost item. It is adjusted in light of our overall growth strategy and prediction of the overall credit environment in the market based on our judgment on our credit assessment ability, and funding capacity from our financial institution partners. We consider it as an investment for future business growth.

General and administrative. General and administrative expenses consist of payroll and related expenses for employees engaged in general corporate functions, professional services, costs associated with the use of facilities and equipment, such as rental and other general corporate related expenses.

Share-based compensation. In 2023, 2024 and 2025, we granted options and restricted share units to our employees to reward their historical contribution to our development. Share-based compensation expenses are non-cash in nature. Share-based compensation expenses were allocated to our expense items for the years indicated as follows:

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Facilitation, origination and servicing	75,152	40.5	64,658	38.6	40,070	5,730	10.6
Sales and marketing	(375)	(0.2)	(118)	(0.1)	1,503	215	0.4
General and administrative	110,827	59.7	103,073	61.5	336,801	48,162	89.0
Total	**185,604**	**100.0**	**167,613**	**100.0**	**378,374**	**54,107**	**100.0**

Provisions

We record the below four types of provisions related to loan products facilitated by us. Provision for loans receivable relates to loans on our balance sheet, provision for accounts receivable and contract assets relates to our facilitation services for our off-balance sheet loans, and provision for financial assets receivable and provision for contingent liabilities relate to guarantee services for our off-balance sheet loans under credit-driven services.

Provision for loans receivable. We evaluate the creditworthiness and collectability of loans on our balance sheet on a pooled basis. The provision for loans receivable is an assessment performed on a portfolio basis and factors such as delinquency rate, size, and other risk characteristics of the portfolio.

Provision for financial assets receivable. We recognize financial assets receivable at the inception of the off-balance sheet loans facilitated through our platform if we provide guarantee of repayments to our financial institution partners. We recognize financial assets receivable equal to the stand-ready guarantee liabilities recorded at fair value and consider what premium would be required by us to issue the same guarantee service in a standalone arm's length transaction. The financial assets receivable is accounted for as a financial asset, and reduced upon the receipt of the service fee payment from our financial institution partners. At each reporting date, we estimate the future cash flows and assesses whether there is any indicator of impairment. If the carrying amount of the financial assets receivable exceeds the expected cash to be received, an impairment loss is recorded for the financial assets receivable that is not recoverable.

Provision for accounts receivable and contract assets. We recognize accounts receivable and contract assets after we complete our facilitation services to financial institution partners for the off-balance sheet loans. We establish an allowance for uncollectible accounts receivable and contract assets based on estimates, which incorporate historical experience and other factors surrounding the credit risk of specific types of borrowers, which is essentially the expected net default rate used in determining the fair value of guarantee liabilities. We evaluate and adjust our allowance for uncollectible accounts receivable and contract assets on a quarterly basis or more often as necessary.

Provision for contingent liabilities. We recognize a contingent guarantee liability with an allowance for credit losses under the current expected credit loss model, or the CECL model, at the inception of the guarantee due to our adoption of ASC 326, Financial Instruments-Credit Losses. See "—E. Critical Accounting Estimates—Guarantee liabilities" for details. The contingent guarantee is reduced by payouts made by us to compensate the financial institution partners upon borrowers' default. We evaluate and adjust allowance for credit losses on a quarterly basis or more often as necessary.

Taxation

Cayman Islands

We are an exempted company incorporated in the Cayman Islands. The Cayman Islands currently levies no taxes on corporations based upon profits, income, gains or appreciation.

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 brought within the jurisdiction of the Cayman Islands.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profit tax at a rate of 16.5%. No Hong Kong profit tax has been levied as we did not have an assessable profit that was earned in or derived from the Hong Kong subsidiary during the periods presented. Hong Kong does not impose a withholding tax on dividends.

Mainland China

Generally, our PRC subsidiaries, the VIEs and the VIEs' subsidiaries, which are considered PRC resident enterprises under mainland China tax law, are subject to enterprise income tax on their worldwide taxable income as determined under PRC tax laws and accounting standards at a rate of 25%.

The consolidated trusts are subject to VAT at the rate of 3%, while our other entities are subject to VAT at the rate of 6% as general taxpayers, and related surcharges on revenue generated from providing services. The Enterprise Income Tax Law and its implementation rules permit certain "high and new technology enterprises strongly supported by the state" that hold independent ownership of core intellectual property and simultaneously meet a list of other criteria, financial or non-financial, as stipulated in the Implementation Rules and other regulations, to enjoy a reduced 15% enterprise income tax rate. The STA, the Ministry of Science and Technology and the Ministry of Finance jointly issued the Administrative Measures on the Recognition for High and New Technology Enterprise delineating the specific criteria and procedures for the "high and new technology enterprises" certification in April 2008, which was amended in January 2016. Shanghai Qiyu was accredited as a "high and new technology enterprises" in 2018, which was renewed in 2021 and 2024. Therefore, it was entitled to a reduced 15% enterprise income tax rate from 2018 to 2026. Our WFOE obtained "high and new technology enterprises" status in 2020 and renewed it in 2023, and was entitled to a reduced enterprise income tax rate of 15% from 2020 to 2025. Beihai Borui Credit Service Co., Ltd., Beihai Qicheng Information & Technology Co., Ltd. ("Qicheng"), Qi'ang and Beihai Yunhua benefited from a preferential tax rate of 15% as their operation falls within the encouraged industries catalogue in western China. The 40% of the enterprise income tax payables of Qicheng, Qi'ang and Beihai Yunhua could be further reduced as they are located in an autonomous region of China. Therefore, Qicheng applied a preferential income tax rate of 9% from 2019 to 2023 and applied a preferential income tax rate of 15% from 2024 to 2030. Qi'ang and Beihai Yunhua applied a preferential income tax rate of 9% from 2023 to 2027. From 2023 to 2027, one subsidiary benefited from a preferential tax rate of 15% as they are registered in Hainan province and engaged in encouraged business activities.

Dividends paid by our wholly foreign-owned subsidiaries in mainland China to our intermediary holding company in Hong Kong will be subject to a withholding tax rate of 10%, unless the Hong Kong entity satisfies all the requirements under the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income with respect to Taxes on Income and Capital and receives approval from the tax authority. If our Hong Kong subsidiary satisfies all the requirements under the tax arrangement and receives approval from the tax authority, then the dividends paid to the Hong Kong subsidiary would be subject to withholding tax at a rate of 5%. Since the equity holders of the major PRC subsidiaries of our company are Hong Kong incorporated companies and meet the relevant requirements pursuant to the tax treaty between PRC and Hong Kong, we have used 5% to provide for deferred tax liabilities on retained earnings which are anticipated to be distributed. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may 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 mainland China were deemed to be a "resident enterprise" under the Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Item 3. Key Information—D. Risk Factors—Risks 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."

In 2025, our WFOE made dividend payments of RMB4,587.0 million (US$655.9 million) to our Hong Kong subsidiaries and paid related withholding income tax (net of tax refund) of RMB200.6 million (US$28.7 million) accordingly. As of December 31, 2025, we recorded a deferred tax liability of RMB255.0 million (US$36.5 million) associated with all of our earnings expected to be distributed from mainland China subsidiaries to overseas for dividend distribution and share repurchase. The remaining undistributed profits of mainland China subsidiaries as of December 31, 2025 would be indefinitely reinvested with unrecognized deferred tax liabilities of approximately RMB804.3 million (US$115.0 million).

The Organization for Economic Co-operation and Development, or OECD, published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws, which are referred to as Pillar Two legislation, to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which our company is reasonably expected to fall into. It imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate determined by the Pillar Two model rules on a jurisdictional basis is below a minimum rate of 15%. We have reviewed its corporate structure in light of the introduction of Pillar Two model rules in various jurisdictions and engaged external tax specialists in assessing its tax exposure. As at December 31, 2025, our company mainly operates in mainland China, in which exposures to Pillar Two income taxes might exist in the future although the legislation is not yet enacted. Besides, certain subsidiaries of our company are located in jurisdictions mainly including Hong Kong, Singapore and United Kingdom where Pillar Two legislation had been enacted or substantively enacted, it is estimated that our company's income tax would not be materially different should those legislations had been in effect for the year ended December 31, 2025. We did not recognize any relevant tax expenses for the year ended December 31, 2025.

Recent Accounting Pronouncements

A list of recently issued accounting pronouncements that are relevant to us is included in Note 2 "Summary of Significant Accounting Policies—Recent accounting pronouncements" to our consolidated financial statements included elsewhere in this annual report.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the years presented, both in absolute amounts and as a percentage of our total net revenue for the years presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. Period-to-period comparisons of historical results of operations should not be relied upon as indicative of future performance.

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Net revenue							
Credit-driven services	**11,738,560**	**72.0**	**11,719,027**	**68.2**	**13,977,218**	**1,998,716**	**72.7**
Loan facilitation and servicing fees-capital heavy	1,667,119	10.2	1,016,514	5.9	1,604,903	229,498	8.4
Financing income	5,109,921	31.4	6,636,511	38.6	8,569,063	1,225,360	44.5
Revenue from releasing of guarantee liabilities	4,745,898	29.1	3,695,017	21.5	3,412,952	488,046	17.8
Other services fees	215,622	1.3	370,985	2.2	390,300	55,812	2.0
Platform services	**4,551,467**	**28.0**	**5,446,629**	**31.8**	**5,227,841**	**747,571**	**27.3**
Loan facilitation and servicing fees-capital light	3,213,955	19.8	2,116,797	12.4	1,162,563	166,244	6.1
Referral services fees	950,016	5.8	2,842,637	16.6	2,738,786	391,641	14.3
Other services fees	387,496	2.4	487,195	2.8	1,326,492	189,686	6.9
Total net revenue	**16,290,027**	**100.0**	**17,165,656**	**100.0**	**19,205,059**	**2,746,287**	**100.0**
Operating costs and expenses(1)							
Facilitation, origination and servicing	2,659,912	16.3	2,900,704	16.9	3,001,938	429,271	15.6
Funding costs	645,445	4.0	590,935	3.4	548,936	78,497	2.9
Sales and marketing	1,939,885	11.9	1,725,877	10.1	2,469,546	353,140	12.9
General and administrative	421,076	2.6	449,505	2.6	658,980	94,233	3.4
Provision for loans receivable	2,151,046	13.2	2,773,323	16.2	3,625,042	518,374	18.9
Provision for financial assets receivable	386,090	2.4	296,857	1.7	234,924	33,594	1.2
Provision for accounts receivable and contract assets	175,799	1.1	421,481	2.5	319,532	45,692	1.7
Provision for contingent liabilities	3,053,810	18.7	478,404	2.8	1,667,742	238,484	8.7
Total operating costs and expenses	**11,433,063**	**70.2**	**9,637,086**	**56.2**	**12,526,640**	**1,791,285**	**65.3**
Income from operations	**4,856,964**	**29.8**	**7,528,570**	**43.8**	**6,678,419**	**955,002**	**34.7**
Interest income, net	217,307	1.3	237,015	1.4	278,626	39,843	1.5
Foreign exchange gain	2,356	0.0	1,512	0.0	159,570	22,818	0.8
Fair value change of derivatives	—	—	—	—	(175,691)	(25,123)	(0.9)
Gain on debt extinguishment	—	—	—	—	270,135	38,629	1.4
Investment loss	(30,112)	(0.2)	—	—	—	—	—
Other income, net	230,936	1.4	125,325	0.7	165,076	23,606	0.9
Income before income tax expense	**5,277,451**	**32.3**	**7,892,422**	**45.9**	**7,376,135**	**1,054,775**	**38.4**
Income tax expense	(1,008,874)	(6.2)	(1,644,306)	(9.6)	(1,400,492)	(200,268)	(7.3)
Net income	**4,268,577**	**26.1**	**6,248,116**	**36.3**	**5,975,643**	**854,507**	**31.1**
Net loss attributable to non-controlling interests	16,759	0.1	16,198	0.1	14,048	2,009	0.1
Net income attributable to ordinary shareholders of the Company	**4,285,336**	**26.2**	**6,264,314**	**36.4**	**5,989,691**	**856,516**	**31.2**

Note:

(1) Share-based compensation expenses were allocated as follows:

	For the Year Ended December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US$
	(in thousands)			
Facilitation, origination and servicing	75,152	64,658	40,070	5,730
Sales and marketing	(375)	(118)	1,503	215
General and administrative	110,827	103,073	336,801	48,162
Total	**185,604**	**167,613**	**378,374**	**54,107**

Share-based compensation expenses are non-cash in nature.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Net revenue

Our total net revenue increased by 11.9% from RMB17,166 million in 2024 to RMB19,205 million (US$2,746 million) in 2025, primarily due to the growth in average outstanding balance of on-balance-sheet loans and the increase in capital - heavy loan facilitation volume. Within our total revenue, the amount derived from credit-driven services increased by 19.3% from RMB11,719 million in 2024 to RMB13,977 million (US$1,999 million) in 2025, and the amount derived from platform services decreased by 4.0% from RMB5,447 million in 2024 to RMB5,228 million (US$748 million) in 2025.

- *Loan facilitation and servicing fees.* Loan facilitation and servicing fees increased under the credit-driven services from RMB1,017 million in 2024 to RMB1,605 million (US$229 million) in 2025, primarily due to the increase in capital-heavy loan facilitation volume. Loan facilitation and servicing fees decreased under the platform services from RMB2,117 million in 2024 to RMB1,163 million (US$166 million) in 2025, primarily due to a decline in loan facilitation volume under our capital-light model.

- *Financing income.* Financing income increased from RMB6,637 million in 2024 to RMB8,569 million (US$1,225 million) in 2025, primarily due to the growth in average outstanding on-balance-sheet loan balance.

- *Revenue from releasing of guarantee liabilities.* Revenue from releasing of guarantee liabilities decreased from RMB3,695 million in 2024 to RMB3,413 million (US$488 million) in 2025. This decrease was in line with the overall trend of the average outstanding balance of off-balance-sheet capital-heavy loans.

- *Referral services fees.* Referral services fees decreased from RMB2,843 million in 2024 to RMB2,739 million (US$ 392 million) in 2025, primarily due to a decrease in the loan facilitation volume through ICE.

- *Other services fees*. Other services fees increased under the credit driven services from RMB371 million in 2024 to RMB390 million (US$56 million) in 2025, mainly due to the increase in late payment fees under the credit driven services. Other services fees increased under the platform services from RMB487 million in 2024 to RMB1,326 million (US$190 million) in 2025, primarily due to an increase in other value-added services under platform services.

Operating costs and expenses

Operating costs and expenses increased from RMB9,637 million in 2024 to RMB12,527 million (US$1,791 million) in 2025, primarily due to the increase in provision for contingent liabilities and increase in provision for loans receivable.

- *Facilitation, origination and servicing.* Facilitation, origination and servicing costs increased from RMB2,901 million in 2024 to RMB3,002 million (US$429 million) in 2025, primarily due to an increase of collection fee of RMB58 million (US$8 million) and an increase of credit search fees of RMB22 million (US$3 million).

- *Sales and marketing*. Sales and marketing expenses increased from RMB1,726 million in 2024 to RMB2,470 million (US$353 million) in 2025, primarily due to the increase in the allocation in marketing resources to embedded finance channels.

- *General and administrative.* General and administrative expenses increased from RMB450 million in 2024 to RMB659 million (US$94 million) in 2025, primarily due to an increase in share - based compensations.

- *Funding costs.* Funding costs decreased from RMB591 million in 2024 to RMB549 million (US$78 million) in 2025, mainly due to the lower average ABS issuance costs, partially offset by the growth in funding from ABS.

- *Provision for loans receivable.* Provision for loans receivable increased from RMB2,773 million in 2024 to RMB3,625 million (US$518 million) in 2025, primarily due to the growth in loan origination volume of on-balance-sheet loans.

- *Provision for financial assets receivable.* Provision for financial assets receivable decreased from RMB297 million in 2024 to RMB235 million (US$34 million) in 2025. The decrease reflected our consistent approach in assessing provisions commensurate with its underlying loan profile.

- *Provision for accounts receivable and contract assets.* Provision for accounts receivable and contract assets decreased from RMB421 million in 2024 to RMB320 million (US$46 million) in 2025. The decrease reflected the decline in the capital - heavy and capital - light loan facilitation volume in total and our consistent approach in assessing provisions commensurate with its underlying loan profile.

- *Provision for contingent liabilities.* Provision for contingent liabilities increased from RMB478 million in 2024 to RMB1,668 million (US$238 million) in 2025. The increase reflected our consistent approach in assessing provisions commensurate with its underlying loan profile and an increase in capital-heavy loan facilitation volume.

Interest income, net

Interest income, net was RMB279 million (US$40 million) in 2025, compared to RMB237 million in 2024, mainly due to the increase in interest earned from bank deposits.

Gain on debt extinguishment

Gain on debt extinguishment was RMB270 million (US$39 million) in 2025, compared to nil in 2024, mainly due to gains resulted from the repurchase of convertible senior notes in 2025.

Other income, net

Other income increased from RMB125 million in 2024 to RMB165 million (US$24 million) in 2025, mainly due to the increase of government grants.

Income tax expense

Income tax expense was RMB1,400 million (US$200 million) in 2025, compared to RMB1,644 million in 2024. Excluding share-based compensation expense which is not tax deductible in China, the effective tax rate was 18.1% in 2025, compared to 20.4% in 2024. The decrease in effective tax rate was primarily due to a decrease in withholding tax related to dividend distribution from onshore to offshore.

Net income

Net income was RMB5,976 million (US$855 million) in 2025, compared to RMB6,248 million in 2024.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Net revenue

Our total net revenue increased by 5.4% from RMB16,290 million in 2023 to RMB17,166 million in 2024, primarily due to the growth in average outstanding balance of the on-balance-sheet loans and increase in loan facilitation volume through ICE. Within our total revenue, the amount derived from credit-driven services decreased by 0.2% from RMB11,739 million in 2023 to RMB11,719 million in 2024, and the amount derived from platform services increased by 19.7% from RMB4,551 million in 2023 to RMB5,447 million in 2024.

- *Loan facilitation and servicing fees.* Loan facilitation and servicing fees decreased under the credit-driven services from RMB1,667 million in 2023 to RMB1,017 million in 2024, primarily due to a decline in capital-heavy loan facilitation volume. Loan facilitation and servicing fees decreased under the platform services from RMB3,214 million in 2023 to RMB2,117 million in 2024, primarily due to a decline in loan facilitation volume under our capital-light model.

- *Financing income.* Financing income increased from RMB5,110 million in 2023 to RMB6,637 million in 2024, primarily due to the growth in average outstanding on-balance-sheet loan balance.

- *Revenue from releasing of guarantee liabilities.* Revenue from releasing of guarantee liabilities decreased from RMB4,746 million in 2023 to RMB3,695 million in 2024. This decrease is mainly due to the decrease in average outstanding balance of off-balance-sheet capital-heavy loans during the period.

- *Referral services fees.* Referral services fees increased from RMB950 million in 2023 to RMB2,843 million in 2024, primarily due to an increase in the loan facilitation volume through ICE.

Operating costs and expenses

Operating costs and expenses decreased from RMB11,433 million in 2023 to RMB9,637 million in 2024, primarily due to the decrease in provision for contingent liabilities.

- *Facilitation, origination and servicing.* Facilitation, origination and servicing costs increased from RMB2,660 million in 2023 to RMB2,901 million in 2024, primarily due to an increase of collection fee of RMB334 million and partially offset by a decrease of payment transaction costs of RMB141 million.

- *Sales and marketing*. Sales and marketing expenses decreased from RMB1,940 million in 2023 to RMB1,726 million in 2024, primarily due to our prudent customer acquisition approach and lower unit customer acquisition cost.

- *General and administrative.* General and administrative expenses increased from RMB421 million in 2023 to RMB450 million in 2024, primarily due to an increase in salaries and personnel related costs.

- *Funding costs.* Funding costs decreased from RMB645 million in 2023 to RMB591 million in 2024, mainly due to the lower average cost of ABSs and trusts, partially offset by the growth in funding from ABSs and trusts.

- *Provision for loans receivable.* Provision for loans receivable increased from RMB2,151 million in 2023 to RMB2,773 million in 2024, primarily due to the growth in loan origination volume of on-balance-sheet loans.

- *Provision for financial assets receivable.* Provision for financial assets receivable decreased from RMB386 million in 2023 to RMB297 million in 2024. The decrease is mainly due to the decline in capital-heavy loan facilitation volume.

- *Provision for accounts receivable and contract assets.* Provision for accounts receivable and contract assets increased from RMB176 million in 2023 to RMB421 million in 2024. The increase reflected our consistent approach in assessing provisions commensurate with our underlying loan profile.

- *Provision for contingent liabilities.* Provision for contingent liabilities decreased from RMB3,054 million in 2023 to RMB478 million in 2024, primarily due to a decline in capital-heavy loan facilitation volume and the reversal of prior provision as loans facilitated in previous period performed better than expected.

Interest income, net

Interest income, net was RMB237 million in 2024, compared to RMB217 million in 2023, mainly due to the increase in interest earned from bank deposits.

Other income, net

Other income decreased from RMB231 million in 2023 to RMB125 million in 2024, mainly due to the decrease of government grants.

Income tax expense

Income tax expense was RMB1,644 million in 2024, compared to RMB1,009 million in 2023. Excluding share-based compensation expense which is not tax deductible in China, the effective tax rate was 20.4% in 2024, compared to 18.5% in 2023. The increase in effective tax rate was mainly due to withholding taxes related to our company's dividend and share repurchase plan.

Net income

Net income was RMB6,248 million in 2024, compared to RMB4,269 million in 2023.

Changes in Financial Position

The following table sets forth selected information from our consolidated balance sheets as of December 31, 2023, 2024 and 2025. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report.

	As of December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US$
	(in thousands)			
Current assets:				
Cash and cash equivalents	4,177,890	4,452,416	4,696,817	671,636
Restricted cash	3,381,107	2,353,384	2,844,101	406,701
Security deposit prepaid to third-party guarantee companies	207,071	162,617	325,698	46,574
Short term investments	15,000	3,394,073	2,852,254	407,867
Accounts receivable and contract assets, net	2,909,245	2,214,530	950,267	135,886
Financial assets receivable, net	2,522,543	1,553,912	1,510,205	215,956
Loans receivable, net	24,604,487	26,714,428	34,680,954	4,959,310
Non-current assets:				
Accounts receivable and contract assets, net-noncurrent	146,995	27,132	21,992	3,145
Financial assets receivable, net-noncurrent	596,330	170,779	209,459	29,952
Loans receivable, net-noncurrent	2,898,005	2,537,749	4,002,159	572,301
Land use rights, net	977,461	956,738	966,582	138,219
Current liabilities:				
Payable to investors of the consolidated trusts-current	8,942,291	8,188,454	9,922,559	1,418,907
Convertible senior notes-current	—	—	1,019,130	145,734
Guarantee liabilities-stand ready	3,949,601	2,383,202	2,314,865	331,021
Guarantee liabilities-contingent	3,207,264	1,820,350	1,872,149	267,714
Non-current liabilities:				
Payable to investors of the consolidated trusts-noncurrent	3,581,800	5,719,600	9,930,000	1,419,971
Convertible senior notes-noncurrent	—	—	1,583,213	226,396

Cash and cash equivalents

Cash and cash equivalents consist of funds in banks, which are highly liquid and are unrestricted as to withdrawal or use.

Our cash and cash equivalents increased from RMB4,452 million as of December 31, 2024 to RMB4,697 million (US$672 million) as of December 31, 2025, due to an increase in cash inflow from operating activities.

Restricted cash

Restricted cash mainly represents security deposits related to our loan facilitation services, pledged term deposit for short term loans and cash held by our consolidated trusts and asset management plans through segregated bank accounts which can only be used to invest in loans or other securities as stipulated in the trust agreements. The trusts have a maximum operating period of ten years. The cash in the trusts is not available to fund our general liquidity needs.

Our restricted cash increased from RMB2,353 million as of December 31, 2024 to RMB2,844 million (US$407 million) as of December 31, 2025, primarily due to the increase of cash held by our consolidated trusts and asset management plans as a result of the growth in funding from ABSs and trusts.

Security deposits prepaid to third-party guarantee companies

Security deposit prepaid to third-party guarantee companies mainly represents deposit prepaid by the Company to provide guarantee to secure timely loan repayment for financial institution partners. Our security deposit prepaid to third-party guarantee companies amounted to RMB326 million (US$47 million) as of December 31, 2025.

Short term investments

Short term investments decreased from RMB3,394 million as of December 31, 2024 to RMB2,852 million (US$408 million) as of December 31, 2025, primarily due to the decrease in term deposits.

Accounts receivable and contract assets, net

Accounts receivable and contract assets decreased from RMB2,242 million as of December 31, 2024 to RMB972 million (US$139 million) as of December 31, 2025, net of allowance of RMB272 million and RMB188 million (US$27 million), respectively, mainly due to the decrease in outstanding balance of off-balance sheet loans.

Financial assets receivable, net

Financial assets receivable decreased from RMB1,725 million as of December 31 2024 to RMB1,720 million (US$246 million) as of December 31, 2025, net of allowance of RMB446 million and RMB430 million (US$62 million), respectively.

Loans receivable, net

Loans receivable represents loans on our balance sheet facilitated through our consolidated trusts, as well as loans facilitated by Fuzhou Microcredit.

Loans receivable increased from RMB29,252 million as of December 31, 2024 to RMB38,683 million (US$5,532 million) as of December 31, 2025, mainly due to the increase in our outstanding on-balance sheet loans balance.

Land use rights, net

Land use rights represent lease prepayments to the local government authorities and are recorded at cost less accumulated amortization.

In March 2021, our consolidated subsidiary, Qifu Changfeng obtained the land use rights from local authorities to develop and build the regional headquarters and the affiliated industrial park for our future operations. As of December 31, 2025, a total of RMB1.07 billion were contributed by its shareholders to acquire the land use rights, of which RMB0.75 billion was funded by Shanghai Qiyu and RMB0.32 billion was funded by the independent third party.

Payable to investors of the consolidated trusts

Some financial institution partners require us to disburse loans indirectly to borrowers through our consolidated trusts. Some beneficial rights in trusts and loans receivables are further transferred into asset backed special plans for the issuance of ABSs. Payable to investors of the consolidated trusts without recourse to us represents the investment returns of these trusts and ABS plans, and it increased from RMB13,908 million as of December 31, 2024 to RMB19,853 million (US$2,839 million) as of December 31, 2025, mainly due to the increase in our on-balance sheet loan volume.

Guarantee liabilities-stand ready

Guarantee liabilities-stand ready decreased from RMB2,383 million as of December 31, 2024 to RMB2,315 million (US$331 million) as of December 31, 2025. We recognize a stand-ready guarantee liability at the inception of an off-balance sheet loan for which we provide guarantee services. Stand-ready guarantee is released into guarantee revenue on a straight-line basis over the term of the guarantee.

Guarantee liabilities-contingent

Guarantee liabilities-contingent increased from RMB1,820 million as of December 31, 2024 to RMB1,872 million (US$268 million) as of December 31, 2025, mainly due to the provision of contingent liabilities of RMB1,668 million (US$238 million), which was partially offset by the payout of RMB1,616 million (US$231 million). At the inception of an off-balance sheet loan, we also recognize a separate contingent guarantee liability with an allowance for credit losses following the CECL model. The contingent guarantee is reduced by the payouts made by us to compensate the financial institutions 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.

B. Liquidity and Capital Resources

To date, we have financed our operations primarily through cash generated by operating activities and historical equity financing activities. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents and restricted cash of RMB7.6 billion, RMB6.8 billion and RMB7.5 billion (US$1.1 billion), respectively. Our cash and cash equivalents primarily consist of funds in banks, which are highly liquid and are unrestricted as to withdrawal or use. We believe that our cash and cash equivalents and our anticipated cash flows from operations will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months.

In March 2025, we completed the offering of convertible senior notes in an aggregate principal amount of US$690 million due 2030, or the 2030 Notes, including the initial purchasers' full exercise of option to purchase an additional US$90 million principal amount of the 2030 Notes. The 2030 Notes are general unsecured debts and bear interest at a rate of 0.50% per year, payable semiannually in arrears on April 1 and October 1 of each year, beginning on October 1, 2025. The Notes will mature on April 1, 2030 unless repurchased, redeemed, or converted in accordance with their terms prior to such date. The holders of the 2030 Notes have the right, at such holder's option, to convert all or any portion of their 2030 Notes at any time prior to the close of business on the business day immediately preceding the 50th scheduled trading day before April 1, 2030.

Upon conversion, we will pay or deliver, as the case may be, to such converting holders, cash up to the principal amount of the 2030 Notes being converted, with any remainder of the conversion obligation to be satisfied in cash, ADSs, or a combination of cash and ADSs, at our election. The initial conversion rate of the 2030 Notes is 16.7475 ADSs per US$1,000 principal amount of such 2030 Notes, equivalent to an initial conversion price of approximately US$59.71 per ADS. In connection with cash dividend declared in 2025, the conversion rate of the 2030 Notes was subsequently adjusted to 17.5254 ADSs per US$1,000 principal amount, equivalent to a conversion price of US$57.06 per ADS. This conversion rate became effective on September 8, 2025, subject to adjustment upon occurrence of certain events as set forth in the indenture.

Holders of the 2030 Notes may require us to repurchase all or any portion of their 2030 Notes for cash on April 3, 2028, or in the event of certain fundamental changes, at a repurchase price equal to 100% of the principal amount of the 2030 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. In addition, we may redeem all or part of the 2030 Notes in the event of certain changes in tax laws or if 10% or less of the aggregate principal amount of the 2030 Notes originally issued remain outstanding. Satisfying the obligations of the 2030 Notes could adversely affect the amount or timing of any distributions to our shareholders. We may choose to satisfy, repurchase, or refinance the 2030 Notes through public or private equity or debt financings if we deem such financings available on favorable terms.

As of March 17, 2026, we had repurchased approximately US$460 million in aggregate principal amount of the 2030 Notes for US$399 million in cash on the open market and in off-market privately negotiated transactions. Approximately US$230 million in aggregate principal amount of the 2030 Notes remained outstanding.

Cash Flows

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

	Years Ended December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US$
	(in thousands)			
Summary Consolidated Cash Flow Data				
Net cash provided by operating activities	7,118,350	9,343,311	11,083,748	1,584,956
Net cash used in investing activities	(11,147,789)	(7,994,081)	(13,082,044)	(1,870,707)
Net cash provided by (used in) financing activities	1,066,458	(2,114,463)	2,783,865	398,087
Net (decrease) increase in cash and cash equivalents	(2,953,366)	(753,197)	735,118	105,121
Cash, cash equivalents, and restricted cash at the beginning of year	10,512,363	7,558,997	6,805,800	973,216
Cash, cash equivalents, and restricted cash at the end of year	7,558,997	6,805,800	7,540,918	1,078,337

Operating activities

Net cash provided by operating activities was RMB11,084 million (US$1,585 million) in 2025. The difference between net cash provided by operating activities and the net income of RMB5,976 million (US$855 million) mainly resulted from (i) adding back non-cash item share-based compensation of RMB378 million (US$54 million), (ii) adding back non-cash item provision for loan principal, financial assets receivables and other receivables of RMB4,179 million (US$598 million), and (iii) adding back non-cash item provision for contingent liabilities of RMB1,668 million (US$238 million), partially offset by additional RMB954 million (US$136 million) used for working capital. The change in cash used for working capital was mainly a result of a RMB1,684 million (US$241 million) decrease in guarantee liabilities and partially offset by a decrease of RMB931 million (US$133 million) in accounts receivable and contract assets. The change of these working capital items was in line with our business growth.

Net cash provided by operating activities was RMB9,343 million in 2024. The difference between net cash provided by operating activities and the net income of RMB6,248 million mainly resulted from (i) adding back non-cash item share-based compensation of RMB168 million (US$23 million), (ii) adding back non-cash item provision for loan principal, financial assets receivables and other receivables of RMB3,492 million, and (iii) adding back non-cash item provision for contingent liabilities of RMB478 million, partially offset by additional RMB1,116 million used for working capital. The change in cash used for working capital was mainly a result of a RMB3,432 million decrease in guarantee liabilities and partially offset by a decrease of RMB1,080 million in financial assets receivable. The change of these working capital items was in line with our business growth.

Net cash provided by operating activities was RMB7,118 million in 2023. The difference between net cash provided by operating activities and the net income of RMB4,269 million mainly resulted from (i) adding back non-cash item share-based compensation of RMB186 million, (ii) adding back non-cash item provision for loan principal, financial assets receivables and other receivables of RMB2,713 million, and (iii) adding back non-cash item provision for contingent liabilities of RMB3,054 million, partially offset by additional RMB3,209 million used for working capital. The change in cash used for working capital was mainly a result of a RMB3,436 million decrease in guarantee liabilities. The change of these working capital items was in line with our business growth.

Investing activities

Net cash used in investing activities was RMB13,082 million (US$1,871 million) in 2025, which was primarily attributable to investment in loans receivable of RMB120,448 million (US$17,224 million) and short-term investments of RMB10,116 million (US$1,447 million), partially offset by the collection of investment in loans receivable of RMB107,477 million (US$15,369 million) and proceeds from disposal of short-term investments of RMB10,454 million (US$1,495 million). The net outflow of loans investment mainly resulted from the growth of on-balance sheet lending.

Net cash used in investing activities was RMB7,994 million in 2024, which was primarily attributable to investment in loans receivable of RMB102,799 million and short-term investments of RMB4,642 million, partially offset by the collection of investment in loans receivable of RMB98,312 million and proceeds from disposal of short-term investments of RMB1,308 million. The net outflow of loans investment mainly resulted from the growth of on-balance sheet lending.

Net cash used in investing activities was RMB11,148 million in 2023, which was primarily attributable to investment in loans receivable of RMB92,203 million, partially offset by the collection of investment in loans receivable of RMB81,132 million. The net outflow of loans investment mainly resulted from the growth of on-balance sheet lending.

Financing activities

Net cash provided by financing activities was RMB2,784 million (US$398 million) in 2025, which was primarily attributable to RMB19,131 million (US$2,736 million) cash received from investors of the consolidated trusts, RMB4,917 million (US$703 million) received from issuance of 2030 Notes and RMB1,874 million (US$268 million) received from short term loans, partially offset by cash paid to investors of the consolidated trusts of RMB13,192 million (US$1,886 million), ADSs repurchased in the open market of RMB4,848 million (US$693 million), repurchased 2030 Notes of RMB1,909 million (US$273 million) and dividend paid to shareholders of RMB1,378 million (US$197 million).

Net cash used in financing activities was RMB2,114 million in 2024, which was primarily attributable to cash paid to investors of the consolidated trusts of RMB12,060 million, repayments of short-term loans of RMB1,319 million, dividend paid to shareholders of RMB1,263 million and ADSs repurchased in the open market of RMB2,973 million, partially offset by RMB13,453 million cash received from investors of the consolidated trusts and RMB1,890 million received from short-term loans.

Net cash provided by financing activities was RMB1,066 million in 2023, which was primarily attributable to RMB10,410 million cash received from investors of the consolidated trusts and RMB825 million received from short-term loans, partially offset by cash paid to investors of the consolidated trusts of RMB8,471 million, dividend paid to shareholders of RMB942 million and ADSs repurchased in the open market of RMB636 million.

Material Cash Requirement

Our material cash requirements as of December 31, 2025 and any subsequent interim period primarily include our capital expenditures and contractual obligations.

Capital Expenditures

For the years ended December 2023, 2024 and 2025, our capital expenditures were mainly used for purchases of property, equipment and software. We incurred capital expenditures of RMB84.6 million, RMB153.2 million and RMB240.5 million (US$34.4 million) in 2023, 2024 and 2025, respectively. Our capital expenditures for 2025 consist primarily of expenditures related to the expansion and enhancement of our information technology infrastructure and the construction of our new office buildings in Shanghai. We will continue to incur capital expenditures to meet the expected growth of our business.

We intend to fund our existing and future capital expenditures with our existing cash and cash equivalents, restricted cash, short-term investments and other financing alternatives. We will continue to make cash commitments, including capital expenditures, to support the growth of our business.

Contractual Obligations

The following table sets forth our contractual obligations and loans obligations as of December 31, 2025:

	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
			(RMB in thousands)		
Operating Leases Obligations[1]	33,305	18,591	14,714	—	—
Short-term Loans Obligations[2]	1,202,891	1,202,891	—	—	—
Long-term Loans Obligations[3]	3,225,109	1,081,161	1,693,615	35,000	415,333

Notes:

(1) Our operating leases obligations relate to leases of office premises.

(2) Our short-term loans obligations relate to bank borrowings obtained from domestic commercial banks.

(3) Our long-term loans obligations include 2030 Notes and long-term borrowings, including the portion due within one year.

As of December 31, 2025, we had payable to shareholder of non-controlling interests of RMB257.0 million (US$36.7 million) recorded in "accrued expenses and other current liabilities".

Other than those shown above, the obligations from on-balance sheet loans (presented as "payable to investors of the consolidated trusts-current and -noncurrent" in the consolidated balance sheets), and guarantee liabilities related to the loans we facilitated, we did not have any significant capital and other commitments and long-term obligations as of December 31, 2025.

Holding Company Structure

Qfin Holdings, Inc. is a holding company with no material operations of its own. We conduct our operations primarily through our subsidiaries, the VIEs and the VIEs' subsidiaries in China. As a result, Qfin Holdings, Inc.'s ability to pay dividends may depend upon dividends paid by our PRC subsidiaries. If our existing PRC subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly foreign-owned subsidiaries in China are permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries, the VIEs and the VIEs' 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. In addition, our wholly foreign-owned subsidiaries in China may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at its discretion, and the VIEs 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.

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

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

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 period since January 1, 2026 that are reasonably likely to have a material adverse effect on our net revenue, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

Critical accounting estimates are those that are both most important to the portrayal of our financial condition and results, and that require the management's most difficult, subjective, and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities in our consolidated financial statements and the accompanying notes. We base our estimates on historical experience, known trends and events, and our beliefs of what could occur in the future considering available information. Actual results may differ from these estimates under different assumptions or conditions. On an ongoing basis, we evaluate our judgments and estimates in light of changes in circumstances, facts, and experience. The effects of material revisions in estimates, if any, are reflected in the consolidated financial statements prospectively from the date of change in 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 8 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 recognition

In accounting for revenue from facilitation of off-balance sheet loans, we considered the loan facilitation service, post-facilitation service and guarantee service (not applicable for certain capital light loans where we do not provide guarantee service) as three separate services. Revenues from loan facilitation services are recognized at the time a loan is originated and revenues from post-facilitation services are recognized on a straight-line basis over the term of the underlying loans. Revenues from guarantee services are recognized over the guarantee term.

Referral service fees through our Intelligence Credit Engine platform ("ICE") are recognized upon receipt of confirmation by the financial institution partner and other lending companies at which time the referral service is deemed completed, using the service fee rate applicable.

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 determined the total transaction price to be the service fees chargeable from the borrowers or the partner financial institutions, which includes variable considerations in the form of prepayment risk of borrowers and service fee rate based on future default rate of underlying loans facilitated under certain agreements under the capital light and ICE model. We estimate the prepayment risk of borrowers using an expected value approach on the basis of historical information and current trends of the early payment from borrowers. We determine the service fee rate based on the estimated default rate of the underlying loans. See "Allowance for credit losses" for estimation of default rate.

The transaction price is allocated amongst the guarantee service, if any, and the other two performance obligations. We first allocate the transaction price to the guarantee liabilities, if any, in accordance with ASC Topic 460, Guarantees, which requires the guarantee to be measured initially at fair value based on the stand-ready obligation (See "Guarantee liabilities" for estimates and judgments involved therein). We use expected cost plus margin approach to estimate the standalone selling prices of loan facilitation services and post-facilitation services as the basis of revenue allocation. In estimating our standalone selling price for the loan facilitation services and post-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.

The estimate of prepayment risk of borrowers is subject to changes in our estimate of borrowers' future repayment pattern. 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. Further, if the default rate of underlying loans decreases beyond a certain level, the service fee rates enjoyed by us so as the total transaction price would increase than initially expected and vice versa. We recognized RMB1,374.5 million (US$196.5 million) in revenue from performance obligations satisfied (or partially satisfied) in prior periods pertaining to changes in variable consideration for the year ended December 31, 2025.

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 when our cost pattern and business mode changes. If our estimates change with one percentage point increase/decrease in the portion of total transaction price allocated to our loan facilitation services, our loan facilitation service revenue would increase/decrease by approximately RMB16.5 million (US$2.4 million) for loans facilitated during the year ended December 31, 2025.

Allowance for credit losses

We recognize an allowance for our financial assets, mainly loans receivable based on estimate of the expected credit losses over the contractual term of these financial assets. For loans facilitated with guarantee service provided, we recognize a separate contingent guarantee liability with an allowance for credit losses, which is an estimate of future net-payout by us upon borrowers' default after the adoption of ASC 326 on January 1, 2020.

Allowances for the above-mentioned financial assets and contingent guarantee liability are driven by estimated default rate of respective underlying loans. We estimate the default rate based on historical net default rate of loans on a pool basis grouped by vintage of origination with similar risk profiles. Internal and external correlation factors, such as CPI, money supply and delinquent loan collection rate are identified based on regular review of historical data and updated on a timely basis once we become aware of any new patterns. Future trend of the abovementioned correlation factors are then fed into our model to predict default rate for each loan portfolio. For external factors, we use projections commonly used within the industry. For internal factors, we make projections based on historical data adjusted by our current risk and business strategies which we think could have potential impacts into the future periods.

As of December 31, 2025, allowance for loans receivable is RMB3,630.1 million (US$519.1 million) and outstanding balance for contingent guarantee liability is RMB1,872.1 million (US$267.7 million). If change in various factors constituting the estimate of default rate result in 0.5 percentage point increase/decrease in the overall estimate default rate, it would result in an increase/decrease of RMB459.4 million (US$65.7 million) and RMB294.2 million (US$42.1 million) for allowance for loans receivable and contingent guarantee liability respectively.

Guarantee liabilities

For off-balance sheet loans facilitated where we effectively take on the credit risk of the borrowers through providing guarantee directly or cooperating with third-party licensed vendors including financing guarantee companies and insurance companies to provide guarantee, we recognize a stand ready guarantee liability at fair value. The fair value of stand ready guarantee liability is estimated using discounted cash flow model based on expected net payouts by incorporating a markup margin. After the adoption of ASC 326 on January 1, 2020, the contingent guarantee liability is recognized separately based on estimate of future net-payout by us upon borrowers' default, which is ultimately determined by the estimated default rate of underlying loans subject to guarantee.

For detailed judgments made in making the estimate of default rate of underlying loans subject to guarantee, please refer to the preceding part "Allowance for credit losses."

In addition to the various factors considered in estimating default rate, we use discount rate and service margin commonly used within similar industry. We believe the estimate is based on reasonable assumptions, which are inherently uncertain. The fair value of stand ready guarantee liabilities could also impact the amount of revenue to be recognized for guarantee service and those for loan facilitation and post-facilitation services by impacting the amount of total transaction price allocated to such services as discussed in the part of "Revenue recognition" discussed above.

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
Fan Zhao	71	Chairman of the Board of Directors and Independent Director
Haisheng Wu	43	Chief Executive Officer and Director
Alex Xu	57	Chief Financial Officer and Director
Dan Zhao	46	Director
Jiao Jiao	45	Independent Director
Eric Xiaohuan Chen	44	Independent Director
Gang Xiao	50	Independent Director
Andrew Y Yan	68	Independent Director
Xiangge Liu	59	Independent Director
Yan Zheng	38	Chief Risk Officer

Mr. Fan Zhao has served as our chairman of the board of directors since August 2024 and our independent director since January 2023. Mr. Zhao founded and has served as the chairman of the board of directors of Beijing Fengye Fanda Investment Advisory Co., Ltd. since 2000. He has served as a director of Heintzman Piano Company Limited since 2004. He founded and served as the chairman of the board of directors of Sunbridge International Holdings Limited from 2002 to 2018. Mr. Fan Zhao received a bachelor's degree in mechanical engineering from Beijing University of Civil Engineering and Architecture in 1982 and an MBA degree from Lawrence Technological University in 2002. He also spent three years as a visiting scholar at the University of Copenhagen in Denmark from 1990 to 1993.

Mr. Haisheng Wu has served as our chief executive officer and our director since August 2019. Before that, Mr. Wu had served as our president since our inception. Before working on the establishment of our business, Mr. Wu worked as a product director at the 360 Group start page department from March 2011, in charge of 360 Start Page, 360kan and 360 Mobile Browser. Prior to that, Mr. Wu worked with the user product department of Baidu, Inc. (NASDAQ: BIDU; HKEX: 9888), as a product manager from July 2008. Mr. Wu received his bachelor's degree in economics (media economics management) from Communication University of China and master's degree in communication studies from Peking University in 2005 and 2008, respectively.

Mr. Alex Xu has served as our director since March 2021, as our chief financial officer since July 2020 and as our senior advisor since October 2019. Mr. Xu has extensive experiences in capital market, corporate finance and business management. Prior to joining us, Mr. Xu served as the Chief Financial Officer of Shenzhen Qianhai Dashu Financial Services Co., Ltd. from September 2018 and a director of Qihoo 360 Technology Co. Ltd. from September 2017 to April 2019. He was a Co-Chief Financial Officer of Qihoo 360 (previously listed on the New York Stock Exchange) from February 2011 to August 2016. Prior to that, Mr. Xu was a Managing Director at Cowen & Company, LLC. He also served as the Chief Financial Officer of Yeecare Holdings in 2010, and from May 2008 to March 2010, as the Chief Strategy Officer of China Finance Online Co., Ltd. Mr. Xu was a Senior Vice President at Brean Murray, Carret & Co from 2007 to 2008. He was an associate at Bank of America Securities, LLC from 2003 to 2007, and worked at investment research department of UBS AG from 2002 to 2003. Mr. Xu received his bachelor's degree in Applied Physics from Beijing University of Posts and Telecommunications and an M.B.A. degree from Cornell University. Mr. Xu is a CFA charter holder.

Mr. Dan Zhao has served as our director since May 2020 and is currently the vice president of 360 Group. Mr. Zhao has also been a non-executive director of 360 Ludashi Holdings Limited (HKEX: 3601) since June 2020, and a director of Beijing Huafang Technology Co., Ltd., Beijing Mijing Hefeng Technology Co., Ltd., Huafang Group Inc. and Kincheng Bank of Tianjin Co., Ltd. since August 2020, September 2020, July 2021 and February 2022, respectively. Before joining 360 Group in January 2013, Mr. Zhao served as a senior manager in Alibaba Group (NYSE: BABA; HKEX: 9988) from November 2007. From September 2006 to November 2007, Mr. Zhao worked for KPMG Huazhen LLP as an associate manager. Mr. Zhao received his bachelor's degree in international enterprise management from the University of Shanghai for Science and Technology in 2002, and his master's degree in international business economics from the University of Konstanz in 2004. Mr. Zhao was accredited as a certified internal auditor by the Institute of Internal Auditors in November 2008.

Ms. Jiao Jiao has served as our director since November 2022 and has been redesignated as our independent director since 2025. Ms. Jiao has been serving as the consultant of Kuaishou (HKEX: 1024) since January 2026. From August 2024 to December 2025, Ms. Jiao served as the head of the legal department of Kuaishou. From May 2022 to July 2024, Ms. Jiao served as a director of 360 Group, where she also served as a vice president and the head of the legal department from September 2021 to July 2024. From July 2019 to August 2021, Ms. Jiao served as the general counsel of Future VIPKID Limited. Ms. Jiao served as a vice president and the head of the legal department of JD.com, Inc. (NASDAQ: JD; HKEX: 9618) from June 2014 to April 2019. Prior to that, she was a lawyer at JunHe LLP from June 2005 to May 2014. Ms. Jiao received her bachelor of laws and master of laws in 2002 and 2005, respectively, from Peking University.

Mr. Eric Xiaohuan Chen has served as our director since November 2019 and has been redesignated as our independent director since 2024. Mr. Chen has also served as a director in AuGroup (SHENZHEN) Cross-Border Business Co., Ltd. (HKEX: 02519) since November 2023. Mr. Chen is currently a partner at Twin Peaks Capital. Prior to co-founding Twin Peaks Capital, Mr. Chen served as the managing director and head of business and financial services at FountainVest Partners, where he worked from 2008 to 2021. Before joining FountainVest Partners, Mr. Chen worked in the investment banking department of Lehman Brothers and Citigroup since 2006. From 2004 to 2006, Mr. Chen worked at Micron Technology. Mr. Chen received his bachelor's degree in electrical engineering from National University of Singapore in 2004 and his EMBA degree from China Europe International Business School in 2018.

Mr. Gang Xiao has served as our independent director since September 2018. Mr. Xiao served as the general manager of Zhongcai Financial Holding Investment Ltd. from its inception to September 2022. Prior to that, Mr. Xiao worked at China Financial & Economic Publishing House Accounting Branch as an editor from August 2006 to December 2010, during which he served as a deputy county mayor of Suichuan County of Jiangxi Province from December 2007 to December 2008. Prior to that, Mr. Xiao worked at the then Tianjin Government Procurement Center, which was later merged into Tianjin Public Resource Exchange Center in December 2019, from March 2000 to February 2004. Mr. Xiao received his bachelor's degree in electronic data processing accounting from Dongbei University of Finance and Economics, his master's degree in Chinese literature from Yanbian University and his doctoral degree in public finance from Dongbei University of Finance and Economics in 1999, 2003 and 2008, respectively.

Mr. Andrew Y Yan has served as our independent director since July 2019. Mr. Yan is the founding managing partner of SAIF Partners since 2001. Prior to that, he was a managing director and head of the Hong Kong office of Emerging Markets Partnership, the management company of AIG Asian Infrastructure Funds. Currently, Mr. Yan is also an independent non-executive director of Petrochina Company Ltd (Shanghai Stock Exchange: 601857 and HKEX: 00857) and East Buy Holding Ltd (HKEX: 1797), an independent director of ATA Creativity Global (NASDAQ: AACG) and Guoyuan Securities Co., Ltd (Shenzhen Stock Exchange: 000728), and chairman and director of Sinovac Biotech Ltd (NASDAQ: SVA). He is also a member of the Investment Committee of Peking University Education Foundation and the vice chairman of the Asset Management Association of China. In addition, Mr. Yan previously served as a director of Shenzhen Appotronics Corporation Ltd. (STAR Market of the Shanghai Stock Exchange: 688007), an independent non-executive director of China Southern Airlines Company Limited (HKEX: 1055; Shanghai Stock Exchange: 600029) and China Resources Land (HKEX: 1109). Mr. Yan received a master of Arts degree from Princeton University in 1989, and a bachelor's degree in engineering from the Nanjing University of Aeronautics and Astronautics, formerly known as Nanjing Aeronautic Institute, in 1982.

Mr. Xiangge Liu has served as our independent director since August 2024. Mr. Liu has served as a senior advisor of Homaer Capital since 2022. Prior to that, he served as a managing director at RRJ Capital from 2011 to 2021. He was a senior risk management executive at CITIC International Asset Management from 2010 to 2011, and a managing director at Dingyi Capital from 2008 to 2010. From 2007 to 2008, he served as a director at Societe Generale Corporate & Investment Banking. Mr. Liu's career experience also includes various positions at financial institutions and corporations such as Deutsche Bank, Mizuho Banking Group and General Electric. Mr. Liu is currently an independent director of A SPAC III Acquisition Corp. (NASDAQ: ASPC) and the chairman and chief executive officer of Best SPAC Acquisition Corp I &II (NASDAQ: BSAAU). Mr. Liu received a bachelor's degree in English from Beijing Foreign Studies University in 1989 and an MBA degree from Boston University in 1999.

Mr. Yan Zheng has served as our chief risk officer since July 2020. Prior to that, Mr. Zheng served as our vice president from February 2017. Mr. Zheng has 13 years of experience in consumer finance risk management. Before joining us, Mr. Zheng co-founded Shenzhen Samoyed Internet Finance Service Co. Ltd. in May 2015, and was in charge of its product risk management. Prior to that, Mr. Zheng worked at the risk division of Merchants Union Consumer Finance Company Limited from April to May 2015, and the risk management department at the headquarters of China Merchants Bank (Shanghai Stock Exchange: 600036) from November 2014 to April 2015. Prior to that, Mr. Zheng worked at the risk management department of the Credit Card Center of China Merchants Bank from July 2008 to October 2014, primarily responsible for the credit policies of corporate businesses and credit limits. Mr. Zheng received his bachelor's degree in quantitative economics (Chinese-foreign) from Shanghai University of Finance and Economics in 2008.

Employment Agreements and Indemnification Agreements

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

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

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

B. Compensation

For the fiscal year ended December 31, 2025, we paid an aggregate of approximately RMB18.9 million (US$2.7 million) in cash to our directors and executive officers. Our PRC subsidiaries and the VIEs 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. Other than the above-mentioned statutory contributions mandated by applicable PRC laws and regulations, we have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers.

2018 Share Incentive Plan

We adopted the 2018 Share Incentive Plan in May 2018 and amended it in November 2019. Under the amended plan, the maximum aggregate number of ordinary shares that may be issued pursuant to all awards under the 2018 Share Incentive Plan is 25,336,096 ordinary shares. As of February 28, 2026, class A ordinary shares underlying options that have been granted and are outstanding under the 2018 Share Incentive Plan totaled 1,047,024, excluding awards that were forfeited or canceled after the relevant grant dates.

The following paragraphs summarize the terms of the 2018 Share Incentive Plan.

Types of awards. The 2018 Share Incentive Plan permits the awards of options, restricted shares and restricted share units or other rights or benefits.

Plan administration. The board of directors or a committee designated by the board of directors acts as the plan administrator. The plan administrator will determine the participants who are to receive awards, the type or types of awards to be granted, the number of awards to be granted, and the terms and conditions of each award grant. The plan administrator can amend outstanding awards and interpret the terms of the 2018 Share Incentive Plan and any award agreement.

Award agreement. Awards granted under the 2018 Share Incentive Plan are evidenced by an award agreement that sets forth the terms and conditions for each grant.

Exercise price. The exercise price of an award will be determined by the plan administrator. In certain circumstances, such as a recapitalization, a spin-off, reorganization, merger, separation and split-up, the plan administrator may adjust the exercise price of outstanding options and share appreciation rights.

Eligibility. We may grant awards to our employees, consultants, and all members of our board of directors.

Term of the awards. The term of each share award granted under the 2018 Share Incentive Plan may not exceed ten years after the date of grant.

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

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

Termination. The plan shall terminate in May 2028, provided that our board of directors may terminate the plan at any time and for any reason.

2019 Share Incentive Plan

We adopted the 2019 Share Incentive Plan in November 2019 and amended it in August 2020 to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and promote the success of our business. Under the amended plan, the maximum aggregate number of ordinary shares that may be issued pursuant to all awards under the 2019 Share Incentive Plan is 17,547,567 ordinary shares, and an annual increase on the first day of each of the four consecutive fiscal years of the company commencing with the fiscal year beginning January 1, 2021, by (i) an amount equal to 1.0% of the total number of the then issued and outstanding shares or (ii) such fewer number of class A ordinary shares as may be determined by our board of directors. As of February 28, 2026, options and restricted share units representing 7,808,778 class A ordinary shares have been granted and are outstanding under the 2019 Share Incentive Plan, as amended, excluding awards that were forfeited or canceled after the relevant grant dates.

The following paragraphs summarize the terms of the 2019 Share Incentive Plan.

Types of awards. The 2019 Share Incentive Plan permits the awards of options, restricted shares and restricted share units or other rights or benefits.

Plan administration. The board of directors or a committee designated by the board of directors acts as the plan administrator. The plan administrator will determine the participants who are to receive awards, the type or types of awards to be granted, the number of awards to be granted, and the terms and conditions of each award grant. The plan administrator can amend outstanding awards and interpret the terms of the 2019 Share Incentive Plan and any award agreement.

Award agreement. Awards granted under the 2019 Share Incentive Plan are evidenced by an award agreement that sets forth the terms and conditions for each grant.

Exercise price. The exercise price of an award will be determined by the plan administrator. In certain circumstances, such as a recapitalization, a spin-off, reorganization, merger, separation and split-up, the plan administrator may adjust the exercise price of outstanding options and share appreciation rights.

Eligibility. We may grant awards to our employees, consultants, and all members of our board of directors.

Term of the awards. The term of each share award granted under the 2019 Share Incentive Plan may not exceed ten years after the date of grant.

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

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

Termination. The plan shall terminate in November 2029, provided that our board of directors may terminate the plan at any time and for any reason.

The following table summarizes, as of February 28, 2026, the awards granted under the 2018 Share Incentive Plan and 2019 Share Incentive Plan to several of our existing directors and executive officers, excluding awards that were forfeited or canceled after the relevant grant dates.

	Ordinary Shares Underlying Awards	Exercise Price (US$/Share)	Date of Grant	Date of Expiration
Haisheng Wu	3,766,862	0.00001	May 20, 2018	May 19, 2028
	*	—	February 20, 2020	February 19, 2030
	3,520,000	0.00001	November 20, 2020	November 19, 2030
	3,085,000	0.00001	November 20, 2024	November 19, 2034
	*	0.00001	May 20, 2025	May 19, 2035
Yan Zheng	*	0.00001	May 20, 2018	May 19, 2028
	*	0.00001	November 20, 2020	November 19, 2030
	*	0.00001	November 20, 2024	November 19, 2034
	*	0.00001	May 20, 2025	May 19, 2035
Alex Xu	*	—	November 20, 2019	November 19, 2029
	*	—	November 20, 2021	November 19, 2031
	*	0.00001	November 20, 2024	November 19, 2034
	*	0.00001	May 20, 2025	May 19, 2035

* Less than one percent of our total outstanding shares.

As of February 28, 2026, other employees as a group held outstanding options and restricted share units representing 3,765,168 class A ordinary shares of our company under the 2018 Share Incentive Plan and 2019 Share Incentive Plan.

C. Board Practices

Our board of directors consists of nine directors. A director is not required to hold any shares in our company by way of qualification. A director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with the company shall declare the nature of his interest at a meeting of the directors. A general notice given to the directors by any director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or transaction which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made or transaction so consummated. Subject to Nasdaq Stock Market Rules, the Hong Kong Listing Rules and disqualification by the chairman of the relevant meeting of the directors, a director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the directors at which any such contract or transaction or proposed contract or transaction shall come before the meeting for consideration. The directors may exercise all the powers of the company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, and to issue debentures, debenture stock, bonds, and other securities whether outright or as collateral security for any debt, liability or obligation of the company or of any third party. None of our non-executive directors have a service contract with us that provides for benefits upon termination of service.

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

Audit Committee. Our audit committee consists of Gang Xiao, Andrew Y Yan and Xiangge Liu. Gang Xiao is the chairman of our audit committee. We have determined that Gang Xiao, Andrew Y Yan and Xiangge Liu satisfy the "independence" requirements of Rule 5605(c)(2) of the Nasdaq Stock Market Rules and Rule 10A-3 under the Exchange Act. We have determined that Gang Xiao qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;

- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee consists of Fan Zhao, Haisheng Wu and Eric Xiaohuan Chen. Fan Zhao is the chairman of our compensation committee. We have determined that each of Fan Zhao and Eric Xiaohuan Chen satisfies the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Rules. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. 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 Fan Zhao, Eric Xiaohuan Chen and Jiao Jiao. Fan Zhao is the chairperson of our nominating and corporate governance committee. We have determined that each of Fan Zhao, Eric Xiaohuan Chen and Jiao Jiao satisfies the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Rules. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

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

Duties of Directors

Under Cayman Islands law, our directors 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 must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to exercise skills 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 duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. Our company has the right to seek damages if a duty owed by our directors is breached. 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 and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our share register.

Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board of directors. Our directors are not subject to a term of office, unless expressly specified in a written agreement between the company and the director or otherwise, and hold office until such time as they are removed from office by ordinary resolution of the shareholders or by the board. A director will be removed from office automatically if, 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 the company; (iv) without special leave of absence from the board of directors, is absent from meetings of the board of directors for three consecutive meetings and the board of directors resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of the company's memorandum and articles of association.

D. Employees

We had 3,121 employees as of December 31, 2023, 3,527 employees as of December 31, 2024 and 3,557 employees as of December 31, 2025. The following table sets forth the number of our employees categorized by function as of December 31, 2025:

	As of December 31, 2025
Function:	
General and administrative	247
Operations	1,404
Products	163
Research and development	964
Risk management	312
Sales and marketing	467
Total	**3,557**

As of December 31, 2025, we had 1,179 employees in Shanghai, 424 employees in Beijing, 330 employees in Shenzhen and the rest in other cities and special administrative region in China and other countries.

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

We enter into standard confidentiality and employment agreements with our employees. The contracts with our key personnel typically include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for typically two years after the termination of his or her employment. In consideration of our employees' non-compete covenant, we pay compensation to our employees at a rate of not less than 20% of the average monthly compensation of the 12 months prior to the termination of their employment, provided that, to the extent our rate becomes lower than the minimum standard required by the local government, we will pay in accordance with such standard.

We believe that we maintain a good working relationship with our employees, and we have not experienced any major labor disputes. Our employees are not covered by any collective bargaining agreement.

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 February 28, 2026 by:

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

In 2023, we unwound our dual-class shareholding structure and all the issued shares of our company (including the class B ordinary shares with super-voting rights) were redesignated and reclassified into class A ordinary shares which entitle holders to one vote for each share.

The calculations in the table below are based on 243,503,768 class A ordinary shares as of February 28, 2026 (excluding 2,661,700 class A ordinary shares that were issued to our depositary bank and reserved for future grants under our share incentive plans). No class B ordinary shares were issued and outstanding as of February 28, 2026. As a result, no shareholder had different voting rights from other shareholders.

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 and voting power 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	
	Total ordinary shares	Percentage of total ordinary shares
Directors and Executive Officers:*		
Fan Zhao	—	—
Haisheng Wu(1)	716,090	0.3 %
Alex Xu(2)	77,776	0.0 %
Dan Zhao	—	—
Jiao Jiao	—	—
Gang Xiao	—	—
Andrew Y Yan(3)	1,314,250	0.5 %
Eric Xiaohuan Chen(4)	218,000	0.1 %
Xiangge Liu	—	—
Yan Zheng(5)	447,440	0.2 %
All Directors and Executive Officers as a Group Principal Shareholders	**2,773,556**	**1.1 %**
Aerovane Company Limited (6)	46,520,952	19.1 %
Aspex Management (7)	12,845,020	5.3 %

Notes:

* Except as indicated otherwise below, the business address of our directors and executive officers is Building 1, No. 98 Qingyijiang Road, Putuo District, Shanghai 200331, People's Republic of China.

(1) Represents (i) 30,974 class A ordinary shares in the form of ADSs held by Holy Vanguard Limited, a British Virgin Islands company wholly owned by a trust established for the benefit of Mr. Haisheng Wu and his family, to which Mr. Wu is also the settlor, and (ii) 685,116 class A ordinary shares issuable to Mr. Haisheng Wu upon exercise of share options within 60 days after February 28, 2026.

(2) Represents 77,776 class A ordinary shares in the form of ADSs held by Mr. Alex Xu.

(3) Represents (i) 1,313,400 class A ordinary shares in the form of ADSs held by Morning Star Resources Ltd, and (ii) 850 class A ordinary shares held by Morning Star Resources Ltd. Morning Star Resources Ltd is a British Virgin Islands company wholly owned by Mr. Andrew Y Yan.

(4) Represents (i) 30,000 class A ordinary shares in the form of ADSs held by Mr. Eric Xiaohuan Chen as of February 28, 2026, and (ii) 188,000 class A ordinary shares issuable to TPC Compounder Master Fund upon exercise of call options within 60 days after February 28, 2026. Mr. Chen is a co-founder and partner at Twin Peaks Capital Limited, which is the fund manager of TPC Compounder Master Fund. Additionally, pursuant to the Form 3 filed by Mr. Chen on March 18, 2026, Mr. Chen also indirectly held certain short positions in put options through TPC Compounder Master Fund, representing the obligations to buy 60,000 ADSs. Mr. Chen disclaimed the economic benefit attributable to these ADSs underlying the call options and put options except to the extent of his pecuniary interest pursuant to the Form 3. According to the Form 4 subsequently filed by Mr. Chen on March 31, 2026, Mr. Chen indirectly held a total of 500,000 class A ordinary shares in the form of ADSs through TPC Compounder Master Fund, in addition to his direct holding of 30,000 class A ordinary shares in the form of ADSs. Mr. Chen disclaimed the economic benefit attributable to these ADSs except to the extent of his pecuniary interest pursuant to the Form 4. According to the Form 4, Mr. Chen did not hold any position in put options as of March 31, 2026.

(5) Represents (i) 114,000 class A ordinary shares in the form of ADSs held by Mr. Yan Zheng, and (ii) 333,440 class A ordinary shares issuable to Mr. Yan Zheng upon exercise of share options within 60 days after February 28, 2026.

(6) Represents 39,820,586 class A ordinary shares and 6,700,366 class A ordinary shares in the form of ADSs that are directly held by Aerovane Company Limited, a British Virgin Islands company, which is, in turn, wholly owned by Mr. Henry Zhiheng Zhou and Ms. Risa Ruoshan Zhou, children of Mr. Hongyi Zhou. In December 2025, Mr. Hongyi Zhou and his children, Mr. Henry Zhiheng Zhou and Ms. Risa Ruoshan Zhou, entered into a termination letter, pursuant to which the agreement among them that entitled Mr. Hongyi Zhou to shared voting and dispositive power together with his children relating to the class A ordinary shares (including in the form of ADSs) held by Aerovane Company Limited has been terminated. As such, Mr. Hongyi Zhou ceased to be deemed to beneficially own any class A ordinary shares (including in the form of ADSs) held directly by Aerovane Company Limited. The registered address of Aerovane Company Limited is Start Chambers, Wickham's Cay II, P. O. Box 2221, Road Town, Tortola, British Virgin Islands. The above information is based on the Schedule 13D/A jointly filed by Aerovane Company Limited, Henry Zhiheng Zhou, Risa Ruoshan Zhou and Hongyi Zhou on December 5, 2025. The percentage of total ordinary shares for Aerovane Company Limited is calculated based on the number of our total outstanding shares as of February 28, 2026 and assumes Aerovane Company Limited's shareholding does not change since December 5, 2025.

(7) Represents 12,845,020 class A ordinary shares in the form of ADSs beneficially owned by Aspex Management (HK) Ltd, a Hong Kong company, Aspex Master Fund, a Cayman Islands company, and Li, Ho Kei, a Hong Kong citizen (collectively, "Aspex Management"). The number of class A ordinary shares is as reported in a Form 13F filed by Aspex Management (HK) Ltd on February 13, 2026, and other information above is based on the Schedule 13G/A jointly filed by Aspex Management (HK) Ltd, Aspex Master Fund and Li, Ho Kei on March 4, 2024. The percentage of total ordinary shares for Aspex Management is calculated based on the number of our total outstanding shares as of February 28, 2026 and assumes Aspex Management's shareholding does not change since December 31, 2025.

To our knowledge, as of February 28, 2026, 240,154,844 of our class A ordinary shares were held by one record holder in the United States, which is the depositary of our ADS program. Such class A ordinary shares included shares issued for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our share incentive plans and the class A ordinary shares held in our Hong Kong register of members. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

Enforceability of Civil Liabilities

Our business operations are primarily conducted in mainland China, and substantially all of our assets are located in mainland China. A majority of our directors and executive officers reside within China for a significant portion of the time and most of them are PRC nationals as of the date of this annual report. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have been informed by Maples and Calder (Hong Kong) LLP, our Cayman Islands legal counsel, that the United States and the Cayman Islands do not have a treaty providing for reciprocal recognition and enforcement of judgments of U.S. courts in civil and commercial matters and the courts of the Cayman Islands and that the courts of the Cayman Islands are unlikely (i) to recognize and enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States, and (ii) in original actions brought in the Cayman Islands to impose liabilities against us or our directors or officers that are predicated upon the civil liability provisions of federal securities laws of the United States or the securities laws of any state in the United States so far as the liabilities imposed by those provisions are penal in nature.

We have also been advised by our Cayman Islands legal counsel that, notwithstanding the above, a final and conclusive judgment obtained in U.S. federal or state courts under which a definite sum of money is payable as compensatory damages and not in respect of laws that are penal in nature (i.e., not being a sum claimed by a revenue authority for taxes or other charges of a similar nature by a government authority, or in respect of a fine or penalty or multiple or punitive damages) will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided that:

- the court that gave the judgment was competent to hear the action in accordance with private international law principles as applied by the courts in the Cayman Islands and the parties subject to such judgment either submitted to such jurisdiction or were resident or carrying on business within such jurisdiction and were duly served with process;

- the judgment given by the foreign court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations;
- the judgment was final and conclusive and for a liquidated sum;
- the judgment was not obtained by fraud; and
- the judgment was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or public policy in the Cayman Islands.

Our PRC legal counsel, Commerce & Finance Law Offices, has advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. The courts of mainland China may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law and other applicable laws and regulations based either on treaties between mainland China and the country where the judgment is made or on principles of reciprocity between jurisdictions. Mainland China does not have any treaties or other forms of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. As such, the courts of mainland China will review and determine the applicability of the reciprocity principle on a case-by-case basis. In addition, according to the PRC Civil Procedures Law, the courts of mainland China 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 law or national sovereignty, security or public interest. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against a company in mainland China for disputes if they can establish sufficient nexus to mainland China for a court of mainland China to have jurisdiction and meet other procedural requirements. It will be, however, difficult for U.S. shareholders to originate actions against us in mainland China in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding the ADSs or ordinary shares, to establish a connection with mainland China for a court of mainland China to have the jurisdiction required under the PRC Civil Procedures Law.

Furthermore, the United States and Hong Kong do not have a bilateral treaty or multilateral convention in force on reciprocal recognition and enforcement of judgments, and the statutory registration scheme for foreign judgments in Hong Kong does not extend to United States judgments. As a result, any United States judgment is enforceable in Hong Kong pursuant to the common law regime in Hong Kong for recognizing and enforcing foreign judgments, which provides that a foreign judgment is enforceable if the judgment (i) is final and conclusive on the merits, (ii) has been rendered by a court of competent jurisdiction, and (iii) is for a fixed sum of money, unless the relevant proceeding in the United States offends against natural justice, the judgment was obtained by fraud or the enforcement of the judgment is contrary to public policy.

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

Contractual Arrangements with the VIEs and their Shareholders

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

Employment Agreements and Indemnification Agreements

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

Share Incentive Plan

See "Item 6. Directors, Senior Management and Employees—B. Compensation—2018 Share Incentive Plan" and "Item 6. Directors, Senior Management and Employees—B. Compensation—2019 Share Incentive Plan."

Transactions with 360 Group

360 Group was our related party during the fiscal years of 2023, 2024 and for substantially all of the fiscal year of 2025, as 360 Group was controlled by Mr. Hongyi Zhou, who was deemed to beneficially own the shares of our company held by Aerovane Company Limited, one of our principal shareholders. 360 Group ceased to be our related party in December 2025 as a result of the termination of the acting-in-concert arrangement between Mr. Zhou and the shareholders of Aerovane Company Limited. Therefore, the amount due from/to 360 Group entities as of December 31, 2025 ceased to be disclosed as related party balances.

We entered into a framework collaboration agreement with 360 Group in July 2018 to cooperate in areas including technology development, user traffic and trademark licensing. This framework collaboration agreement was terminated in August 2025.

We transacted with several entities of 360 Group during the fiscal years of 2023, 2024 and 2025. 360 Group authorized us to use its brand "360" and had historically provided advertising services to promote our products through its matrix of mobile applications and services, such as 360 Browser and 360 Mobile Assistant. Advertising services were calculated and charged to us under different formulas depending on the form of advertisements, including cost per action (CPA), cost per sale (CPS) and fixed service fees. Notwithstanding the termination of the framework collaboration agreement, certain lease and technology-related services between 360 Group and our company remain in place.

In 2025, services provided by 360 Group entities were RMB240.0 million (US$34.3 million). As of December 31, 2025, RMB40.0 million (US$5.7 million) was due to 360 Group entities which was included in "Accrued expenses and current liabilities", and RMB1.2 million (US$0.2 million) was due from them which was included in "Prepaid and other current liabilities as they were no longer related party balances.

In 2024, services provided by 360 Group entities were RMB233.3 million. As of December 31, 2024, RMB64.4 million was due to 360 Group entities, and RMB1.2 million was due from them.

In 2023, services provided by 360 Group entities were RMB236.3 million. As of December 31, 2023, RMB77.3 million was due to 360 Group entities, and RMB2.2 million was due from them.

Transactions with Shanghai Qibutianxia

Shanghai Qibutianxia and its subsidiaries were related parties to us during the fiscal years of 2023, 2024 and for substantially all of the fiscal year of 2025, as Shanghai Qibutianxia was controlled by Mr. Hongyi Zhou, who was deemed to beneficially own the shares of our company held by Aerovane Company Limited, one of our principal shareholders. Shanghai Qibutianxia ceased to be our related party in December 2025 as a result of the termination of the acting-in-concert arrangement between Mr. Zhou and the shareholders of Aerovane Company Limited. Therefore, the amount due from/to Shanghai Qibutianxia and its subsidiaries as of December 31, 2025 ceased to be disclosed as related party balances.

We transacted with Shanghai Qibutianxia and its subsidiaries during the fiscal years 2023, 2024 and 2025, mainly including receiving borrower referral services provided by Tianjin Yujie Technology Co., Ltd.

In September 2023, we acquired from Shanghai Qibutianxia the equity interests in certain of its subsidiaries that provide wealth management services and offline sales and promotion services with a total consideration of RMB81.8 million.

The following table sets forth the transaction amounts and outstanding balances for the transactions between Shanghai Qibutianxia and us for the years presented.

	For the year ended/As of December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US$
	(in millions)			
For services provided by Shanghai Qibutianxia and its subsidiaries to us	119.7	—	—	—
For services provided by us to Shanghai Qibutianxia and its subsidiaries	0.1	—	—	—
Amounts due from Shanghai Qibutianxia and its subsidiaries to us	0.2	1.1	0.2 (1)	0.0
Amounts due from us to Shanghai Qibutianxia and its subsidiaries	3.1	3.1	3.1 (2)	0.4
Outstanding loan under joint back-to-back guarantee arrangement with Shanghai Qibutianxia	5,239.0	—	—	—

Notes:

(1) Amount was RMB0.2 million (US$0.0 million) which was included in prepaid and other assets as it was longer related party balance.

(2) Amount was RMB3.1 million (US$0.4 million) which was included in prepaid and other assets as it was longer related party balance.

Transactions with Kincheng Bank of Tianjin Co., Ltd.

Kincheng Bank was a related party of ours during the fiscal years of 2023, 2024 and for substantially all of fiscal year 2025, as Kincheng Bank was affiliated with Mr. Hongyi Zhou, who was deemed to beneficially own the shares of our company held by Aerovane Company Limited, one of our principal shareholders. Kincheng Bank ceased to be our related party in December 2025 as a result of the termination of the acting-in-concert arrangement between Mr. Zhou and the shareholders of Aerovane Company Limited. Therefore, the amount due from/to Kincheng Bank as of December 31, 2025 ceased to be disclosed as related party balances.

We transacted with Kincheng Bank during the fiscal years 2023, 2024 and 2025 as we provide credit-driven services and platform services to Kincheng Bank and charge service fees.

The following table sets forth the transaction amounts and outstanding balances for the transactions between Kincheng Bank and us for the years presented.

	For the year ended/As of December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US$
	(in millions)			
For services provided by us to Kincheng Bank	301.6	61.5	5.7	0.8
Amounts due from Kincheng Bank to us	47.2 (1)	6.3 (2)	0.6 (3)	0.1

Notes:

(1) Among which the amounts of loan facilitation and post-facilitation services of RMB61.0 million, net of allowance of RMB25.8 million.

(2) Among which the amounts of loan facilitation and post-facilitation services of RMB9.2 million, net of allowance of RMB7.0 million.

(3) Amount is RMB0.6 million US$0.1 million which is included in prepaid and other assets as it is longer related party balance.

* We have held bank deposit with Kincheng Bank, which amounted to RMB3,006.4 million, RMB3,000.5 million and nil as of December 31, 2023, 2024 and 2025, respectively. The related interest income was RMB145.7 million, RMB119.3 million and RMB53.7 million (US$7.7 million) for the year ended December 31, 2023, 2024 and 2025, respectively, and interest receivable as of December 31, 2023, 2024 and 2025 was RMB15.3 million, RMB2.7 million and nil, respectively.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8 FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

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

Legal Proceedings

We have been and 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 past and future lawsuits against us, please see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We and certain of our current and former directors or officers were, and in the future may be, named as defendants in putative shareholder class action lawsuits that could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation."

Dividend Policy

On May 18, 2023, our board of directors approved a semi-annual cash dividend policy to replace the previously approved quarterly cash dividend policy in its entirety, with immediate effect. Under the policy, we intend to declare and distribute a recurring cash dividend semi-annually at an amount equivalent to approximately 20% to 30% of our net income after tax for the previous six-month period. As of the date of this annual report, we have paid a dividend for the six-months periods ended June 30, 2023, December 31, 2023, June 30, 2024, December 31, 2024, and June 30, 2025, and declared a dividend for the six-months periods ended December 31, 2025 under this policy. Despite having a dividend policy in place, our determination whether to make dividend distributions and the exact amount of such distributions in any particular six-month period will be based upon our operations and financial conditions, and other factors, and subject to adjustment and determination by the board of directors.

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 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may 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." See also "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Foreign Exchange—Regulations on dividend distribution."

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

B. Significant Changes

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

ITEM 9 THE OFFER AND LISTING

A. Offering and Listing Details

See "C. Markets."

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs, each representing two class A ordinary shares of ours, were listed on the Nasdaq Global Market from December 14, 2018 to November 18, 2020, and have been listed on the Nasdaq Global Select Market since November 19, 2020. Our ADSs trade under the symbol "QFIN."

Our class A ordinary shares have been listed on the Hong Kong Stock Exchange since November 29, 2022 under the stock code "3660."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10 ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The following are summaries of material provisions of our amended and restated memorandum and articles of association and of the Companies Act, insofar as they relate to the material terms of our class A ordinary shares.

Class A Ordinary Shares

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

Class A ordinary shares. Our authorized share capital is US$50,000 divided into 5,000,000,000 class A ordinary shares. All of our issued and outstanding class A ordinary shares are fully paid and non-assessable. Certificates representing the class A ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their class A ordinary shares.

Dividends. The holders of our class A ordinary shares are entitled to such dividends as may be declared by our board of directors, subject to our memorandum and articles of association. In addition, our shareholders may by an ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Our memorandum and articles of association provide that our directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of our directors, be applicable for meeting contingencies or for equalizing dividends or for any other purpose to which those funds may be properly applied. Under the laws of the Cayman Islands, our company may pay a dividend out of either profits or share premium account, provided 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.

Voting rights. Voting at any shareholders' meeting is by show of hands unless a poll is (on or before the declaration of the result of the show of hands) demanded. A poll may be demanded by the chairman of such meeting or any shareholder present at the meeting. In respect of all matters subject to a shareholders' vote, each class A ordinary share shall, on a poll, entitle the holder thereof to one vote.

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 such shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at such meeting. A special resolution requires the affirmative vote of no less than three-fourths of the votes cast by such shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at such meeting. A special resolution will be required for important matters such as a change of name or making changes to our memorandum and articles of association. The company may, among other things, subdivide or consolidate its share capital by ordinary resolution.

General meetings of shareholders. Our memorandum and articles of association provide that we shall in each financial year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by the directors of the company.

Shareholders' general meetings may be convened by the chairman of the board or a majority of our directors. Advance notice of at least 21 days is required for the convening of our annual general shareholders' meeting (if any) and advance notice of at least 14 days is required for the convening of any other general meeting of our shareholders (including extraordinary general meetings). A quorum required for any general meeting of shareholders consists of one or more shareholders present in person or by proxy, representing not less than one-third of all votes attaching to all of our shares in issue and entitled to vote at such general meetings.

The Companies Act 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 provide that upon the requisition of shareholders representing in aggregate not less than 10% of all votes, on a one vote per share basis, attaching to all issued and outstanding shares of our company entitled to vote at general meetings as at the date of the deposit of the requisition, our board will convene an extraordinary general meeting and 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.

Transfer of ordinary shares. Subject to the restrictions set out in our memorandum and articles of association as set out below, any of our shareholders may transfer all or any of its class A 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 class A 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 class A ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the class A 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 class A ordinary 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 class A ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the Nasdaq Stock Market may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

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

The registration of transfers may, on ten calendar days' notice being given by advertisement in such one or more newspapers, by electronic means or by any other means in accordance with the requirements of the Nasdaq Stock Market, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 calendar days in any calendar year.

Liquidation. On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst 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 amongst our shareholders are insufficient to repay the whole of the share capital, the assets will be distributed so that, as nearly as may be, the losses are borne by our shareholders in proportion to the par value of the shares held by them. *Calls on shares and forfeiture of shares.* Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 calendar days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, repurchase and surrender of shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors. Our company may also repurchase any of our shares (including redeemable shares) on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. 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 new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of rights of shares. If at any time, our share capital is divided into different classes of shares, the rights attached to any class of shares (subject to any rights or restrictions for the time being attached to any class) may only be materially adversely varied with the consent in writing of the holders of not less than three-fourths in the nominal value 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 the class. The rights conferred upon the holders of the shares of any class issued shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by, inter alia, the redemption or purchase of any shares of any class by our company, the creation or issue of further shares ranking *pari passu* with or subsequent to them.

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

Subject to the Hong Kong Listing Rules and other applicable laws or regulations, on the conditions that, for as long as the prevailing Hong Kong Listing Rules restrict us from having a weighted voting rights structure, (i) no new class of shares with voting rights superior to those of class A ordinary shares shall be created; and (ii) any variations in the relative rights as between the different classes of shares shall not result in the creation of a new class of shares with voting rights superior to those of class A ordinary shares, our memorandum and articles of association also authorizes our board of directors to issue from time to time, out of the authorized share capital of the company (other than the authorized but unissued class A ordinary shares), one or more series of preferred shares in their absolute discretion and without approval of the shareholders, provided, however, before any preferred shares of any such series are issued, the directors shall by resolution of directors determine, with respect to any series of preferred shares, the terms and rights of that series, including, but not limited to:

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

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

Inspection of books and records. Holders of our class A ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our register of members or our corporate records (other than our memorandum and articles of association, our register of mortgages and charges and special resolutions of our shareholders). Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies in the Cayman Islands. However, we will provide our shareholders with annual audited financial statements.

Our memorandum and articles of association also provides that any register of members held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open for inspection by a shareholder without charge, provided that we may be permitted to close the register of members in terms equivalent to section 632 of the Companies Ordinance of Hong Kong.

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, subject to the Hong Kong Listing Rules and other applicable laws or regulations, on the conditions that, for as long as the prevailing Hong Kong Listing Rules restrict us from having a weighted voting rights structure, (i) no new class of shares with voting rights superior to those of class A ordinary shares shall be created; and (ii) any variations in the relative rights as between the different classes of shares shall not result in the creation of a new class of shares with voting rights superior to those of class A ordinary shares:

- 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.

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 given for up to 30 years);
- 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).

Shareholder Rights Plan

On June 9, 2022, our board of directors authorized the grant of one right, or a Right, for each our outstanding ordinary share to shareholders as recorded in the register of members at the close of business on June 17, 2022, or the Record Date. The description and terms of the Rights are set forth in a right agreement, dated as of June 9, 2022, as the same may be amended from time to time, or the Rights Agreement, between our company and American Stock Transfer & Trust Company, LLC.

Under the Rights Agreement, all outstanding ordinary shares of our company at the close of business on June 17, 2022 have attached Rights. As long as the Rights are attached to the ordinary shares, we will issue one Right (subject to adjustment) with each new ordinary share so that all ordinary shares will have attached Rights. The Right will become exercisable if a person or a group of affiliated or associated persons (i) acquires or obtains the right to acquire (subject to certain exceptions) beneficial ownership of 10% of the outstanding ordinary shares of our company (such person or group is referred to as an Acquiring Person) or (ii) commences a tender offer or exchange offer that would result in such person or group becoming an Acquiring Person. When exercisable, each Right will entitle the registered holder, except the Acquiring Person, to purchase from us a number of class A ordinary shares (or any other share resulting from successive changes or reclassifications of the class A ordinary shares), for the price of US$36.00, or the Purchase Price, having a then-current market value of twice the Purchase Price, subject to adjustment. Rights issued to, or held by, any person or group who is, was, or becomes an Acquiring Person, whether currently held by or on behalf of such person or group or by any subsequent holder, will become null and void. As a result, the Acquiring Person (and the shareholders who choose not to exercise the Rights) will be greatly diluted if most of other existing shareholders choose to exercise the Rights, and other existing shareholders who exercise the Rights will not be diluted, thereby effectively reducing the risk of a potential hostile takeover. In the event that a person or a group of affiliated or associated persons becomes an Acquiring Person and (i) our company engages in a merger or other business combination transaction in which our company is not the surviving corporation, (ii) our company engages in a merger or other business combination transaction in which our company is the surviving corporation and the ordinary shares of our company are changed or exchanged, or (iii) 50% or more of our company's assets, cash flows or earning power is sold or transferred, each Right (other than Rights held by the Acquiring Person) may thereafter entitle the holder of such Right to receive, upon exercise of the Right at the Purchase Price, ordinary shares (or capital stock, as applicable) of the acquiring company having a value equal to two times the Purchase Price of the Right.

Differences in Corporate Law

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

Mergers and Similar Arrangements. The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a "parent" of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provided that the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by (a) 75% in value of the shareholders or class of shareholders, as the case may be, or (b) a majority in number representing 75% in value of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted, in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of our company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

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

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our currently effective memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third-party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our currently effective memorandum and articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided that it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act 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 currently effective memorandum and articles of association allow any one or more of our shareholders who together hold shares which carry in aggregate not less than 10% of all votes, on a one vote per share basis, attaching to all issued and outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board of directors is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting, and such shareholders may also add resolutions to the agenda of any of our general meeting. Except for the aforementioned, our currently effective 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, save only in the circumstances that after the publication of the notice of a general meeting by our company, if a shareholder wishes to propose a person for election as a director of our company at the general meeting, such a shareholder may deposit the notice with the company secretary. The period for lodgment of the notice will commence no earlier than the day after the dispatch of the notice of the general meeting and end no later than ten (10) business days prior to the date of such meeting. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our currently effective memorandum and articles of association provide that we shall in each financial year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by the directors.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our currently effective memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our currently effective memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders.

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

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

Restructuring. A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

- is or is likely to become unable to pay its debts; and
- intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

Dissolution; Winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares.

Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our currently effective memorandum and articles of association, whenever the capital of our company is divided into different classes, the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be materially adversely varied with the consent in writing of the holders of not less than three-fourths in nominal value 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.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act and our currently effective memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our currently effective memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our currently effective memorandum and articles of association that require our company to disclose shareholder ownership above any particular ownership threshold.

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," in this "Item 10. Additional Information—C. Material Contracts" 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 on Foreign Exchange."

E. Taxation

The following summary of the material Cayman Islands, PRC and U.S. federal income tax consequences of an investment in our ADSs or class A ordinary shares is based upon laws and 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 class A 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 holders of our ADSs or ordinary shares levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our class A ordinary 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 our class A ordinary shares, nor will gains derived from the disposal of our class A ordinary shares be subject to Cayman Islands income or corporate tax.

Mainland 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, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" 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 only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that Qfin Holdings, Inc. is not a PRC resident enterprise for PRC tax purposes. Qfin Holdings, Inc. is not controlled by a PRC enterprise or PRC enterprise group and we do not believe that Qfin Holdings, Inc. meets all of the conditions above. Qfin Holdings, Inc. is a company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. 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.

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

Provided that our Cayman Islands holding company, Qfin Holdings, Inc., is not deemed to be a PRC resident enterprise, holders of our ADSs and class A 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 the STA Bulletin 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 tax authority such indirect transfer, if such transfers do not have a reasonable commercial purpose. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, features to be taken into consideration include, inter alia, whether the main value of the equity interest of the relevant offshore enterprise derives directly or indirectly from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consist of direct or indirect investment in China or if its income is mainly derived from China; and whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure. 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 responsible for the transfer must 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 the STA Bulletin 7, and we may be required to expend valuable resources to comply with the STA Bulletin 7, or to establish that we should not be taxed under this circular. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies."

United States Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of our ADSs or class A ordinary shares by a U.S. Holder (as defined below) that holds our ADSs or class A ordinary shares as "capital assets" (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended (the "Code"). This discussion is based upon existing U.S. federal tax law, which is subject to differing interpretations or change, possibly with retroactive effect. There can be no assurance that the Internal Revenue Service, or the IRS, or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift, Medicare, or any minimum tax considerations, any withholding or information reporting requirements, or any state, local or non-U.S. tax considerations, relating to the ownership or disposition of our ADSs or class A ordinary shares.

The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- persons who acquire their ADSs or class A ordinary shares pursuant to any employee share option or otherwise as compensation;
- investors that will hold their ADSs or class A ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- persons liable for any minimum tax;
- investors that have a functional currency other than the U.S. dollar;
- persons that actually or constructively own ADSs or class A ordinary shares representing 10% or more of our stock (by vote or value); or
- partnerships or other entities or arrangements taxable as partnerships for U.S. federal income tax purposes, or persons holding ADSs or class A ordinary shares through such entities or arrangements;

all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S. and other tax considerations of the ownership and disposition of our ADSs or ordinary shares.

General

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

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a U.S. person under the Code.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ADSs or class A 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 class A ordinary shares and their partners are urged to consult their tax advisors regarding an investment in our ADSs or ordinary shares.

For U.S. federal income tax purposes, a U.S. Holder of ADSs will generally be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner. Accordingly, deposits or withdrawals of ordinary shares for ADSs will generally not be subject to U.S. federal income tax.

Passive foreign investment company considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC, for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income (the "asset test"). For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company's goodwill and other unbooked intangibles not reflected on its balance sheet are taken into account. 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.

Although the law in this regard is unclear, we treat the VIEs and the VIEs' subsidiaries as being owned by us for U.S. federal income tax purposes because we control their management decisions and are entitled to substantially all of the economic benefits associated with them, and, as a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements.

Based upon the nature and composition of our assets (in particular, the retention of substantial amounts of cash and other passive assets), and the market price of our ADSs, we believe that we were a PFIC for U.S. federal income tax purposes for the taxable year ended December 31, 2025, and we will likely be a PFIC for our current taxable year unless the market price of our ADSs increases and/or we invest a substantial amount of the cash and other passive assets we hold in assets that produce or are held for the production of active income.

If we are a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or ordinary shares, unless we cease to be a PFIC and the U.S. Holder makes a "deemed sale" election with respect to the ADSs or ordinary shares. However, if we cease to be a PFIC, provided that a U.S. Holder has not made a mark-to-market election, as described below, such U.S. Holder may avoid some of the adverse effects of the PFIC regime by making a "deemed sale" election with respect to the ADSs or ordinary shares, as applicable. If such election is made, such U.S. Holder will be deemed to have sold our ADSs or ordinary shares such U.S. Holder holds at their fair market value and any gain from such deemed sale would be subject to the rules described below under "Passive foreign investment company rules." After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the ADSs or ordinary shares with respect to which such election was made will not be treated as shares in a PFIC and such U.S. Holder will not be subject to the rules described below with respect to any "excess distribution" such U.S. Holder receives from us or any gain from an actual sale or other disposition of the ADSs or ordinary shares. The rules dealing with deemed sale elections are very complex. Each U.S. Holder should consult its tax advisors regarding the possibility and considerations of making a deemed sale election.

Dividends

Subject to the discussion below under "Passive foreign investment company rules," the gross amount of any distributions paid on our ADSs or ordinary shares (including the amount of any PRC tax withheld) out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depositary, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution we pay will generally be treated as a "dividend" for U.S. federal income tax purposes. Dividends received on our ADSs or ordinary shares will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations.

Individuals and other non-corporate U.S. Holders will be subject to tax on any such dividends at the lower capital gain tax rate applicable to "qualified dividend income," provided that certain conditions are satisfied, including that (1) our ADSs or ordinary shares on which the dividends are paid are readily tradable on an established securities market in the United States, or, in the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we are eligible for the benefit of the U.S.-PRC income tax treaty (the "Treaty"), (2) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed below) for the taxable year in which the dividend is paid and the preceding taxable year, and (3) certain holding period requirements are met. For this purpose, ADSs listed on the Nasdaq Stock Market will generally be considered to be readily tradable on an established securities market in the United States. Since we do not expect that our ordinary shares will be listed on an established securities market in the United States, we do not believe that dividends that we pay on our ordinary shares that are not represented by ADSs will meet the conditions required for the reduced tax rate. There can be no assurance that our ADSs will continue to be considered readily tradeable on an established securities market in later years. U.S. Holders are urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to our ADSs or ordinary shares.

In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (see "—Mainland China Taxation"), we may be eligible for the benefits of the Treaty. If we are eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether such shares are represented by the ADSs, and regardless of whether our ADSs are readily tradable on an established securities market in the United States, would be eligible for the reduced rates of taxation described in the preceding paragraph.

For U.S. foreign tax credit purposes, dividends paid on our ADSs or ordinary shares generally will be treated as income from foreign sources and generally will constitute passive category income. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on our ADSs or ordinary shares (see "—Mainland China Taxation"). Depending on the U.S. Holder's particular facts and circumstances and subject to a number of complex conditions and limitations, PRC withholding taxes on dividends that are non-refundable under the Treaty may be treated as foreign taxes eligible for credit against a U.S. Holder's U.S. federal income tax liability. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

As discussed above, we believe that we were a PFIC for the taxable year ended December 31, 2025, and we will likely be classified as a PFIC for our current taxable year. U.S. Holders are urged to consult their tax advisors regarding the availability of the reduced rate of taxation on dividends with respect to our ADSs or ordinary shares under their particular circumstances.

Sale or other disposition

Subject to the discussion below under "Passive foreign investment company rules," a U.S. Holder will generally recognize gain or loss upon the sale or other disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or ordinary shares. The gain or loss will generally be capital gain or loss. 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 eligible for reduced tax rates. The deductibility of a capital loss may be subject to limitations. Any such gain or loss that the U.S. Holder recognizes will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes, which will generally limit the availability of foreign tax credits.

As described in "—Mainland 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 U.S. 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 Treasury Regulations, (the applicability of which has been postponed until further guidance is issued) 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 tax consequences if a foreign tax is imposed on a disposition of our ADSs or ordinary shares, including the availability of a foreign tax credit or deduction in light of their particular circumstances, their eligibility for benefits under the Treaty, and the potential impact of the U.S. Treasury Regulations.

As discussed above, we believe that we were a PFIC for the taxable year ended December 31, 2025, and we will likely be classified as a PFIC for our current taxable year. U.S. Holders are urged to consult their tax advisors regarding the tax considerations of the sale or other disposition of our ADSs or ordinary shares under their particular circumstances.

Passive foreign investment company rules

As discussed above, we believe that we were a PFIC for the taxable year ended December 31, 2025, and we will likely be classified as a PFIC for our current taxable year. 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 on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125 percent of the average annual distributions paid to the U.S. Holder 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 recognized on the sale or other disposition (including, under certain circumstances, a pledge) of ADSs or ordinary shares. Under the PFIC rules:

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

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

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock. If a U.S. Holder makes this election with respect to our ADSs or ordinary shares, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of the ADSs or ordinary shares held at the end of the taxable year over the adjusted tax basis of such ADSs or ordinary shares and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs or ordinary shares over the fair market value of such ADSs or ordinary shares held at the end of the taxable year, but such deduction will only be allowed 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 or ordinary shares would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of our ADSs or ordinary shares and we cease to be classified as a PFIC, the holder will not be required to take into account the gain or loss described above during any period that we are not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs or ordinary shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

The mark-to-market election is available only for "marketable stock," which is stock that is regularly traded on a qualified exchange or other market, as defined in applicable United States Treasury Regulations. Our ADSs are listed on the Nasdaq Stock Market, which is a qualified exchange. We expect the Hong Kong Stock Exchange, on which our ordinary shares are listed, to be a qualified exchange but there can be no assurance in this regard because the IRS has not identified specific non-U.S. exchanges as qualified for these purposes. We anticipate that our ADSs and ordinary shares should qualify as being regularly traded, but no assurances may be given in this regard.

Because a mark-to-market election cannot technically be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

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

If a U.S. Holder owns our ADSs or ordinary shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621. You should consult your tax advisor regarding the reporting requirements that may apply and the U.S. federal income tax consequences of owning and disposing of our ADSs or ordinary shares if we are or become a PFIC, including the possibility of making a mark-to-market election and the unavailability of the election to treat us as a qualified electing fund.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year. All information we file 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 Bank of New York Mellon, 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

Market Risks

Foreign exchange risk

Substantially all of our revenues and expenses are denominated in Renminbi. When considered appropriate, we enter into hedging activities with regard to exchange rate risk, which have not had any material impact on our financial condition. Although our exposure to foreign exchange risks should be limited in general, the value of your investment in the ADSs will be affected by the exchange rate between U.S. dollar and Renminbi because the value of our business is effectively denominated in Renminbi, while the ADSs will be traded in U.S. dollars.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against Renminbi would have a negative effect on the U.S. dollar amounts available to us.

As of December 31, 2025, we had U.S. dollar-denominated cash, cash equivalents and short-term investments of US$305.6 million. Assuming we had converted US$305.6 million into Renminbi at the exchange rate of RMB6.9931 for US$1.00 as of December 31, 2025, the Renminbi cash balance of such U.S. dollar-denominated assets would have been RMB2,137.3 million. If Renminbi had depreciated by 10% against the U.S. dollar, the Renminbi cash balance of such U.S. dollar-denominated assets would have been RMB2,351.0 million instead. In addition, we did not have U.S. dollar-denominated short-term loans as of December 31, 2025.

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. The fluctuation of interest rates may affect the demand for loan services on our platform. For example, a decrease in interest rates may cause prospective borrowers to seek lower-priced loans from other channels. A high interest rate environment may lead to an increase in competition for investment options and dampen our financial institution partners' desire to fund loans on our platform. We do not expect that the fluctuation of interest rates will have a material impact on our financial condition. However, we cannot provide assurance that we will not be exposed to material risks due to changes in market interest rate in the future. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Fluctuations in interest rates could negatively affect our loan facilitation volume and profitability."

We are subject to interest rate sensitivity on our outstanding 2030 Notes. We account for our convertible notes on an amortized cost basis and our recognized value of the convertible notes does not reflect changes in fair value. Also, because convertible notes we have issued bear interest at a fixed rate, we have not incurred financial statement impact resulting from changes in interest rates. However, changes in market interest rates impact the fair value of the convertible notes along with other variables such as our credit spreads and the market price and volatility of our ADSs and ordinary shares. Increases in market interest rates would result in a decrease in the fair value of our outstanding convertible notes and decreases in market interest rates would result in an increase in the fair value of our outstanding convertible notes. For information on the maturities and other contractual terms of our convertible notes, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Cash Flows and Working Capital."

In addition, we may invest the net proceeds we receive from our securities offerings in interest-earning instruments. Investments in both fixed rate and floating rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall.

ITEM 12 DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Charges Our ADS Holders May Have to Pay

Fees and Expenses

Persons depositing, withdrawing or surrendering shares or ADS holders must pay:	For:
US$5.00 (or less) per 100 ADSs (or portion thereof)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
US$.05 (or less) per ADS (or portion thereof)	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to ADS holders had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
US$.05 (or less) per ADS (or portion thereof) per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when ADS holders deposit or withdraw shares
Expenses of the depositary	Cable and facsimile transmission fees and expenses (when expressly provided in the deposit agreement) Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian have to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any other charges incurred by the depositary, the custodian or their agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

Payment of Taxes

ADS holders will be responsible for any taxes or other governmental charges payable on the ADSs or on the deposited securities represented by any of the ADSs. The depositary may refuse to register any transfer of the ADSs or allow ADS holders to withdraw the deposited securities represented by the ADSs until those taxes or other charges are paid. It may apply payments owed to ADS holders or sell deposited securities represented by the American depositary shares to pay any taxes owed and ADS holders will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

Fees and Other Payments Made by the Depositary to Us

Our depositary anticipates to reimburse us for certain expenses we incur that are related to establishment and maintenance of the ADR program upon such terms and conditions as we and the depositary may agree from time to time. The depositary may make available to us a set amount or a portion of the issuance fees, depositary servicing fees and cash dividend fees charged in respect of the ADR program or otherwise upon such terms and conditions as we and the depositary may agree from time to time. In 2025, we received approximately US$119.3 million reimbursement from the depositary.

Dealings and Settlement of Class A Ordinary Shares in Hong Kong

Our class A ordinary shares will trade on the Hong Kong Stock Exchange in board lots of 50 ordinary shares. Dealings in our class A ordinary shares on the Hong Kong Stock Exchange will be conducted in Hong Kong dollars.

The transaction costs of dealings in our class A ordinary shares currently applicable on the Hong Kong Stock Exchange include:

- Hong Kong Stock Exchange trading fee of 0.00565% of the consideration of the transaction, charged to each of the buyer and seller;
- SFC transaction levy of 0.0027% of the consideration of the transaction, charged to each of the buyer and seller;
- AFRC transaction levy of 0.00015% of the consideration of the transaction, charged to each of the buyer and seller;
- transfer deed stamp duty of HK$5.00 per transfer deed (if applicable), payable by the seller;

- stock transaction stamp duty at a total rate of 0.2% of the value of the transaction, with 0.1% payable by each of the buyer and the seller;

- brokerage commission, which is freely negotiable with the broker; and

- the Hong Kong share registrar will charge between HK$2.50 to 0.05% of the market value of the shares, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

Investors must settle their trades executed on the Hong Kong Stock Exchange through their brokers directly or through custodians. For an investor who has deposited his or her class A ordinary shares in his or her stock account or in his or her designated CCASS participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his or her broker or custodian before the settlement date.

Conversion Between Class A Ordinary Shares Trading in Hong Kong and ADSs

In connection with the initial public offering of our class A ordinary shares in Hong Kong, or the Hong Kong Public Offering, we have established a branch register of members in Hong Kong, or the Hong Kong share register, which are maintained by our Hong Kong share registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members, or the Cayman share register, continues to be maintained by our Principal Share Registrar, Maples Fund Services (Cayman) Limited in the Cayman Islands.

All class A ordinary shares offered in the Hong Kong public offering and the international offering have been registered on the Hong Kong share register in order to be traded on the Hong Kong Stock Exchange. As described in further detail below, holders of class A ordinary shares registered on the Hong Kong share register will be able to convert these shares into ADSs, and vice versa.

Converting Class A Ordinary Shares Trading in Hong Kong into ADSs

An investor who holds class A ordinary shares registered in Hong Kong and who intends to deposit them for delivery of ADSs to trade on Nasdaq must deposit or have his or her broker deposit the class A ordinary shares with the depositary's Hong Kong custodian, The Hongkong and Shanghai Banking Corporation Limited, or the custodian, in exchange for ADSs.

A deposit of class A ordinary shares trading in Hong Kong in exchange for ADSs involves the following procedures:

- If class A ordinary shares have been deposited with CCASS, the investor must transfer ordinary shares to the depositary's account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed letter of transmittal to the custodian via his or her broker.

- If class A ordinary shares are held outside CCASS, the investor must arrange to deposit his or her class A ordinary shares into CCASS for delivery to the depositary's account with the custodian within CCASS, submit and deliver a duly completed and signed letter of transmittal to the custodian.

- Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the depositary will register the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs as instructed by the depositing investor or his or her broker.

For class A ordinary shares deposited in CCASS, under normal circumstances, the above steps generally require two business days. For class A ordinary shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancelations. In addition, completion of the above steps and procedures is subject to there being a sufficient number of class A ordinary shares on the Hong Kong share registrar to facilitate a withdrawal from the ADS program directly into the CCASS system. We are not under any obligation to maintain or increase the number of class A ordinary shares on the Hong Kong share register to facilitate such withdrawals.

Converting ADSs into Class A Ordinary Shares Trading in Hong Kong

An investor who holds ADSs and who intends to surrender his/her ADSs for delivery of class A ordinary shares to trade on the Hong Kong Stock Exchange must cancel the ADSs the investor holds and withdraw class A ordinary shares from the ADS program and cause his or her broker or other financial institution to trade such class A ordinary shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker should follow the broker's procedure and instruct the broker to arrange for cancelation of the ADSs, and transfer of the underlying class A ordinary shares from the depositary's account with the custodian within the CCASS system to the investor's Hong Kong stock account.

For investors holding ADSs directly, the following steps must be taken:

- To withdraw class A ordinary shares from the ADS program, an investor who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.

- Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the depositary will instruct the custodian to deliver class A ordinary shares underlying the canceled ADSs to the CCASS account designated by an investor.

- If an investor prefers to receive class A ordinary shares outside CCASS, he or she must receive ordinary shares in CCASS first and then arrange for withdrawal from CCASS. Investors can then obtain a transfer form signed by HKSCC Nominees Limited (as the transferor) and register class A ordinary shares in their own names with the Hong Kong share registrar.

For class A ordinary shares to be received in CCASS, under normal circumstances, the above steps generally require two business days. For class A ordinary shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the class A ordinary shares on the Hong Kong Stock Exchange until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancelations. In addition, completion of the above steps and procedures is subject to there being a sufficient number of class A ordinary shares on the Hong Kong share registrar to facilitate a withdrawal from the ADS program directly into the CCASS system. We are not under any obligation to maintain or increase the number of class A ordinary shares on the Hong Kong share register to facilitate such withdrawals.

Depositary Requirements

Before the depositary delivers ADSs or permits withdrawal of class A ordinary shares, the depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with procedures it may establish, from time to time, consistent with the deposit agreement, including, but not limited to, presentation of transfer documents.

The depositary may refuse to deliver, transfer, or register issuances, transfers and cancelations of ADSs generally when the transfer books of the depositary or our Hong Kong or Cayman share registrar are closed or at any time if the depositary or we determine it advisable to do so, subject to such refusal complying with U.S. federal securities laws.

All costs attributable to the transfer of ordinary shares to effect a withdrawal from or deposit of class A ordinary shares into the ADS program will be borne by the investor requesting the transfer. In particular, holders of ordinary shares and ADSs should note that the Hong Kong share registrar will charge between HK$2.50 to 0.05% of the market value of the shares, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of class A ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of ordinary shares and ADSs must pay up to US$5.00 (or less) per 100 ADSs for each issuance of ADSs and each cancelation of ADSs, as the case may be, in connection with the deposit of class A ordinary shares into, or withdrawal of ordinary shares from, the ADS program.

PART II.

ITEM 13 DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

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

Material Modifications to the Rights of Security Holders

See "Item 10. Additional Information" for a description of the rights of securities holders, which remain unchanged.

Use of Proceeds

Not applicable.

ITEM 15 CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer, we carried out an evaluation of the effectiveness of our disclosure controls and procedures, which is defined in Rules 13a-15(e) of the Exchange Act, as of December 31, 2025. Based upon that evaluation, our management, with the participation of our chief executive officer and chief financial officer, has concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were effective.

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. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with U.S. GAAP and includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company's assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that a company's receipts and expenditures are being made only in accordance with authorizations of a company's management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of a company's assets that could have a material effect on the consolidated financial statements. Our management evaluated the effectiveness of our internal control over financial reporting as of December 31, 2025 based on 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, 2025.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, any evaluation of effectiveness as to future periods is subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Attestation Report of the Independent Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, our independent registered public accounting firm, as stated in its report included on page F-4 of this annual report.

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 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 Gang Xiao, a member of our audit committee and an independent director (under the standards set forth in Rule 5605(c)(2) of the Nasdaq Stock Market Rules and Rule 10A-3 under the Exchange Act), is an audit committee financial expert.

ITEM 16B CODE OF ETHICS

Our board of directors adopted an amended and restated code of business conduct and ethics in March 2024 that applies to our directors, officers and employees. The amended and restated code of business conduct and ethics mainly clarifies that in cases where more stringent and/or detailed policies concerning conflicts of interest have been established, those policies will supersede any less stringent and/or detailed policies. We have posted a copy of our code of business conduct and ethics on our website at *https://ir.qfin.com*.

ITEM 16C PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte Touche Tohmatsu Certified Public Accountants LLP (PCAOB ID No. 1113), our principal external auditor, for the years indicated. We did not pay any other fees to our auditor during the periods indicated below.

	For the Years Ended December 31,	
	2024	2025
	(in thousands of RMB)	
Audit fees[(1)]	18,791.1	15,219.2
Audit-related fees[(2)]	558.3	3,488.6
Tax fees[(3)]	779.0	1,330.0
All other fees[(4)]	—	341.7

Notes:

(1) "Audit fees" means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditor for the audit or review of our annual financial statements or quarterly financial information and review of documents filed with the SEC. The audit refers to financial statement audit and audit pursuant to Section 404 of the Sarbanes-Oxley Act of 2002.

(2) "Audit-related fees" means the aggregate fees billed in each of the fiscal years for assurance and related services by our principal accountant that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit fees."

(3) "Tax fees" means the aggregate fees incurred in each of the fiscal years listed for professional services rendered by our principal auditors for tax compliance, tax advice, and tax planning.

(4) "All other fees" means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors associated with other advisory services.

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

ITEM 16D EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

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

On June 20, 2023, our board of directors approved a share repurchase plan whereby we are authorized to repurchase our company's Class A ordinary shares or ADSs with aggregate value of up to US$150 million from June 20, 2023 through June 19, 2024. This plan was publicly announced on June 20, 2023. We refer to this plan as the 2023 Share Repurchase Plan. From June 20, 2023 to March 31, 2024, we utilized substantially all of the total authorized value for the 2023 Share Repurchase Plan and in aggregate purchased approximately 9,348,543 ADSs on the open market for a total cost of approximately US$150 million (inclusive of commissions) at an average price of US$16.02 per ADS pursuant to the 2023 Share Repurchase Plan. On March 12, 2024, our board of directors approved a share repurchase plan whereby we are authorized to repurchase our company's Class A ordinary shares or ADSs with aggregate value of up to US$350 million starting from April 1, 2024 through March 31, 2025. This plan was publicly announced on March 12, 2024. We refer to this plan as the 2024 Share Repurchase Plan. From April 1, 2024 to December 31, 2024, we utilized substantially all of the total authorized value for the 2024 Share Repurchase Plan and in aggregate purchased 15,110,617 ADSs on the open market for a total amount of approximately US$350 million (inclusive of commissions) at an average price of US$23.14 per ADS pursuant to the 2024 Share Repurchase Plan. On November 19, 2024, our board of directors approved a share repurchase plan whereby we are authorized to repurchase our company's Class A ordinary shares or ADSs with aggregate value of up to US$450 million starting from January 1, 2025 through December 31, 2025. This plan was publicly announced on November 19, 2024. We refer to this plan as the 2025 Share Repurchase Plan. We have commenced execution of the 2025 Share Repurchase Plan since January 1, 2025. From January 1, 2025 to December 31, 2025, we utilized substantially all of the total authorized value for the 2025 Share Repurchase Plan and in aggregate purchased 15,946,776 ADSs on the open market for a total amount of approximately US$450 million (inclusive of commissions) at an average price of US$28.2 per ADS pursuant to the 2025 Share Repurchase Plan.

The table below is a summary of the ADSs we repurchased in 2025 under the 2025 Share Repurchase Plan. All ADSs were repurchased on the open market pursuant to the 2025 Share Repurchase Plan.

Period	Total Number of ADSs Purchased	Average Price Paid Per ADS (US$)	Total Number of ADSs Purchased as Part of the Publicly Announced Plan	Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Plan* (US$)
January 1, 2025 - January 31, 2025	1,083,977	38.17	1,083,977	408,598,850
February 1, 2025 - February 28, 2025	659,569	41.70	659,569	381,083,385
March 1, 2025 - March 31, 2025	719,717	42.64	719,717	350,379,765
April 1, 2025 - April 30, 2025	1,421,865	38.42	1,421,865	295,727,730
May 1, 2025 - May 31, 2025	843,455	43.06	843,455	259,395,466
June 1, 2025 - June 30, 2025	217,413	41.40	217,413	250,391,176
July 1, 2025 - July 31, 2025	1,272,328	37.36	1,272,328	202,829,988
August 1, 2025 - August 31, 2025	898,410	33.34	898,410	172,857,786
September 1, 2025 - September 30, 2025	141,376	28.28	141,376	168,856,426
October 1, 2025 - October 31, 2025	—	—	—	168,856,426
November 1, 2025 - November 30, 2025	200,000	19.61	200,000	164,930,646
December 1, 2025 - December 31, 2025	8,488,666	19.41	8,488,666	9,302
Total	**15,946,776**	**28.20**	**15,946,776**	**9,302**

Note:

* The dollar value in this column is based on US$450 million pursuant to the 2025 Share Repurchase Plan.

On March 25, 2025, our board of directors approved a share repurchase plan whereby we are authorized to use all the net proceeds from the offering of the 2030 Notes to repurchase our company's ADSs and/or Class A ordinary shares. We refer to this plan as the March 2025 Share Repurchase Plan. Under the March 2025 Share Repurchase Plan, concurrently with the pricing of the offering of the 2030 Notes, we repurchased approximately 5.1 million ADSs with an aggregate value of approximately US$227 million at a price of US$44.23 per ADS.

ITEM 16F CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G CORPORATE GOVERNANCE

As a Cayman Islands exempted company listed on the Nasdaq Stock Market, we are subject to the Nasdaq listing standards. However, the Nasdaq Stock Market Rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. We have utilized the exemption afforded by Nasdaq Listing Rule 5615(a)(3) to follow home country practice in lieu of certain requirements, including (i) the independence requirements for compensation committee as provided in Nasdaq Listing Rule 5605(d), and (ii) the requirement to obtain shareholder approval prior to a plan or other equity compensation arrangement is established or materially amended as provided in Nasdaq Listing Rule 5635(c). Our shareholders may be afforded less protection than they would otherwise enjoy under the Nasdaq listing standards applicable to U.S. domestic issuers given our reliance on the home country practice exception.

See "Item 3. Key Information—D. Risk Factors—Risks Related to the ADSs and Our Class A Ordinary Shares—As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with such corporate governance listing standards."

ITEM 16H MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J INSIDER TRADING POLICIES

Our board of directors has established insider trading policies and procedures to provide guidance on the purchases, sales, and other dispositions of our securities by our directors, officers, employees, and consultants, with the goal of promoting compliance with applicable insider trading laws, rules, and regulations.

The Amended and Restated Statement of Policies Governing Material Non-public Information and the Prevention of Insider Trading, adopted by our board of directors on November 16, 2023, is filed as Exhibit 11.2 to this annual report on Form 20-F.

ITEM 16K CYBERSECURITY

Risk Management and Strategy

We have implemented comprehensive cybersecurity management and security emergency response management policies that are integrated into our overall risk management system. These procedures aim to ensure our overall network security, protect our data transmission system and prevent data leakage and other cybersecurity incidents. We have a strong in-house cybersecurity management working group, led by our cybersecurity officer, that consists of the information security department, the IT foundational service department, and the system operation and maintenance department. Working together, these departments identify, assess, and manage cybersecurity risks on a daily basis. We have established a sound responding mechanism for external security attacks and violations and safeguarded the confidentiality of information and data of our company, employees and users. More specifically, we have established a strict data control system, taking a series of measures including data encryption, network firewall, network monitoring, and access control to ensure data security. In this way, we strive to ensure that information and data can only be obtained and used when necessary. We also regularly conduct inspections, cleaning, data backup of our databases, equipment, and network supporting facilities. In order to implement cybersecurity awareness to every grassroots position, we have provided training programs to ensure that our employees have full access to the basic knowledge and principles of information security and promulgated data governance policies, such as our Cybersecurity Management System, Data Classification and Grading Management System, and Personal Information Protection and Data Governance Basic Policy, to regulate the data and network usage within our company.

In addition, we have also launched a data security governance project. This initiative comprehensively clarifies user data and its protection measures, and further improves and strengthens the details and depth of data security protection. We have conducted a more meticulous review of the entire data lifecycle and formulated strict and operable standard processes around it. For data at different levels, we adopt differentiated security protection strategies to ensure that highly sensitive data receives the highest level of protection. At the same time, we strengthen cooperation and communication with external professional institutions, learn from advanced network security concepts and technologies, and continuously optimize our security system. We closely monitor industry trends and the latest security threats, and promptly adjust and update our security strategies and measures. Through these efforts, we will continuously consolidate and enhance the company's network security level, and safeguard the data security of the company, employees, and users.

At the level of network security devices, we have implemented the Zero Trust system, which have:

(i) enhanced our security protection: by implementing the Zero Trust strategy, we have successfully extended security controls from the network perimeter to every access point and user, significantly boosting the overall security protection level of the system;

(ii) improved user experience: although the security controls are strengthened, by optimizing the authentication process and access policies, we have ensured a smooth experience for users when accessing our company's resources;

(iii) reduced security risks: the implementation of the Zero Trust architecture has effectively minimized the risk of internal breaches and external attacks, as every access request is subject to authentication and authorization; and

(iv) enhanced compliance: through the adoption of the Zero Trust strategy, we have better met industry security standards and regulatory requirements, thereby enhanced the company's compliance level.

To address cybersecurity emergencies, we have designed and implemented the Emergency Response Management Regulations. Under these regulations, we established a cybersecurity emergency management team, which consists of the emergency response leadership group, the emergency response cybersecurity assurance group, the emergency response technical process group and the emergency response information notification group. Under the guidance of the regulations, these groups maintain a cybersecurity risk detection system, operate a multi-layer data protection regime, conduct regular risk assessments of our network and business infrastructures and carry out regular cybersecurity drills. These measures help us promptly identify cybersecurity risks and incidents. Our Emergency Response Management Regulations also serve to standardize and strengthen our emergency response procedures. They form a step-by-step cybersecurity response plan, covering a wide range of topics, including incident notification, impact assessment, response initiation, department coordination, data restoration, case analysis and outcome disclosure. When a cybersecurity incident occurs, we evaluate the type and impact of the incident, report and notify working parties and affected individuals, and carry out appropriate plans that we prepare in advance.

Besides, we engage law firms and auditors to conduct thorough due diligence of data compliance and assessments of our information system annually. We also work closely with third-party service providers to ensure their compliance with our cybersecurity standards and to assess risks arising from our engagements with them. We strive to provide the highest standards of data protection and information security for our consumers and maintain and enhance the reliability, stability and scalability of our network infrastructure. In addition, we regularly conduct IT audits. Internally, we regularly conduct security audits of network configuration changes, sensitive authority accounts and operation log audits. Externally, we regularly accept IT audits, equal assurance inspections and ESG assessments from third-party audit teams to fully protect our information, network, and data security. To ensure the smooth and secure operations of our business during peak traffic, we intend to continue to conduct regular maintenance of our security system, closely monitor the development of information technology and security technologies used in the industry and make necessary upgrades to enhance our information technology systems.

As of the date of this annual report, we have not experienced any material cybersecurity incidents or identified any material cybersecurity threats that have affected or are reasonably likely to materially affect us, our business strategy, results of operations or financial condition.

Governance

The cybersecurity officer of our company is responsible for coordinating our internal cybersecurity planning and construction, and assessing, identifying, managing and responding to cybersecurity incidents. The officer is also responsible for reviewing and evaluating whether cybersecurity threats create material risks and whether such risks have or are reasonably likely to have a major impact on our company. In addition, the officer is responsible for the decision-making and reporting of major cybersecurity matters. Our cybersecurity officer has over 17 years of experience in the field. The officer reports and provides regular updates to our Chief Executive Officer on any material cybersecurity incidents or risks. In the event of a major cybersecurity incident, our Chief Executive Officer reports to the board of directors, which bears the ultimate responsibility for the company’s cybersecurity risks.

PART III.

ITEM 17 FINANCIAL STATEMENTS

We have elected to provide combined and consolidated financial statements pursuant to Item 18.

ITEM 18 FINANCIAL STATEMENTS

The consolidated financial statements of Qfin Holdings, Inc. are included at the end of this annual report.

ITEM 19 EXHIBITS

Exhibit Number	Description of Document
1.1	Fourth Amended and Restated Memorandum and Articles of Association of the Registrant, effective June 30, 2025 (incorporated herein by reference to Exhibit 3.1 to the Form 6-K furnished on June 30, 2025 (File No. 001-38752))
1.2*	Certificate of Incorporation on Change of Name
2.1	Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3) (incorporated herein by reference to Exhibit 4.3 to the Form F-1 filed on October 26, 2018 (File No. 333-228020))
2.2*	Registrant's Specimen Certificate for Class A Ordinary Shares
2.3	Deposit Agreement, among the Registrant, the depositary and holder of the American Depositary Receipts (incorporated herein by reference to Exhibit 4.3 to the registration statement on Form S-8 filed on June 3, 2019 (File No. 333-231892))
2.4*	Description of Securities
2.5	Rights Agreement, dated as of June 9, 2022, between the Registrant and American Stock Transfer & Trust Company, LLC (incorporated herein by reference to Exhibit 2.5 to the Form 20-F filed on March 25, 2025 (File No. 001-38752))
4.1	2018 Share Incentive Plan (incorporated herein by reference to Exhibit 4.1 to the Form 20-F filed on April 30, 2020 (File No. 001-38752))
4.2	2019 Share Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Form S-8 filed on December 13, 2019 (File No. 333-235488) and Exhibit 10.2 to the post-effective amendment No. 1 to Form S-8 filed on October 13, 2020 (File No. 333-235488))
4.3	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.2 to the Form F-1 filed on October 26, 2018 (File No. 333-228020))
4.4	Form of Employment Agreement between the Registrant and its executive officers (incorporated herein by reference to Exhibit 10.3 to the Form F-1 filed on October 26, 2018 (File No. 333-228020))
4.5	English translation of the executed form of Voting Proxy Agreement regarding a VIE of the Registrant, between its shareholder and the WFOE of the Registrant as currently in effect, and a schedule of all executed Voting Proxy Agreement adopting the same form in respect of each of the VIEs of the Registrant (incorporated herein by reference to Exhibit 4.5 to the Form 20-F filed on April 27, 2023 (File No. 001-38752))
4.6	English translation of the executed form of Equity Interest Pledge Agreement among a VIE of the Registrant, its shareholder, and the WFOE of the Registrant, as currently in effect, and a schedule of all executed Equity Interest Pledge Agreements adopting the same form in respect of each of the VIEs of the Registrant (incorporated herein by reference to Exhibit 4.6 to the Form 20-F filed on April 27, 2023 (File No. 001-38752))
4.7	English translation of the executed form of Exclusive Business Cooperation Agreement between a VIE and the WFOE of the Registrant, as currently in effect, and a schedule of all executed the Exclusive Business Cooperation Agreements adopting the same form in respect of each of the VIEs of the Registrant (incorporated herein by reference to Exhibit 4.7 to the Form 20-F filed on April 27, 2023 (File No. 001-38752))

Exhibit Number	Description of Document
4.8	English translation of the executed form of Exclusive Option Agreement among a VIE of the Registrant, its shareholder, and the WFOE of the Registrant, as currently in effect, and a schedule of all executed the Exclusive Option Agreements adopting the same form in respect of each of the VIEs of the Registrant (incorporated herein by reference to Exhibit 4.8 to the Form 20-F filed on April 27, 2023 (File No. 001-38752))
4.9	English translation of the executed form of Loan Agreement among a VIE of the Registrant, its shareholder, and the WFOE of the Registrant, as currently in effect, and a schedule of all executed the Loan Agreements adopting the same form in respect of each of the VIEs of the Registrant (incorporated herein by reference to Exhibit 4.9 to the Form 20-F filed on April 27, 2023 (File No. 001-38752))
4.10	English Translation of the Joint Venture Agreement entered into in October 2020 by and between Shanghai Qiyu, Shanghai Jiehu Internet Technology Co., Ltd. and Shanghai Changfeng Investment (Group) Co., Ltd. (incorporated herein by reference to Exhibit 4.11 of the Form 20-F filed on April 21, 2021 (File No. 001-38752))
4.11	English Translation of the Equity Transfer Agreement entered into in December 2021 by and between Shanghai Qiyu and Shanghai Jiehu Internet Technology Co., Ltd. (incorporated herein by reference to Exhibit 4.12 to the Form 20-F filed on April 28, 2022 (File No. 001-38752))
4.12	English Translation of the Novation Agreement entered into in December 2021 by and between Shanghai Qiyu, Shanghai Jiehu Internet Technology Co., Ltd. and Shanghai Changfeng Investment (Group) Co., Ltd. in connection with rights and obligations of Shanghai Jiehu Internet Technology Co., Ltd. under the Joint Venture Agreement entered into in October 2020 (incorporated herein by reference to Exhibit 4.13 to the Form 20-F filed on April 28, 2022 (File No. 001-38752))
4.13	English Translation of the Termination Agreement on the control documents in connection with Fuzhou Microcredit entered into in April 2021 by and between Fuzhou Microcredit, shareholders of Fuzhou Microcredit and our WFOE (incorporated herein by reference to Exhibit 4.14 to the Form 20-F filed on April 28, 2022 (File No. 001-38752))
4.14	English Translation of the Equity Transfer Agreement entered into in April 2021 by and between shareholders of Fuzhou Microcredit and Shanghai Qiyu (incorporated herein by reference to Exhibit 4.15 to the Form 20-F filed on April 28, 2022 (File No. 001-38752))
4.15	English translation of the executed form of Agreement on the Termination of the VIE Agreements among a VIE of the Registrant, its shareholder, and the WFOE of the Registrant, as currently in effect, and a schedule of all executed the Agreement on the Termination of the VIE Agreements adopting the same form in respect of each of the VIEs of the Registrant (incorporated herein by reference to Exhibit 4.16 to the Form 20-F filed on April 27, 2023 (File No. 001-38752))
4.16*	Indenture, dated as of March 27, 2025, between the Registrant and Citibank, N.A., as trustee
4.17*	Form of 0.50% Convertible Senior Notes due 2030 (included in Exhibit 4.16)
8.1*	Significant subsidiaries of the Registrant and the VIEs and the VIEs' subsidiaries
11.1	Amended and Restated Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 11.1 to the Form 20-F filed on April 26, 2024 (File No. 001-38752))
11.2	Amended and Restated Statement of Policies Governing Material Non-public Information and the Prevention of Insider Trading of the Registrant (incorporated herein by reference to Exhibit 11.2 to the Form 20-F filed on March 25, 2025 (File No. 001-38752))
12.1*	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit Number	Description of Document
12.2*	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Commerce & Finance Law Offices
15.2*	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP
15.3*	Consent of Maples and Calder (Hong Kong) LLP
97	Clawback Policy (incorporated herein by reference to Exhibit 97 to the Form 20-F filed on April 26, 2024 (File No. 001-38752))
101.INS*	Inline XBRL Instance Document - this instance document does not appear on the Interactive Data File because its XBRL tags are not embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Scheme Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed with this Annual Report on Form 20-F.

** Furnished with this Annual Report on Form 20-F.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Qfin Holdings, Inc.

By: /s/ Haisheng Wu
Name: Haisheng Wu
Title: Chief Executive Officer

Date: April 27, 2026

QFIN HOLDINGS, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	PAGE(S)
Audited Financial Statements of Qfin Holdings, Inc.	
Reports of Independent Registered Public Accounting Firm (PCAOB ID: 1113)	F-2 - F-4
Consolidated Balance Sheets as of December 31, 2024 and 2025	F-5
Consolidated Statements of Operations for the years ended December 31, 2023, 2024 and 2025	F-6
Consolidated Statements of Comprehensive Income or Loss for the years ended December 31, 2023, 2024 and 2025	F-7
Consolidated Statements of Changes in Equity for the years ended December 31, 2023, 2024 and 2025	F-8
Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2024 and 2025	F-9
Notes to the Consolidated Financial Statements for the years ended December 31, 2023, 2024 and 2025	F-10 - F-57
Additional Information - Financial Statement Schedule I	F-58 - F 61

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Qfin Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Qfin Holdings, Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2025, the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes and the financial statement listed in schedule I (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 27, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

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 the readers in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the 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. 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 matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates 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 matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Management's estimate of expected default rate primarily used in accounts of guarantee liabilities and allowance for loans receivable

Critical Audit Matter Description

The Company estimates the fair value of stand-ready guarantee liabilities using a discounted cash flow model and the fair value of contingent guarantee liabilities using an expected credit loss model, both of which are based on expected default rate of underlying loans subject to guarantee. The Company also applies expected credit loss model to provide allowance for loans receivable, which is ultimately based on expected default rate of the underlying loans. The Company estimates the expected default rate on a pool basis according to the historical net default rate by vintage, adjusted by specific risk characteristics for loans within each vintage, correlated industrial and macro-economic factors, and other pertinent information in assessing future performance of the loan portfolio.

We identified the estimate of expected default rate as a critical audit matter because of the significant judgment required by management when developing the estimation. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimate of expected default rate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to expected default rate included the following, among others:

- We tested the effectiveness of controls over the estimation of the expected default rate, including management's controls over accurate capture of the historical delinquency and collection data at individual loan level that are used in the estimation process.

- We tested the accuracy of the historical net default rate by vintage, delinquent loan collection rate and specific risk indicators used as an input to the model by comparing it with original data retrieved from the operating system.

- With the assistance of our specialists, we evaluated the reasonableness of the (1) valuation models, (2) assumptions including correlated industrial and macro-economic factors used in the model, and tested the computational accuracy of the model.

- We evaluated observable data close to the report issue date to evaluate whether the assumptions used by management are appropriate.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai, China
April 27, 2026

We have served as the Company's auditor since 2018.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Qfin Holdings, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Qfin Holdings, Inc. and its subsidiaries (the "Company") as of December 31, 2025, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the financial statements as of and for the year ended December 31, 2025 of the Company and our report dated April 27, 2026 expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the convenience translation.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai, China
April 27, 2026

QFIN HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD") except for number of shares and per share data, or otherwise noted)

	As of December 31,		
	2024	2025	2025
	RMB	RMB	USD (Note 2)
ASSETS			
Current assets:			
Cash and cash equivalents	4,452,416	4,696,817	671,636
Restricted cash (including RMB771,798 and RMB1,470,555 from the consolidated trusts as of December 31, 2024 and 2025, respectively)	2,353,384	2,844,101	406,701
Short term investments	3,394,073	2,852,254	407,867
Security deposit prepaid to third-party guarantee companies	162,617	325,698	46,574
Funds receivable from third party payment service providers	462,112	848,163	121,286
Accounts receivable and contract assets, net (net of allowance of RMB261,496 and RMB181,843 as of December 31, 2024 and 2025, respectively)	2,214,530	950,267	135,886
Financial assets receivable, net (net of allowance of RMB390,649 and RMB380,406 as of December 31, 2024 and 2025, respectively)	1,553,912	1,510,205	215,956
Amounts due from related parties (net of allowance of RMB7,030 and nil as of December 31, 2024 and 2025, respectively)	8,510	—	—
Loans receivable, net (including RMB6,956,948 and RMB12,399,462 from the consolidated trusts as of December 31, 2024 and 2025, respectively)	26,714,428	34,680,954	4,959,310
Prepaid expenses and other assets (including RMB109,428 and RMB108,174 from the consolidated trusts as of December 31, 2024 and 2025, respectively)	1,464,586	772,999	110,537
Total current assets	**42,780,568**	**49,481,458**	**7,075,753**
Non-current assets:			
Accounts receivable and contract assets, net-noncurrent (net of allowance of RMB10,540 and RMB6,189 as of December 31, 2024 and 2025, respectively)	27,132	21,992	3,145
Financial assets receivable, net-noncurrent (net of allowance of RMB55,440 and RMB49,776 as of December 31, 2024 and 2025, respectively)	170,779	209,459	29,952
Amounts due from related parties, non-current (net of allowance of RMB5 and nil as of December 31, 2024 and 2025, respectively)	51	—	—
Loans receivable, net-noncurrent (including RMB631,575 and RMB1,754,356 from the consolidated trusts as of December 31, 2024 and 2025, respectively)	2,537,749	4,002,159	572,301
Property and equipment, net	362,774	636,994	91,089
Land use rights, net	956,738	966,582	138,219
Intangible assets	11,818	10,670	1,526
Goodwill	42,414	45,200	6,464
Deferred tax assets	1,206,325	1,379,933	197,328
Other non-current assets	36,270	195,348	27,934
Total non-current assets	**5,352,050**	**7,468,337**	**1,067,958**
TOTAL ASSETS	**48,132,618**	**56,949,795**	**8,143,711**
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities including amounts of the consolidated VIEs and trusts without recourse to the Company (Note 1 and 2):			
Current liabilities:			
Payable to investors of the consolidated trusts-current	8,188,454	9,922,559	1,418,907
Accrued expenses and other current liabilities	2,492,921	2,935,726	419,803
Amounts due to related parties	67,495	—	—
Short term loans	1,369,939	1,202,891	172,011
Convertible senior notes-current	—	1,019,130	145,734
Guarantee liabilities-stand ready	2,383,202	2,314,865	331,021
Guarantee liabilities-contingent	1,820,350	1,872,149	267,714
Income tax payable	1,040,687	1,083,176	154,892
Other tax payable	109,161	9,333	1,335
Total current liabilities	**17,472,209**	**20,359,829**	**2,911,417**
Non-current liabilities:			
Deferred tax liabilities	439,435	320,149	45,781
Payable to investors of the consolidated trusts-noncurrent	5,719,600	9,930,000	1,419,971
Convertible senior notes-noncurrent	—	1,583,213	226,396
Other long-term liabilities	255,155	599,561	85,736
Total non-current liabilities	**6,414,190**	**12,432,923**	**1,777,884**
TOTAL LIABILITIES	**23,886,399**	**32,792,752**	**4,689,301**
Contingencies (Note 19)			
SHAREHOLDERS' EQUITY			
Ordinary shares (USD0.00001 par value per share 5,000,000,000 shares authorized, 296,540,988 shares issued and 283,981,320 shares outstanding as of December 31, 2024, and 283,019,282 shares issued and 243,823,900 shares outstanding as of December 31, 2025, respectively)	21	20	3
Treasury stock	(1,113,608)	(4,066,385)	(581,485)
Additional paid-in capital	4,339,413	3,874,816	554,091
Retained earnings	20,952,340	24,502,158	3,503,762
Other comprehensive income (loss)	11,877	(195,694)	(27,985)
TOTAL QFIN HOLDINGS, INC EQUITY	**24,190,043**	**24,114,915**	**3,448,386**
Non-controlling interests	56,176	42,128	6,024
TOTAL EQUITY	**24,246,219**	**24,157,043**	**3,454,410**
TOTAL LIABILITIES AND EQUITY	**48,132,618**	**56,949,795**	**8,143,711**

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

QFIN HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

	Year ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	USD (Note 2)
Revenue, net of value-added tax and related surcharges:				
Credit driven services	**11,738,560**	**11,719,027**	**13,977,218**	**1,998,716**
Loan facilitation and servicing fees-capital heavy (including revenue from related parties of RMB5,931, RMB2,052 and nil for the years ended December 31, 2023, 2024 and 2025, respectively)	1,667,119	1,016,514	1,604,903	229,498
Financing income	5,109,921	6,636,511	8,569,063	1,225,360
Revenue from releasing of guarantee liabilities(including revenue from related parties of RMB42,499, RMB15,544 and RMB1,013 for the years ended December 31, 2023, 2024 and 2025, respectively)	4,745,898	3,695,017	3,412,952	488,046
Other services fees	215,622	370,985	390,300	55,812
Platform services	**4,551,467**	**5,446,629**	**5,227,841**	**747,571**
Loan facilitation and servicing fees-capital light (including revenue from related parties of RMB199,185, RMB24,064 and RMB4,503 for the years ended December 31, 2023, 2024 and 2025, respectively)	3,213,955	2,116,797	1,162,563	166,244
Referral services fees (including revenue from related parties of RMB8,601, RMB1,973 and nil for the years ended December 31, 2023, 2024 and 2025, respectively)	950,016	2,842,637	2,738,786	391,641
Other services fees (including revenue from related parties of RMB45,552, RMB17,915 and RMB266 for the years ended December 31, 2023, 2024 and 2025, respectively)	387,496	487,195	1,326,492	189,686
Total net revenue	**16,290,027**	**17,165,656**	**19,205,059**	**2,746,287**
Operating costs and expenses:				
Facilitation, origination and servicing (including costs charged by related parties of RMB118,849, RMB116,511 and RMB123,968 for the years ended December 31, 2023, 2024 and 2025, respectively)	2,659,912	2,900,704	3,001,938	429,271
Funding costs	645,445	590,935	548,936	78,497
Sales and marketing (including expenses charged by related parties of RMB223,627, RMB103,786 and RMB156,020 for the years ended December 31, 2023, 2024 and 2025, respectively)	1,939,885	1,725,877	2,469,546	353,140
General and administrative (including expenses charged by related parties of RMB13,610, RMB13,110 and RMB12,263 for the years ended December 31, 2023, 2024 and 2025, respectively)	421,076	449,505	658,980	94,233
Provision for loans receivable	2,151,046	2,773,323	3,625,042	518,374
Provision for financial assets receivable (including provision generated from related parties of RMB633, RMB(200) and RMB(1,150) for the years ended December 31, 2023, 2024 and 2025, respectively)	386,090	296,857	234,924	33,594
Provision for accounts receivable and contract assets (including provision generated from related parties of RMB(10,197), RMB1,861 and RMB(1,523) for the years ended December 31, 2023, 2024 and 2025, respectively)	175,799	421,481	319,532	45,692
Provision for contingent liabilities	3,053,810	478,404	1,667,742	238,484
Total operating costs and expenses	**11,433,063**	**9,637,086**	**12,526,640**	**1,791,285**
Income from operations	**4,856,964**	**7,528,570**	**6,678,419**	**955,002**
Interest income, net	217,307	237,015	278,626	39,843
Foreign exchange gain	2,356	1,512	159,570	22,818
Fair value change of derivatives	—	—	(175,691)	(25,123)
Gain on debt extinguishment	—	—	270,135	38,629
Investment loss	(30,112)	—	—	—
Other income, net	230,936	125,325	165,076	23,606
Income before income tax expense	**5,277,451**	**7,892,422**	**7,376,135**	**1,054,775**
Income tax expense	(1,008,874)	(1,644,306)	(1,400,492)	(200,268)
Net income	**4,268,577**	**6,248,116**	**5,975,643**	**854,507**
Net loss attributable to non-controlling interests	16,759	16,198	14,048	2,009
Net income attributable to ordinary shareholders of the Company	**4,285,336**	**6,264,314**	**5,989,691**	**856,516**
Net income per ordinary share attributable to ordinary shareholders of Qfin Holdings, Inc.				
Basic	13.36	21.02	22.48	3.21
Diluted	13.04	20.64	22.01	3.15
Weighted average shares used in calculating net income per ordinary share				
Basic	320,749,805	298,012,150	266,496,992	266,496,992
Diluted	328,508,945	303,449,864	272,171,878	272,171,878
Net income per ADS attributable to ordinary shareholders of Qfin Holdings, Inc. (1)				
Basic	26.72	42.04	44.96	6.42
Diluted	26.08	41.28	44.02	6.30

(1) Based on ADS ratio of 1 ADS to 2 ordinary shares.

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

QFIN HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OR LOSS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

	Year ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	USD (Note 2)
Net income	4,268,577	6,248,116	5,975,643	854,507
Other comprehensive income, net of tax of nil:				
Foreign currency translation adjustment	17,118	46,534	(207,571)	(29,682)
Other comprehensive income (loss)	17,118	46,534	(207,571)	(29,682)
Total comprehensive income	4,285,695	6,294,650	5,768,072	824,825
Comprehensive loss attributable to non-controlling interests	16,759	16,198	14,048	2,009
Comprehensive income attributable to ordinary shareholders	4,302,454	6,310,848	5,782,120	826,834

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

QFIN HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

	Number Of outstanding shares	Ordinary shares	Additional Paid-in Capital	Treasury stock	Accumulated Retained Earnings	Other Comprehensive (loss)Income	Non-controlling interests	Total Equity
		RMB [1]	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of December 31, 2022	**322,792,063**	**22**	**6,095,225**	**—**	**12,803,684**	**(51,775)**	**84,141**	**18,931,297**
Issuance of ordinary shares – exercise of options and vesting of restricted shares	3,306,235	—	—	—	—	—	—	—
Repurchase and retirement of ordinary shares	(10,872,170)	0	(221,390)	(384,637)	(30,152)	—	—	(636,179)
Share-based compensation	—	—	185,604	—	—	—	—	185,604
Dividends to shareholders	—	—	—	—	(761,552)	—	—	(761,552)
Other comprehensive income	—	—	—	—	—	17,118	—	17,118
Acquisition of a subsidiary	—	—	—	—	—	—	4,992	4,992
Net income (loss)	—	—	—	—	4,285,336	—	(16,759)	4,268,577
Balance as of December 31, 2023	**315,226,128**	**22**	**6,059,439**	**(384,637)**	**16,297,316**	**(34,657)**	**72,374**	**22,009,857**
Issuance of ordinary shares – exercise of options and vesting of restricted shares	6,801,342	1	—	—	—	—	—	1
Repurchase and retirement of ordinary shares	(38,046,150)	(2)	(1,887,639)	(728,971)	(356,580)	—	—	(2,973,192)
Share-based compensation	—	—	167,613	—	—	—	—	167,613
Dividends to shareholders	—	—	—	—	(1,252,710)	—	—	(1,252,710)
Other comprehensive income	—	—	—	—	—	46,534	—	46,534
Net income (loss)	—	—	—	—	6,264,314	—	(16,198)	6,248,116
Balance as of December 31, 2024	**283,981,320**	**21**	**4,339,413**	**(1,113,608)**	**20,952,340**	**11,877**	**56,176**	**24,246,219**
Issuance of ordinary shares – exercise of options and vesting of restricted shares	1,628,994	0	—	—	—	—	—	—
Repurchase and retirement of ordinary shares	(41,786,414)	(1)	(842,971)	(2,952,777)	(1,052,367)	—	—	(4,848,116)
Share-based compensation	—	—	378,374	—	—	—	—	378,374
Dividends to shareholders	—	—	—	—	(1,387,506)	—	—	(1,387,506)
Other comprehensive income	—	—	—	—	—	(207,571)	—	(207,571)
Net income (loss)	—	—	—	—	5,989,691	—	(14,048)	5,975,643
Balance as of December 31, 2025	**243,823,900**	**20**	**3,874,816**	**(4,066,385)**	**24,502,158**	**(195,694)**	**42,128**	**24,157,043**

(1) The amount less than RMB1 is rounded to zero.

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

QFIN HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

	Year ended December 31,			
	2023	2024	2025	2025
	RMB	RMB	RMB	USD (Note 2)
Cash Flows from Operating Activities:				
Net income	4,268,577	6,248,116	5,975,643	854,507
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, amortization and reduction in right-of-use assets	73,762	74,894	68,121	9,741
Share-based compensation	185,604	167,613	378,374	54,107
Investment loss	30,112	—	—	—
Provision for loan principal, financial assets receivables and other receivables	2,712,936	3,491,661	4,179,497	597,660
Provision for contingent liabilities	3,053,810	478,404	1,667,742	238,484
Foreign exchange gain	(2,356)	(1,512)	(159,570)	(22,818)
Fair value change of derivatives	4,527	—	175,691	25,123
Gain on debt extinguishment	—	—	(270,135)	(38,629)
Amortization of issuance cost of convertible senior notes	—	—	22,242	3,181
Changes in operating assets and liabilities				
Funds receivable from third party payment service providers	(444,638)	1,141,307	(386,050)	(55,204)
Accounts receivable and contract assets	(123,379)	367,808	930,699	133,088
Financial assets receivable	143,463	1,079,514	(243,994)	(34,891)
Prepaid expenses and other assets	58,265	(1,088,735)	742,013	106,106
Security deposit prepaid to third-party guarantee companies	189,628	44,454	(163,081)	(23,320)
Deferred tax	78,097	76,025	(292,894)	(41,883)
Other non-current assets	(28,011)	(27,711)	22,563	3,227
Amounts due to related parties	355,262	28,144	(58,934)	(8,427)
Guarantee liabilities	(3,435,682)	(3,431,717)	(1,684,280)	(240,849)
Income tax payable	76,333	298,477	42,491	6,076
Other tax payable	13,038	(11,354)	(66,562)	(9,518)
Accrued expenses and other current liabilities	52,626	485,684	265,041	37,900
Other long-term liabilities	(7,269)	(4,160)	6,634	949
Interest receivable/ payable	(136,355)	(73,601)	(67,503)	(9,653)
Net cash provided by operating activities	**7,118,350**	**9,343,311**	**11,083,748**	**1,584,956**
Cash Flows from Investing Activities:				
Purchase of property and equipment and intangible assets	(84,554)	(153,150)	(240,542)	(34,397)
Investment in loans receivable	(92,202,671)	(102,799,121)	(120,448,307)	(17,223,879)
Collection of investment in loans receivable	81,131,580	98,311,782	107,477,329	15,369,054
Purchase of short-term investments	(248,361)	(4,641,665)	(10,116,360)	(1,446,620)
Proceeds from disposal of short-term investments	303,301	1,308,446	10,453,869	1,494,883
Other investing activities	(47,084)	(20,373)	(208,033)	(29,748)
Net cash used in investing activities	**(11,147,789)**	**(7,994,081)**	**(13,082,044)**	**(1,870,707)**
Cash Flows from Financing Activities:				
Payment of Secondary Listing costs	(16,023)	—	—	—
Repayment of short term loans	(176,000)	(1,318,586)	(2,037,754)	(291,395)
Repayment of long-term loans	—	(369)	—	—
Proceeds from short-term loans	824,586	1,889,939	1,874,272	268,017
Proceeds from long-term loans	72,767	157,211	215,871	30,869
Cash received from investors of the consolidated trusts	10,410,300	13,453,001	19,131,400	2,735,754
Cash paid to investors of the consolidated trusts	(8,471,288)	(12,059,532)	(13,191,619)	(1,886,376)
Stock repurchase	(636,179)	(2,973,192)	(4,848,116)	(693,271)
Dividend to shareholders	(941,705)	(1,262,935)	(1,378,103)	(197,066)
Loans received from non-controlling interests	—	—	9,171	1,311
Proceeds from convertible senior notes,net of issuance cost	—	—	4,917,431	703,183
Repurchase of convertible senior notes	—	—	(1,908,688)	(272,939)
Net cash from provided by (used in)financing activities	**1,066,458**	**(2,114,463)**	**2,783,865**	**398,087**
Effect of foreign exchange rate changes	9,615	12,036	(50,451)	(7,215)
Net (decrease) increase in cash and cash equivalents	(2,953,366)	(753,197)	735,118	105,121
Cash, cash equivalents, and restricted cash, beginning of year	10,512,363	7,558,997	6,805,800	973,216
Cash, cash equivalents, and restricted cash, end of year	**7,558,997**	**6,805,800**	**7,540,918**	**1,078,337**
Supplemental disclosures of cash flow information:				
Income taxes paid	(852,562)	(1,264,982)	(1,607,926)	(229,930)
Interest paid (not including interest paid to investors of consolidated trusts)	(12,868)	(18,585)	(34,181)	(4,888)
Reconciliation to amounts on consolidated balance sheets:				
Cash and cash equivalents	4,177,890	4,452,416	4,696,817	671,636
Restricted cash	3,381,107	2,353,384	2,844,101	406,701
Total cash, cash equivalents, and restricted cash	**7,558,997**	**6,805,800**	**7,540,918**	**1,078,337**

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

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Qfin Holdings, Inc. (formerly known as Qifu Technology, Inc.) (the "Company") was incorporated in Cayman Islands with limited liability on April 27, 2018. The Company, its subsidiaries and its consolidated variable interest entities ("VIEs") (together, the "Group") are engaged in matching individual borrowers with credit demand to a diversified pool of financial institutions with credit to supply through a financial technology platform.

The Company's significant subsidiaries and its consolidated VIEs as of December 31, 2025 are as follows:

	Date of Incorporation	Place of Incorporation
Subsidiaries		
HK Qirui International Technology Limited ("HK Qirui")	June 14, 2018	Hong Kong
Shanghai Qiyue Information & Technology Co., Ltd. ("Qiyue")	August 7, 2018	PRC
Shanghai Qidi Information Technology Co., Ltd. ("Qidi")	June 27, 2019	PRC
Beihai Qi'ang Information & Technology Co., Ltd. ("Qi'ang")	December 27, 2022	PRC
VIEs and VIEs' Subsidiaries		
Shanghai Qiyu Information & Technology Co., Ltd. ("Qiyu")	July 25, 2016	PRC
Fuzhou Qifu Online Microcredit Co., Ltd. ("Fuzhou Microcredit")	March 30, 2017	PRC
Fuzhou Qifu Financing Guarantee Co., Ltd. ("Fuzhou Guarantee")	June 29, 2018	PRC
Beihai Yunhua Information & Technology Co., Ltd. ("Beihai Yunhua")	June 16, 2022	PRC

History of the Group

The Group started its business in 2016 through Qiyu, a limited liability company in the People's Republic of China ("PRC"). In 2018, the Company undertook a series of transactions to redomicile its business from the PRC to the Cayman Islands and established intermediary companies of HK Qirui and Qiyue ("WFOE") for the purpose of establishing a VIE structure of the Group. The WFOE entered into VIE agreements which effectively provided control to the WFOE over the operations of the VIEs.

The VIE arrangement

PRC laws and regulations prohibit or restrict foreign control of companies involved in provision of internet content and certain finance business. To comply with these foreign ownership restrictions, the Company operates substantially all of its service through its VIEs in the PRC.

The VIEs hold leases and other assets necessary to provide services and generate the majority of the Company's revenues. To provide the Company effective control over the VIEs and the ability to receive substantially all of the economic benefits of the VIEs, a series of contractual arrangements were entered into amongst Qiyue ("WFOE"), VIEs and their beneficial shareholders. In June 2022, the set of VIE agreements was terminated and replaced by a set of new VIE agreements signed by the same parties, with no material changes to the major terms.

Voting Proxy Agreement

Pursuant to the voting proxy agreement entered into among WFOE, Qiyu and Shanghai Qibutianxia Information Technology Co., Ltd. (formerly known as Beijing Qibutianxia Technology Co., Ltd. "Qibutianxia"), the sole registered shareholder of Qiyu, Qibutianxia would irrevocably authorize the WFOE or any person designated by the WFOE to act as its attorney-in-fact to exercise all of its rights as a shareholder of Qiyu, including, but not limited to, the right: (i) to convene and participate in shareholders' meetings pursuant to the constitutional documents of Qiyu in the capacity of a proxy of Qibutianxia; (ii) to exercise the voting rights pursuant to the relevant PRC laws and regulations and the articles of Qiyu, on behalf of Qibutianxia, and adopt resolutions, including but not limited to dividend rights, sale or transfer or pledge or disposal of part or all of Qiyu's equity; (iii) to nominate, designate or appoint and remove the legal representative, directors, supervisors and other senior management of Qiyu pursuant to the constitutional documents of Qiyu.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES – continued

The VIE arrangement – continued

Voting Proxy Agreement **–** continued

The Voting Proxy Agreement has an indefinite term and will be terminated in the event that (i) it is unilaterally terminated by the WFOE, or (ii) it is legally permissible for the WFOE, the Company or any of the subsidiaries to hold equity interests directly or indirectly in Qiyu and the WFOE or its designated person is registered to be the sole shareholder of Qiyu.

Equity Interest Pledge Agreement

Pursuant to the equity interest pledge agreement, Qibutianxia agreed to pledge all of its equity interests in Qiyu to the WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts under the VIE arrangements. In the event of a breach by Qiyu or Qibutianxia of contractual obligations under the VIE Agreements, the WFOE, as pledgee, will have the right to dispose of the pledged equity interests in Qiyu. Qibutianxia has undertaken to the WFOE, among other things, not to transfer its equity interests in Qiyu and not to create or allow any pledge thereon that may affect the rights and interest of the WFOE without its prior written consent.

Exclusive Option Agreement

Pursuant to the exclusive option agreement entered into among WFOE, Qiyu and Qibutianxia, Qibutianxia irrevocably grants the WFOE an exclusive option to purchase or designate one or more persons to purchase, all or part of its equity interests in Qiyu, and Qiyu irrevocably grants the WFOE an exclusive option to purchase all or part of its assets, subject to applicable PRC laws. The WFOE or its designated person may exercise such options at the lowest price permitted under applicable PRC laws. Qibutianxia and Qiyu have undertaken that, among other things, without the WFOE's prior written consent, including but not limited to:(i) they shall not in any manner supplement, change or amend the constitutional documents of Qiyu, increase or decrease their registered capital, or change the structure of their registered capital in other manner; (ii) they shall not at any time following the signing of the Exclusive Option Agreement, sell, transfer, pledge or dispose of in any manner any assets of Qiyu or interest in the business or revenues of Qiyu, or allow the encumbrance thereon of any security interest; (iii) they shall not cause or permit Qiyu to merge, consolidate with, acquire or invest in any person; (iv) Qiyu shall not in any manner distribute dividends to its shareholder, provided that upon the written request of the WFOE, Qiyu shall immediately distribute all distributable profits to its shareholders; (v) at the request of the WFOE, they shall appoint any persons designated by the WFOE as the directors, supervisors and/or senior management of Qiyu or terminate existing directors, supervisors and/or senior management of Shanghai Qiyu, and perform all relevant resolutions and filing procedures.

The Exclusive Option Agreement has an indefinite term commencing from its date of signing unless and until all the equity interests and assets subject to the agreement have been transferred to the WFOE and/or its designated person and the WFOE and its subsidiaries or affiliates can legally operate the business of Qiyu, whereby the exclusive option agreement shall terminate. WFOE is entitled to unilaterally terminate the Exclusive Option Agreement while other parties to the Exclusive Option Agreement may not terminate the Exclusive Option Agreement unilaterally, unless otherwise provided under PRC laws.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES – continued

The VIE arrangement – continued

Exclusive Business Cooperation Agreement

Pursuant to the exclusive business cooperation agreement between the WFOE and Qiyu, the WFOE has the exclusive right to provide Qiyu with the consulting and technical services required by Qiyu's business. In consideration of the services provided by the WFOE, Qiyu shall pay services fees to the WFOE without contravening PRC laws, equal to the entirety of the total consolidated net profit of the Qiyu and its subsidiaries, after the deduction of any accumulated deficit in respect of the preceding financial year(s) (if applicable), operating costs, expenses, taxes and other payments required by the relevant laws and regulations to be reserved or withheld. The WFOE may also adjust the scope and amount of services fees in its discretion taking into account factors including but not limited to: (i) the complexity of the services provided by the WFOE; (ii) the exact content and business value of the services; and (iii) the market price of services of similar types. In addition, absent the prior written consent of the WFOE, during the term of the exclusive business cooperation agreement, with respect to the services subject to the exclusive business cooperation agreement and other matters, Qiyu and its subsidiaries shall not accept the same or any similar services provided by any third party and shall not establish cooperation relationships similar to that formed by the exclusive business cooperation agreement with any third party. The WFOE would have the exclusive ownership of all the intellectual property rights created as a result of the performance of the exclusive business cooperation agreement to the extent permitted by applicable PRC laws. The Company considers that the arrangement will ensure the economic benefits generated from the operations of the consolidated affiliated entities flow to the WFOE and hence, the Group as a whole.

The exclusive business cooperation agreement has an indefinite term. The exclusive business cooperation agreement may be terminated by the WFOE: (i) when Qiyu becomes insolvent, bankrupt or subject to liquidation or dissolution procedures; (ii) upon the transfer of the entire equity interests in and the transfer of all assets of Qiyu to the WFOE or its designated person pursuant to the exclusive option agreement entered into between the WFOE, Qiyu and Qibutianxia; (iii) when it is legally permissible for the WFOE to hold equity interests directly or indirectly in Qiyu and the WFOE or its designated person is registered to be the shareholder of Qiyu; (iv) when relevant government authorities refuse to renew the expired operating period of Qiyu or the WFOE; (v) by giving Qiyu a 30 days' prior written notice of termination; or (vi) Qiyu breaches the exclusive business cooperation agreement. Qiyu is not contractually entitled to unilaterally terminate the exclusive business cooperation agreement with the WFOE.

Loan Agreement

Pursuant to the loan agreement among the WFOE, Qiyu and Qibutianxia, the WFOE is entitled to provide interest-free loans, to the extent permitted by laws, regulations and industry policies of the PRC from time to time at such time and amount as it deems appropriate to Qibutianxia for the purpose of Qiyu's business operation and development, including but not limited to directly injecting such funds to the registered capital of Qiyu. Each of the loans made under this loan agreement has no fixed term, and unless otherwise agreed, the WFOE shall unilaterally decide when to withdraw the loans, provided that the WFOE shall notify Qibutianxia in writing one month in advance. The loan agreement shall remain in effect during Qiyu's term (and the renewable period stipulated by the laws of the PRC), and shall automatically terminate after the WFOE and/or other entities designated by the WFOE fully exercise all their rights under the exclusive option agreement.

The Company also has some other sets of VIE contractual arrangements. The arrangements with its significant VIEs include the arrangement among the WFOE, Fuzhou Guarantee and Qibutianxia, which are substantially similar to the set with Qiyu as described above.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES – continued

The VIE arrangement – continued

Risks in relation to VIE structure

The Company believes that the contractual arrangements with Qiyu, Fuzhou Guarantee and their shareholders, Qibutianxia, are in compliance with existing PRC laws and regulations and are valid, binding and enforceable and will not result in any violation of applicable PRC laws or regulations. However, the PRC regulatory authorities may take a contrary view. If the ownership structure and contractual arrangements were found to be in violation of any existing PRC laws and regulations, the regulatory authorities may exercise their discretion and:

- revoke the business and operating licenses of WFOE or consolidated affiliated entities;
- restrict the rights to collect revenues from any of the Company's PRC subsidiaries;
- discontinue or restrict the operations of the Company's PRC subsidiaries or consolidated affiliated entities;
- require the Company's PRC subsidiaries or consolidated affiliated entities to restructure the relevant ownership structure or operations;
- restrict or prohibit the use of proceeds from offshore offering to finance business and operations in PRC;
- take other regulatory or enforcement action including levying fines that could be harmful to the Company's business; or
- impose additional conditions or requirements with which the Company may not be able to comply.

The imposition of any of these penalties may result in a material adverse effect on the Company's ability to conduct its business. In addition, if the imposition of any of these penalties causes the Company to lose the rights to direct the activities of the VIEs or the right to receive substantially all of their economic benefits, the Company would no longer be able to consolidate the financial results of the VIEs.

These contractual arrangements allow the Company to effectively control Qiyu, Fuzhou Guarantee, and to derive substantially all of the economic benefits from them. Accordingly, the Company treats Qiyu, Fuzhou Guarantee as VIEs. Because the Company is the primary beneficiary, the Company has consolidated the financial results of the VIEs. Fuzhou Microcredit and Beihai Yunhua are subsidiaries of Qiyu.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES – continued

The VIE arrangement – continued

Risks in relation to VIE structure – continued

The following financial statement amounts and balances of the VIEs were included in the accompanying consolidated financial statements after elimination of intercompany transactions and balances. The table below does not include the financial information of the consolidated trusts (see note 2 "Consolidated Trusts"):

	December 31, 2024 RMB	December 31, 2025 RMB
ASSETS		
Cash and cash equivalents	4,005,463	2,995,112
Restricted cash	1,581,586	1,373,146
Short term investments	222	396,400
Security deposit prepaid to third-party guarantee companies	162,617	325,698
Funds receivable from third party payment service providers	462,112	848,163
Accounts receivable and contract assets, net	981,541	788,140
Financial assets receivable, net	1,553,912	1,510,205
Amounts due from related parties	3,773	—
Loans receivable, net	19,757,480	22,281,492
Prepaid expenses and other assets	1,286,259	417,058
Accounts receivable and contract assets, net-noncurrent	21,538	20,876
Financial assets receivable, net-non current	170,779	209,459
Amounts due from related parties, non-current	14	—
Loans receivable, net-noncurrent	1,906,174	2,247,803
Property and equipment, net	348,706	628,112
Land use rights, net	956,738	966,582
Intangible assets	2,616	1,541
Deferred tax assets	1,124,612	1,264,975
Other non-current assets	23,256	26,994
Total Assets	**34,349,398**	**36,301,756**
LIABILITIES		
Accrued expenses and other current liabilities	2,150,644	2,605,314
Amounts due to related parties	67,495	—
Short term loans	1,359,601	1,152,891
Guarantee liabilities-stand ready	2,383,202	2,314,865
Guarantee liabilities-contingent	1,820,350	1,872,149
Income tax payable	618,932	655,112
Other tax payable	17,965	1,572
Deferred tax liabilities	64,395	66,718
Other long-term liabilities	253,136	475,218
Total liabilities	**8,735,720**	**9,143,839**

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES – continued

The VIE arrangement – continued

Risks in relation to VIE structure – continued

	Year ended December 31, 2023 RMB	Year ended December 31, 2024 RMB	Year ended December 31, 2025 RMB
Net revenue	12,902,396	13,826,053	15,340,360
Net income	3,178,907	6,156,470	4,906,407

	Year ended December 31, 2023 RMB	Year ended December 31, 2024 RMB	Year ended December 31, 2025 RMB
Net cash provided by operating activities	4,406,482	8,355,774	7,739,638
Net cash used in investing activities	(11,176,472)	(5,837,683)	(5,420,076)
Net cash provided by financing activities	721,352	717,857	21,898

The consolidated VIEs contributed 79%, 81% and 80% of the Group's consolidated revenue for the years ended December 31, 2023, 2024 and 2025, respectively. As of December 31, 2024 and 2025, the consolidated VIEs accounted for an aggregate of 71% and 64%, respectively, of the consolidated total assets, and 37% and 28%, respectively, of the consolidated total liabilities.

There are no assets of the VIEs that are collateral for the obligations of the VIEs and their subsidiaries and can only be used to settle the obligations of the VIEs and their subsidiaries. There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests that require the Company or its subsidiaries to provide financial support to the VIEs. However, if the VIEs ever need financial support, the Company or its subsidiaries may, at its option and subject to statutory limits and restrictions, provide financial support to its VIEs through loans to the shareholder of the VIEs.

Relevant PRC laws and regulations restrict the VIEs from transferring a portion of their net assets, equivalent to the balance of their statutory reserve and their share capital (see note 16 "Statutory Reserves and Restricted Net Assets"), to the Company in the form of loans and advances or cash dividends.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis of consolidation

The accompanying financial statements include the financial statements of the Company, its subsidiaries, and consolidated VIEs. All inter-company transactions and balances have been eliminated.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Consolidated Trusts

Loans funded by the financial institution partners in the Group's loan facilitation business are typically disbursed to the borrowers directly from such partners. Upon the need of certain the financial institution partners, loans from such financial institution partners are funded and disbursed indirectly through trusts. Some trusts were specifically set up for the purpose of assets backed securities ("ABS") issuance to the asset backed special plans (the "ABS plans"). The Group also transferred part of the loans receivable funded by Fuzhou Microcredit to the ABS plans. The consolidated trusts and ABS plans are referred to as "the consolidated trusts" collectively.

The trusts fund loans facilitated by the Group using the funds received from its beneficiaries to the borrowers. The trusts provide the returns to its beneficiaries through interest payments made by the borrowers. The borrowers are charged with the interests by the trusts. For the majority of trusts, the Group is either entitled to the residual profit in the trusts or the Group has provided guarantee to the trusts by agreeing to repurchase any loans that are delinquent for 60 to 90 days from which the Group absorbs the credit risk of the trusts resulting from borrowers' delinquencies,or both. The Group determined that the residual profit or the guarantee represents a variable interest in the trusts through which the Group has the right to receive benefits or the obligation to absorb losses from the trusts that could potentially be significant to the trusts. Since the trusts only invest in the loans facilitated by the Group and the Group continues to service the loans through a service agreement post origination and has the ability to direct default mitigation activities, the Group has the power to direct the activities of the trusts that most significantly impact the economic performance of the trusts. As a result, the Group is considered the primary beneficiary of the trusts and consolidated the trusts' assets, liabilities, results of operations and cash flows. For the ABS plans set up to invest in the loans funded by Fuzhou Microcredit, the Group held the whole subordinated tranche securities to provide credit enhancement. Such subordinate rights represented a variable interest in the ABS plans through which the Group has the right to receive benefits or the obligation to absorb losses that could potentially be significant to the ABS plans. As Fuzhou Microcredit continues to service the loans and has the ability to direct default mitigation activities, it has the power to direct the activities of the ABS plans that most significantly impact the economic performance. As a result, the Group is considered the primary beneficiary of the ABS plans and consolidated the ABS plans' assets, liabilities, results of operations and cash flows.

In 2023, the Group received letter of approval for listing and transferring ABS on Shanghai Stock Exchange and Shenzhen Stock Exchange within the issue scale of RMB7.0 billion and RMB5.5 billion, respectively. In 2024, the Group received letter of approval for listing and transferring ABS on Shanghai Stock Exchange, Shenzhen Stock Exchange and National Association of Financial Market Institutional Investors within the issue scale of RMB6.1 billion, RMB7.3 billion and RMB1.8 billion, respectively. In 2025, the Group also received letter of approval for listing and transferring ABS on Shanghai Stock Exchange, Shenzhen Stock Exchange and National Association of Financial Market Institutional Investors within the issue scale of RMB8.1 billion, RMB9.0 billion and RMB4.3 billion, respectively. After proceeds are collected from ABS issuances, the trust beneficial rights, or the loans receivable, were transferred, as underlying assets, to the ABS plans. The beneficial rights and loans receivable of RMB6.9 billion, RMB6.8 billion and RMB12.4 billion in trusts were transferred to the ABS plans for the years ended December 31, 2023, 2024 and 2025, respectively. The loans receivable of RMB5.6 billion, RMB8.4 billion and RMB9.0 billion in Fuzhou Microcredit were transferred to the ABS plans for the years ended December 31, 2023, 2024 and 2025, respectively. The ABS plans were securitized and listed on Shanghai Stock Exchange, Shenzhen Stock Exchange and National Association of Financial Market Institutional Investors, with terms of one or two years. As of December 31, 2025, the Group held the whole subordinated tranche securities to provide credit enhancement. The underlying trusts were continued to be consolidated by the Group and the loans receivable remained on balance sheet of Fuzhou Microcredit. Senior tranche securities held by external financial institution partners were recorded as "payable to investors of the consolidated trusts – current" with the balance of RMB8,138,167 and RMB8,867,548 as of December 31, 2024 and 2025, respectively and "payable to investors of the consolidated trusts – noncurrent" with the balance of RMB5,719,600 and RMB9,930,000 as of December 31, 2024 and 2025, respectively on the consolidated balance sheet.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Consolidated Trusts – continued

As of December 31, 2024 and 2025, the balance of delinquent loans repurchased by the Group from the consolidated trusts are RMB1,643,309 and RMB2,291,427, respectively. As of December 31, 2024 and 2025, the balance of performing loans upon liquidation of certain consolidated trusts repurchased by the Group from the consolidated trusts per the contracts agreed with the counterparty are RMB11,615 and RMB11,421, respectively. For the years ended December 31, 2023, 2024 and 2025, the provision for loan losses of RMB766,551, RMB798,886 and RMB1,697,718 were charged to the consolidated statements of operations, respectively. Loans receivable of RMB759,223, RMB658,030 and RMB855,416 are written off for the years ended December 31, 2023, 2024 and 2025, respectively.

Interest on loans receivable is accrued and credited to income as earned. The Group determines a loan's past due status by the number of days that have elapsed since a borrower has failed to make a contractual loan payment. Accrual of interest is generally discontinued when the loan principal and interest are deemed to be uncollectible. In general, loans receivable is identified as uncollectible when it is determined to be not probable that the balance can be collected.

The following financial statement amounts and balances of the consolidated trusts were included in the accompanying consolidated financial statements after elimination of intercompany transactions and balances:

	December 31, 2024 RMB	December 31, 2025 RMB
ASSETS		
Restricted cash	771,798	1,470,555
Loans receivable, net	6,956,948	12,399,462
Prepaid expenses and other assets	109,428	108,174
Loans receivable, net-noncurrent	631,575	1,754,356
Total Assets	**8,469,749**	**15,732,547**

	December 31, 2024 RMB	December 31, 2025 RMB
LIABILITIES		
Payable to investors of the consolidated trusts-current	8,188,454	9,922,559
Accrued expenses and other current liabilities	13,455	15,436
Other tax payable	50,719	—
Payable to investors of the consolidated trusts-noncurrent	5,719,600	9,930,000
Total liabilities	**13,972,228**	**19,867,995**

	Year ended December 31, 2023 RMB	Year ended December 31, 2024 RMB	Year ended December 31, 2025 RMB
Net revenue	2,350,404	2,470,358	3,035,144
Net income	948,139	1,121,050	1,156,539

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Consolidated Trusts – continued

	Year ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2025
	RMB	RMB	RMB
Net cash provided by operating activities	1,664,700	1,946,359	2,741,847
Net cash provided by (used in) investing activities	110,926	1,195,793	(8,193,363)
Net cash provided by financing activities	1,939,011	1,393,467	5,939,781

The consolidated trusts contributed 14%, 14% and 16% of the Group's consolidated revenue for the years ended December 31, 2023, 2024 and 2025 respectively. As of December 31, 2024 and December 31, 2025, the consolidated trusts accounted for an aggregate of 18% and 28%, respectively, of the consolidated total assets, and 58% and 61% respectively, of the consolidated total liabilities.

There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests that require the Company to provide financial support to the consolidated trusts.

The Group believes that the assets of the consolidated trusts could only be used to settle the obligations of the consolidated trusts.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates. Significant accounting estimates reflected in the Group's financial statements include revenue recognition, financial assets receivable, guarantee liabilities, allowance for loans receivable, allowance for uncollectible accounts receivable and contract assets, allowance for financial assets receivable.

Revenue recognition

Through cooperating with channel partners to direct users with credit needs to its app, the Group provides services through its facilitation of loan transactions between the borrowers and the financial institution partners through the use of two business models.

The first business model involves the Group providing credit driven services through facilitating loans that are guaranteed by the Group directly or through third-party guarantee companies and insurance companies for which the Group compensates the borrowers' default amount (referred to as "off-balance capital heavy loans" hereafter), or providing loans through the Consolidated Trusts and Fuzhou Microcredit. In either case, the Group ultimately bears all the credit risks when the borrowers default.

The second business model involves the Group providing platform services through facilitating loans with no or partial guarantee provided by the Group (referred to as "capital light loans" hereafter) and referral services. In these cases, the Group bears limited credit risks when the borrowers default.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition – continued

Loan facilitation and servicing fees

The Group earns loan facilitation and servicing fees from both off-balance capital heavy loans and capital light loans. The Group's services mainly consist of:

1) Performing customer acquisition, initial and credit screening and advanced risk assessment on the borrowers on its mobile platform and matching the financial institution partners to potential qualified borrowers and facilitating the execution of loan agreements between the parties, referred to as "Loan Facilitation Services" and;

2) Providing collection and other repayment processing services for the financial institution partners over the loan term, referred to as "Post Facilitation Services";

Based on the agreements entered into between the Group's financial institution partners and borrowers, the Group determined that it is not the legal lender or borrower in the loan origination and repayment process. Accordingly, the Group does not record loans receivable and payable arising from the loan between the financial institution partners and the borrowers.

The Group charges service fees directly from the financial institution partners based on the contractual agreements. The Group cooperates with insurance companies and financing guarantee companies to provide guarantee for the loans between the borrowers and the financial institution partners. Under this cooperation, the Group charges guarantee fees from the borrower.

For the loans the Group is entitled to the full service fee regardless of whether the borrowers choose to early repay or not, the Group has the unconditional right to the consideration. For the loans facilitated with borrowers who have the option of early repayment and upon termination they do not have the obligation to pay the remaining monthly service fees or not have to pay the excessive portion if the total fees are more than 24% of the origination principal on an annualized basis, the Group's right to consideration for the service fees is conditional on whether or not the borrowers repay in advance.

For off-balance capital heavy loans, the Group enjoys a fixed rate of service fees. For capital light loans, the Group enjoys a fixed rate of service fees, while in certain cases, the service fee rate the Group entitled to is subject to adjustment based on the actual default rate of the underlying loans.

Under the off-balance capital heavy loans, the Group also provides a guarantee service to its financial institution partners whereas in the event of default, the financial institution partners are entitled to receive unpaid interest and principal from the Group. Given that the Group effectively takes on all of the credit risk of the borrowers and is compensated by the service fees charged, the guarantee is deemed as a service and the guarantee exposure is recognized as a stand-ready obligation in accordance with ASC Topic 460, Guarantees (see accounting policy for Guarantee Liabilities). Under the capital light model, the Group either provides no guarantee or partial guarantee service. Under the partial guarantee scenario, the Group agrees with each financial institution partner a fixed upper limit of guarantee amount the Group is liable of. If the accumulated defaulted loan amount exceeds the agreed upper limit, the excess portion is borne by the financial institution partners. The Company ceased to provide guarantee for the capital light model in 2023.

The Group recognizes revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. To achieve that core principle, the Group applies the following steps:

- Step 1: Identify the contract (s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition – continued

Loan facilitation and servicing fees – continued

The Group determines that both the financial institution partners and the borrowers are its customers because they both receive services provided by the Group pursuant to the contractual terms among the Group, the borrowers and the financial institution partners. For each loan facilitated on the platform, the Group considers the loan facilitation service, post facilitation service and guarantee service (not applicable for arrangements where the Group does not provide guarantee service) as three separate services. 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 releasing of guarantee liabilities" over the term of the guarantee (see accounting policy for Guarantee Liabilities).While the post-origination service is within the scope of ASC Topic 860, the ASC Topic 606 revenue recognition model is applied due to the lack of definitive guidance in ASC Topic 860. The loan facilitation service and post-origination service 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 total transaction price to be the service fees chargeable from the borrowers or the financial institution partners. The Group's transaction price includes variable considerations in the form of prepayment risk of the borrowers and service fee allocation rate under capital light model under certain agreements. The Group estimates the prepayment risk of borrowers using the expected value approach on the basis of historical information and current trends of the collection percentage of the borrowers. The service fee allocated to the Group under capital light model would be fluctuated along with the actual default rate of the loans facilitated as stipulated in the agreements. The Group determines the corresponding service fee allocation rate based on the estimated default rate of the underlying loans. The transaction price is allocated amongst the guarantee service, if any, and the other two performance obligations.

The Group first allocates the transaction price to the guarantee liabilities, if any, in accordance with ASC Topic 460, Guarantees which requires the guarantee to be measured initially at fair value based on the stand-ready obligation. Then the remaining considerations are allocated to the loan facilitation services and post facilitation 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 facilitation services because it does not provide loan facilitation services or post facilitation services on a standalone basis. There is no direct observable standalone selling price for similar services in the market reasonably available to the Group. As a result, the estimation of standalone selling price involves significant judgment. The Group uses expected cost plus margin approach to estimate the standalone selling prices of loan facilitation services and post facilitation services as the basis of revenue allocation. In estimating its standalone selling price for the loan facilitation services and post 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.

For each type of service, the Group recognizes revenue when (or as) the entity satisfies the service/ performance obligation by transferring the promised service (that is, an asset) to customers. Revenues from loan facilitation services are recognized at the time a loan is originated between the financial institution partners and the borrowers and the principal loan balance is transferred to the borrowers, at which time the facilitation service is considered completed. Revenues from post facilitation services are recognized on a straight-line basis over the term of the underlying loans as the post- facilitation services are a series of distinct services that are substantially the same and that have the same pattern of transfer to the financial institution partners.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition – continued

Revenue from releasing of guarantee liabilities

For the years ended December 2023, 2024 and 2025, revenue from guarantee liabilities were RMB4,745,898, RMB3,695,017 and RMB3,412,952, respectively.

Incentives

The Group provides incentives to the borrowers by providing coupons which can only be used as a reduction of repayment and ultimately reduced the service fees received by the Group. Because the borrower does not enter into any enforceable commitment by picking up the coupons, no contract arises from the coupons. Therefore the Group records the incentives as a deduction to revenue upon redemption.

Financing income

The Group provides loans through the Consolidated Trusts and Fuzhou Microcredit. The interest rate charged to the borrowers are fixed. The Group recognized revenue under "financing income" the fees and interests charged to the borrowers over the lifetime of the loans using the effective interest method.

Referral service fees

The Group provides the referral services to other platforms, 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 are accepted by the other service providers on those platforms. The revenue is recognized once the referral is completed as confirmed by those platforms.

The Group provides the referral services to the financial institution partner and other lending companies also through the Group's Intelligence Credit Engine platform, by matching the borrowers and the financial institution partner and other lending companies. For loans originated through the platform, the Group typically charges the financial institution partner and other lending companies mainly a fixed rate of service fees or a predetermined fee rate range linked with the actual default rate of the loans facilitated. The revenue is recognized upon receipt of confirmation by the financial institution partner and other lending companies of loan facilitation at which time the referral service is deemed completed, using the service fee rate applicable.

For the years ended December 31, 2023, 2024 and 2025, RMB950,016, RMB2,842,637 and RMB2,738,786 were generated from the referral service, respectively.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition – continued

Other service fees

Other service fees mainly pertain to the revenue from late fees from borrowers under off-balance capital heavy loans and capital light loans and revenue from value-added services such as collection services for financial institution partners provided over the loan tenure.

The following table presents the disaggregation of revenue for the years ended December 31, 2023, 2024 and 2025:

		Year ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2025
		RMB	RMB	RMB
Credit driven services		**11,738,560**	**11,719,027**	**13,977,218**
Loan facilitation and servicing fees-capital heavy		1,667,119	1,016,514	1,604,903
Revenue from loan facilitation services	At a point in time	1,081,699	638,814	1,143,395
Revenue from post-facilitation services	Overtime	585,420	377,700	461,508
Financing income	Overtime	5,109,921	6,636,511	8,569,063
Revenue from releasing of guarantee liabilities	Overtime	4,745,898	3,695,017	3,412,952
Other services fees	At a point in time	215,622	370,985	390,300
Platform services		**4,551,467**	**5,446,629**	**5,227,841**
Loan facilitation and servicing fees-capital light		3,213,955	2,116,797	1,162,563
Revenue from loan facilitation services	At a point in time	2,096,085	1,246,541	683,929
Revenue from post-facilitation services	Overtime	1,117,870	870,256	478,634
Referral services fees	At a point in time	950,016	2,842,637	2,738,786
Other services fees	At a point in time/Overtime	387,496	487,195	1,326,492
Total net revenue		**16,290,027**	**17,165,656**	**19,205,059**

Total revenue recognized at a point in time is RMB4,485 million, RMB5,372 million and RMB5,317 million for the years ended December 31, 2023, 2024 and 2025, respectively. Total revenue recognized over time is RMB11,805 million, RMB11,794 million and RMB13,888 million for the years ended December 31, 2023, 2024 and 2025, respectively.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition – continued

Accounts receivable and Contract Assets, net

For the loans the Group is entitled to the full service fee regardless of whether the borrowers choose to early repay or not, the Group has the unconditional right to the consideration and an accounts receivable is recorded for the monthly service fees allocated to loan facilitation service that have already been delivered in relation to loans facilitated on the Group's platform when recognizing revenue from loan facilitation service. For the loans facilitated with borrowers who have the option of early repayment and upon termination they do not have the obligation to pay the remaining monthly service fees or do not have to pay the excessive portion if the total fees are more than 24% of the origination principal on an annualized basis, the Group's right to consideration for the service fees of facilitation service is conditional on whether or not the borrowers repay in advance. In these instances, the Group records a corresponding contract asset when recognizing revenue from loan facilitation service.

Accounts receivable and contract assets are stated at the historical carrying amount net of write-offs and allowance for collectability in accordance with ASC Topic 326. The Group established an allowance for uncollectible accounts receivable and contract assets based on estimates, which incorporate historical experience and other factors surrounding the credit risk of specific type of customers which is essentially the expected net default rates used in determining the fair value of guarantee liabilities. The Group evaluates and adjusts its allowance for uncollectible accounts receivable and contract assets on a quarterly basis or more often as necessary.

Uncollectible accounts receivable and contract assets are written off when the consideration entitled to be received by the Group is due and 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. Contract assets and accounts receivable are identified as uncollectible when the underlying loan is determined to be not probable that the balance can be collected. The Group will write off contract assets and accounts receivable and the corresponding provisions if the underlying loan is deemed uncollectible.

The Group did not recognize any contract liabilities during the periods presented. The amount of the transaction price allocated to performance obligations that are unsatisfied as of December 31, 2024 and 2025 are RMB551,785 and RMB 635,422, respectively, all of which pertain to post- origination service. Remaining unsatisfied performance obligations that will be recognized as revenue by the Group within the following 12 months are 83% and 87% of the remaining performance obligations as of December 31, 2024 and 2025 respectively, with the remainder recognized thereafter.

The Group determines that acquisition cost paid for the financial institution partners based on the amount of loans facilitated represents costs to obtain a contract qualifying for capitalization since these payments are directly related to sales achieved during a period. Such cost was not material during the periods presented.

The Company recognized RMB1,374,474 in revenue from performance obligations satisfied (or partially satisfied) in prior periods primarily due to changes in variable consideration for the year ended December 31, 2025. The amount of revenue adjustments in this aspect is not material for the years ended December 31, 2023 and 2024.

The Group is subject to value-added tax and other surcharges including education surtax and urban maintenance and construction tax, on the services provided in the PRC. The Group has made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by the governmental authority. Such taxes excluded from revenues are RMB991,176, RMB1,044,160 and RMB1,137,538, respectively, for the years ended December 31, 2023, 2024 and 2025, respectively.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Allowance for credit losses

ASC 326, Financial Instruments—Credit Losses requires recognition of allowances upon origination or acquisition of financial assets at an estimate of expected credit losses over the contractual term of the financial assets (the current expected credit loss or the "CECL" model). The Group's financial assets subject to the CECL model mainly include: loans receivable, accounts receivable, contract assets and financial assets receivable, and the allowance for these financial assets is driven by estimated default rate of underlying loans. The Group does not assign internal risk ratings to loans facilitated as they are of small balance and homogeneous. The Group estimates the default rate of loans on a pool basis by taking into consideration the historical delinquency rate by vintage, adjusted by specific risks for loans within each vintage, correlated industrial and macro-economic factors, and other pertinent information such as CPI and delinquent loan collection rate in assessing future performance of the loan portfolio. The Group monitors the delinquency status by vintage of origination and writes off delinquent loans timely when the loans become uncollectible.

The allowance for loans receivable is calculated based on estimated default rate of loans facilitated through the Consolidated Trusts or Fuzhou Microcredit. The allowance for accounts receivable, contract assets, financial assets receivable and accounts receivable, contract assets and financial assets receivables from related parties (recorded as "amounts due from related parties") is assessed in accordance with the estimated default rate of the underlying off-balance loans facilitated. Since the allowance is recorded at loan inception based on the estimated collectability over the entire loan tenure and adjusted in each subsequent reporting period based on update of relevant information, the adoption of the CECL model does not have material impact on the timing and amount of allowance recognized for these financial assets.

Other financial receivables subject to the CECL model mainly include security deposit prepaid to third party guarantee companies, funds receivable from third party payment service providers, other receivables from related parties (recorded as "amounts due from related parties") and other security deposit (recorded as "prepaid expenses and other assets"), which are of short term and shows no historical default record. The Group determines no allowance is needed for these receivables, except for receivables from related parties, which are based on the estimated default rate of underlying loans as discussed above.

ASC 326 also requires the Group to record financial guarantee on a gross basis. As such, the Group recognized a separate contingent guarantee liability with an allowance for credit losses following the CECL model at the inception of loans facilitated with guarantee services provided (see accounting policy for Guarantee Liabilities). The allowance is an estimate of future net-payout by the Group upon borrowers' default, which is ultimately based on the same estimated default rate of loans facilitated as discussed above.

Cash and cash equivalents

Cash and cash equivalents mainly consist of funds in banks, which are highly liquid and are unrestricted as to withdrawal or use.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Restricted cash

Restricted cash represents:

(i) Deposit to funding banks which is used to secure timely loan repayment. As of December 31, 2024 and 2025, the amount of restricted cash related to deposit to the funding banks is RMB1,106,378 and RMB934,546 respectively.

(ii) Pledged term deposit for credit lines of short term loans. As of December 31, 2024 and 2025, the amount of pledged term deposit is RMB475,208 and RMB439,000, respectively.

(iii) Cash held by the trusts and ABS plans through segregated bank accounts which can only be used to invest in loans or other securities as stipulated in the trust agreement and ABS plan. Substantially all trusts and ABS plans have a maximum operating period of ten years. The cash in the trusts and ABS plans is not available to fund the general liquidity needs of the Group.

Short-term investments

Short-term investments consist primarily of investments in terms deposits, wealth management products and derivative instruments. The Group invests in term deposits which have stated maturity and normally pay a prospective fixed rate of return, carried at amortized cost. Term deposits are bank deposits with original maturities longer than three months but less than one year. Wealth management products and derivative instruments are measured at fair value and the Group has intention to redeem or settle within one year.

Security deposit prepaid to third-party guarantee companies

Security deposit prepaid to third-party guarantee companies mainly represents deposit prepaid by the Group to provide guarantee to secure timely loan repayment for the financial institution partners.

Funds receivable from third party payment service providers

The Group opened accounts with third party online payment service providers to collect and transfer the loan funds and interest to financial institution partners or borrowers. The Group also uses such accounts to collect the transaction fee and service fee, and repay and collect the default loan principal and interest. The balance of funds receivable from third party payment service providers mainly includes:

(a) Funds provided by Fuzhou Microcredit but not yet transferred to the borrowers by third party payment service providers due to the settlement time lag;

(b) Repayment of loan principal and interest amounts received from the borrowers but not yet transferred to the investors by third party payment service providers due to the settlement time lag; and

(c) Accumulated amounts of transaction fee, service fee received, payment and collection of default loan and interest at the balance sheet date.

Fair value

Fair value is considered to be the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fair value – continued

Authoritative literature provides a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the hierarchy within which the fair value measurement in its entirety falls is based upon the lowest level of input that is significant to the fair value measurement as follows:

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The carrying values of financial instruments, which consist of cash and cash equivalents, restricted cash, short-term investments other than those wealth management products mentioned below, security deposits, accounts receivable and contract assets, financial assets receivable, funds receivable from third party payment service providers, loans receivable, short-term loans, payable to investors of the consolidated trusts, and amounts due from/to related parties are recorded at cost which approximates their fair value due to the short-term nature of these instruments.

The Group has the following long-term financial instruments that are not reported at fair value on balance sheet:

Loans receivable, payable to investors of the consolidated trusts, accounts receivable and contract assets and financial assets receivable

Fair values of these financial instruments are estimated using a discounted cash flow model based on contractual cash flows. The fair values of loans receivable, accounts receivable and contract assets, financial assets receivable are classified as Level 3 fair value measurement due to the significant unobservable inputs concerning the estimation of default rate. The fair value of payable to investors of the consolidated trusts is classified as Level 2 fair value measurement. As of December 31, 2024 and 2025, the differences between fair values and carrying amount for loans receivable and payable to investors are due to the discount factor or interests in future periods, and the fair value approximates the carrying amount. For accounts receivable and contract assets, financial assets receivable, the differences are due to the discount factor solely and the fair value approximates the carrying amount.

Convertible senior notes

The fair value of convertible senior notes is determined using quoted prices based on level 2 inputs in Note 9.

The Group has the following wealth management products and derivative instruments that are recorded at fair value subsequent to initial recognition on a recurring basis:

As of December 31, 2024 and 2025, the fair value of wealth management products recorded in "short-term investments" amounts to RMB160,028 and RMB125,096, respectively, which is estimated based on interbank market quoted price and is classified as Level 2 in the fair value hierarchy.

As of December 2025, the fair value of derivative instrument recorded in "other long-term liabilities" amounts to RMB121,902, which is estimated based on interbank market quoted price and is classified as Level 2 in the fair value hierarchy.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Loans receivable

Loans receivable represents loans facilitated through the consolidated trusts and Fuzhou Microcredit. Loans receivable are recorded as receivable, reduced by a valuation allowance estimated as of the balance sheet date.

The allowance for loan losses is determined at a level believed to be reasonable to absorb probable losses inherent in the portfolio as of each balance sheet date in accordance with ASC 326 (see accounting policy of "Allowance for credit losses").

The Group charges off loans receivable as a reduction to the allowance for loans receivable when the loan principal and interest are deemed to be uncollectible. In general, loans receivable is identified as uncollectible when it is determined to be not probable that the balance can be collected.

Property and equipment, net

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Leasehold improvements	Over the shorter of the lease term or expected useful lives
Electronic equipment and software	3-10 years
Furniture and office equipment and others	3-5 years

Gains and losses from the disposal of furniture and equipment are recognized in the consolidated statements of operations.

Construction in progress represents property under construction and is stated at cost. Cost comprises original cost of property and equipment, installation, construction and other direct costs. Construction in progress is transferred to buildings and depreciation commences when the asset is ready for its intended use.

Depreciation expense on property and equipment for the years ended December 31, 2023, 2024 and 2025 were RMB15,426, RMB12,931 and RMB10,695, respectively.

Land use rights, net

Land use rights represent lease prepayments to the local government authorities and are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the term of the agreement, which is 50 years. Under ASC 842, land use rights were identified as operating lease right-of-use assets, which is separately disclosed as "Land use rights, net" in the Group's consolidated balance sheets.

Goodwill

Goodwill represents the excess of the purchase consideration over the acquisition date amounts of the identifiable tangible and intangible assets acquired and liabilities assumed from the acquired entity as a result of the Company's business acquisitions. Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. In accordance with ASC 350, the Company first assesses qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. In the qualitative assessment, the Company considers factors such as macroeconomic conditions, industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations. Based on the qualitative assessment, if it is more likely than not that the fair value of a reporting unit is less than the carrying amount, the quantitative impairment test is performed. As of December 31, 2025, goodwill related to the reporting unit was not impaired and therefore no impairment loss was recognized.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Guarantee liabilities

For the loans facilitated through the loan facilitation business, the Group provides a guarantee service to its financial institution partners whereas in the event of default, the financial institution partners are entitled to receive unpaid interest and principal from the Group. In general, any unpaid interest and principal are paid when the borrower does not repay as scheduled.

From February 2018, to follow the recent regulation change, particularly the Circular 141 which came into effect in December 2017, the Group began to involve third-party licensed vendors including financing guarantee companies and insurance companies to provide guarantee for new loans facilitated for certain financial institution partners. Under the cooperation with financing guarantee companies, these guarantee companies initially reimburses the loan principal and interest to the financial institution partners upon borrower's default. Although the Group does not have direct contractual obligation to the financial institution partners for defaulted principal and interest, the Group provides back to back guarantee to the licensed guarantee companies. As agreed in the back to back guarantee contract, the Group would pay the licensed guarantee companies for actual losses incurred based on defaulted principal and interest. Under the cooperation with insurance companies, the Group is obligated to provide funding in the form of security deposit with the insurance companies which is used to compensate the financial institution partners for borrowers' default. Given that the Group effectively takes on all of the credit risk of the borrowers, the Group recognizes a stand ready obligation for its guarantee exposure in accordance with ASC Topic 460.

Under capital light model, in the condition of no guarantee service provided, the Group does not take any credit risk and not record any guarantee liabilities associated with those loans. Besides, in the condition of partial guarantee, the amount of guarantee exposure is immaterial for the years ended December 31, 2024 and 2025.

At inception of the guarantee, the Group recognize both a stand-ready guarantee liability under ASC 460 with an associated financial assets receivable, and a contingent guarantee liability with an allowance for credit losses under 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 investors 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.

Financial assets receivable

Financial assets receivable is recognized at loan inception which is equal to the stand-ready guarantee 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 fair value recognized at loan inception is estimated using a discounted cash flow model based on the expected net payouts by incorporating a markup margin. The Group estimates its expected net payouts according to the product mix, default rates, loan terms and discount rate. The financial assets receivable is accounted for as a financial asset, and reduced upon the receipt of the service fee payment. At each reporting date, the Group estimates the future cash flows and assesses whether there is any indicator of impairment. If the carrying amounts of the financial assets receivable exceed the expected cash to be received, an impairment loss is recorded for the financial assets receivable not recoverable and is recorded in the consolidated statements of operations (see accounting policy of "Allowance for credit losses"). Impairment losses of RMB408,585, RMB314,879 and RMB 249,019 were recorded in the consolidated statements of operations during the years ended December 31, 2023, 2024 and 2025, respectively.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Convertible senior notes

Convertible senior notes are determined appropriately in accordance with the terms in relation to the conversion feature, call or/and put options, and other embedded features, if applicable. After considering the impact of such features, the Group may account for such instrument as a liability in its entirety, or separate the instrument into debt or/and equity components following the respective guidance described under ASC Topic 815, Derivatives and Hedging and ASC Topic 470, Debt. Debt discounts or premiums and debt issuance costs are recorded as a reduction of the principal amount and the related accretion is recorded as "Interest income, net" in the consolidated statements of operations using the effective interest method.

Facilitation, origination and servicing

Facilitation, origination and servicing expense represents cost of services which consists primarily of various expenses and vendor costs related to risk management, credit assessment, borrower and system support, payment processing services and third-party collection agencies with facilitating and servicing loans.

Facilitation and origination expense includes expense related to the Group's borrower referral program under which the Group provides cash incentives to existing borrowers who have successfully referred a new borrower/borrowers to the Group. Such cash reward is offered when the new borrower makes a drawdown. As the cash reward is directly associated with the new borrower acquisition, the Group accounted for it as origination expense to facilitate the loans. The Group recorded RMB12.2 million, RMB6.0 million and RMB2.4 million of cash reward for the years ended December 31, 2023, 2024 and 2025, respectively.

Sales and marketing expenses

Sales and marketing expenses primarily consist of various marketing and promotional expenses and general brand and awareness building, including fees paid to channel partners for directing user traffic to the Group. Salaries and benefits expenses related to the Group's sales and marketing personnel and other expenses related to the Group's sales and marketing team are also included in the sales and marketing expenses. For the years ended December 31, 2023, 2024 and 2025, the advertising and marketing related expenses were RMB1,693,585, RMB1,443,261 and RMB2,184,164, respectively.

Funding costs

Funding cost consists of interest expense the Group pays to the financial institution partners of the consolidated trusts, and issuance costs incurred by the consolidated trusts.

Government grant

Government grants are primarily referred to the amounts received from various levels of local governments from time to time which are granted for general corporate purposes and to support its ongoing operations in the region. The grants are determined at the discretion of the relevant government authority and there are no restrictions on their use. The government subsidies are recorded as other income in the period the cash is received and it is probable that the underlying requirements if any, will be met. The government grants received by the Group is RMB189,930, RMB112,564 and RMB224,665 for the years ended December 31, 2023, 2024 and 2025, respectively.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Income taxes

Current income taxes are provided on the basis of net profit (loss) for financial reporting purposes, adjusted for income and expenses which are not assessable or deductible for income tax purposes, in accordance with the laws of the relevant tax jurisdictions.

Deferred income taxes are provided using 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 financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

Deferred tax assets are recognized to the extent that these assets are more likely than not to be realized. In making such a determination, the management consider all positive and negative evidence, including future reversals of projected future taxable income and results of recent operation.

In order to assess uncertain tax positions, the Group applies a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Group recognizes interest and penalties, if any, under accrued expenses and other current liabilities on its consolidated balance sheets and under other expenses in its consolidated statements of operations. The Group did not have any significant unrecognized uncertain tax positions as of and for the years ended December 31, 2024 and 2025.

Value added taxes ("VAT")

The consolidated trusts are subject to VAT at the rate of 3%, while the other entities under the Group are subject to VAT at the rate of 6% as general taxpayers, and related surcharges on revenue generated from providing services. Entities that are VAT general taxpayers are allowed to offset qualified input VAT paid to suppliers against their output VAT liabilities. Net VAT balance between input VAT and output VAT is recorded in the line item of other tax payable on the consolidated balance sheets.

Certain risks and concentrations

As of December 31, 2024 and 2025, substantially all of the Group's cash and cash equivalents as well as restricted cash were held in major financial institutions located in the PRC and Hong Kong, which management considers to be of high credit quality.

For the year ended December 31, 2023 and 2024, financial institution partner A funded loans which generated greater than 10% of the total revenues. For the year ended December 31, 2025, financial institution partner B funded loans which generated greater than 10% of the total revenues.

Share-based compensation

Share-based payment transactions with employees, such as stock options and restricted shares are measured based on the grant date fair value of the awards, with the resulting expense generally recognized on a straight-line basis in the consolidated statements of operations over the period during which the employee is required to perform service in exchange for the award. The Group has elected to account for forfeitures as they occur.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Share-based compensation – continued

The share-based compensation expense related to the award which contains both service-based and performance-based vesting condition will be recognized when it is probable that the performance-based condition will be met. The probability of the performance condition to be met is not reflected when determining the fair value of the award. For some stock options and restricted shares subject to service, performance, and market conditions, the market conditions are considered when determining the grant date fair value. For awards with market and/or performance conditions, the individual cost of each vesting is amortized separately over each individual service period (the "graded vesting" method). The Group evaluates the probability of achieving the performance criteria throughout the performance period, and will adjust share-based compensation expense if it estimates that the achievement of the performance criteria is not probable.

Foreign currency translation

The reporting currency of the Group is the Renminbi ("RMB").The Group's operations are principally conducted through the companies located in the PRC where the RMB is the functional currency. The functional currency of the other major entities incorporated outside of PRC is the United States dollar ("USD").

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in currencies other than functional currency are translated into functional currency at the exchange rates prevailing at the balance sheet date. Transactions in currencies other than functional currency during the year are converted into the functional currency at the applicable rates of exchange prevailing on the transaction date. Transaction gains and losses are included in earnings as foreign exchange gains (loss).

The financial statements of the Group are translated from the functional currency into 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 income (loss).

Convenience translation

The Group's business is primarily conducted in China and all of the revenues are denominated in RMB. The financial statements of the Group are stated in RMB. Translations of balances in the consolidated balance sheets, and the related consolidated statements of operations, changes in equity and cash flows from RMB into US dollars as of and for the year ended December 31, 2025 are solely for the convenience of the readers and were calculated at the rate of USD1.00=RMB6.9931, representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on December 31, 2025. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into USD at that rate or at any other rate.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Employee defined contribution plan

Full time employees of the Group in the PRC participate in a government mandated multi-employer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that the Group makes contributions to the government for these benefits based on a certain percentage of the employee's salaries. The Group has no legal obligation for the benefits beyond the contributions, and the Group cannot utilize the contributed amount for future obligations if employee left the Group. The total amount that was expensed as incurred was RMB198,459, RMB238,577 and RMB263,396 for the years ended December 31, 2023, 2024 and 2025, respectively.

Income per share

Basic income per ordinary share is computed by dividing net income attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period assuming the ordinary shares were issued and outstanding from the earliest period presented.

Diluted income per ordinary share reflects the potential dilution that could occur if securities were exercised or converted into ordinary shares. Ordinary share equivalents are excluded from the computation in income periods should their effects be anti-dilutive. The Group had restricted shares, share options and convertible senior notes, which could potentially dilute basic earnings per share in the future.

Dividends

Dividends of the Company are recognized when declared.

Treasury stock

The Company accounts for treasury stock using the cost method. Under this method, the cost incurred to purchase the shares is recorded in the treasury stock account on the consolidated balance sheets. At retirement of the treasury stock, the ordinary shares account is charged only for the aggregate par value of the shares. The excess of the acquisition cost of treasury stock over the aggregate par value is allocated first to the corresponding additional paid-in capital of the repurchased shares with the remaining to retained earnings.

Segment reporting

The Group uses management approach to determine operation segment. The management approach considers the internal organization and reporting used by the Group's chief operating decision maker ("CODM") for making decisions, allocation of resource and assessing performance.

The Group's 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. The Group's CODM manages the Company's business activities as a single operating and reportable segment at the consolidated level. Accordingly, the Group's CODM uses consolidated net income to assess performance. The CODM assesses performance for the segment by comparing actual versus budget results, and such results are used to decide whether to reinvest profits into the segment or to pay dividends. Significant segment expenses are the same as these presented under the operating costs and expenses in the consolidated statements of operations, and the difference between net revenue less the significant segment expenses and consolidated net income are the other segment items.

Substantially all of the Group's long-lived assets are located in the PRC and substantially all of the Group's revenues are derived from within the PRC. Therefore, no geographical segments are presented.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Operating leases

The Group determines if a contract contains a lease based on whether it has the right to obtain substantially all of the economic benefits from the use of an identified asset and whether it has the right to direct the use of an identified asset in exchange for consideration, which relates to an asset the Group does not own. As part of the lease agreements, the Group may include options to extend or terminate the lease when it is reasonably certain that the Group will exercise those options. Right of use ("ROU") assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. ROU assets are initially measured based on the lease liability, adjusted for any initial direct costs, any lease payments made prior to lease commencement and for any lease incentives, and are included in other assets (long term) on the Group's consolidated balance sheets. Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date, and are included in accrued expenses and other current liabilities (short term) and other long-term liabilities on the Group's consolidated balance sheets. The discount rate used to determine the present value of the future lease payments is the Group's incremental borrowing rate, because the interest rate implicit in most of the Group's leases is not readily determinable. The Group's incremental borrowing rate represents the rate would be incurred to borrow on a collateralized basis over a similar term for an amount equal to the lease payments in a similar economic environment. Operating lease expense is recorded on a straight-line basis over the lease term. The Company does not possess any leases that have variable lease payments or residual value guarantees.

Recent accounting pronouncements

Recently Adopted Accounting Guidance

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures* (Topic 740). This ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. This ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company adopted this ASU for the year ended December 31, 2025 prospectively, and disclosed additional descriptive information as required under ASC 740 (see Note 13 "Income Taxes").

Recent Accounting Guidance Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03 "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40). 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.

In August 2025, the FASB issued ASU 2025-05, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Trade Receivables and Contract Assets". This ASU provides a practical expedient and accounting policy election to allow entities to measure expected credit losses on certain trade receivables and contract assets using a provision matrix approach. ASU 2025-05 is effective for annual periods beginning after December 15, 2025, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the effect of this ASU on its credit loss estimation methodology.

In December 2025, the FASB issued ASU 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities, which provides updated guidance on how to recognize, measure, and present government grants. The ASU will be effective for annual reporting periods beginning after December 15, 2028, including interim periods within those fiscal years. with early adoption permitted. The Group is currently evaluating the effect of this update on our consolidated financial statements.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

3. ACCOUNTS RECEIVABLE AND CONTRACT ASSETS, NET

The Group's accounts receivable as of December 31, 2024 and 2025 are as follows:

As of December 31, 2024	Accounts receivable	Allowance for uncollectible Accounts receivable	Accounts receivable, net
Accounts receivable from referral services	20,945	—	20,945
Total	**20,945**	—	**20,945**

As of December 31, 2025	Accounts receivable	Allowance for uncollectible Accounts receivable	Accounts receivable, net
Accounts receivable from referral services	72,851	—	72,851
Total	**72,851**	—	**72,851**

The movement of allowance for uncollectible accounts receivable for the years ended December 31, 2023, 2024 and 2025 are nil.

The Group's contract assets as of December 31, 2024 and 2025 are as follows:

As of December 31, 2024	Contract assets	Allowance for Uncollectible Contract assets	Contract assets, net
Contract assets from loan facilitation service	1,225,550	(208,720)	1,016,830
Contract assets from post facilitation service	210,664	(63,316)	147,348
Contract assets from referral services	1,056,539	—	1,056,539
Total	**2,492,753**	**(272,036)**	**2,220,717**

As of December 31, 2025	Contract assets	Allowance for Uncollectible Contract assets	Contract assets, net
Contract assets from loan facilitation service	637,587	(132,154)	505,433
Contract assets from post facilitation service	114,425	(55,878)	58,547
Contract assets from referral services	335,428	—	335,428
Total	**1,087,440**	**(188,032)**	**899,408**

The movement of allowance for uncollectible contract assets for the years ended December 31, 2023, 2024 and 2025 are as follows:

	Opening balance as of January 1, 2023	Reclassification[(1)]	Current year net provision	Write off in the current year	Ending balance as of December 31, 2023
Contract assets from loan facilitation service	288,365	19,619	123,001	(154,678)	276,307
Contract assets from post facilitation service	26,601	3,123	74,155	(59,510)	44,369
Total	**314,966**	**22,742**	**197,156**	**(214,188)**	**320,676**

	Opening balance as of January 1, 2024	Current year net provision	Write off in the current year	Ending balance as of December 31, 2024
Contract assets from loan facilitation service	276,307	295,839	(363,426)	208,720
Contract assets from post facilitation service	44,369	148,957	(130,010)	63,316
Total	**320,676**	**444,796**	**(493,436)**	**272,036**

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

3. ACCOUNTS RECEIVABLE AND CONTRACT ASSETS, NET – continued

	Opening balance as of January 1, 2025	Reclassification[2]	Current year net provision	Write off in the current year	Ending balance as of December 31, 2025
Contract assets from loan facilitation service	208,720	262	182,957	(259,785)	132,154
Contract assets from post facilitation service	63,316	212	136,041	(143,691)	55,878
Contract assets from referral services	—	—	18,092	(18,092)	—
Total	**272,036**	**474**	**337,090**	**(421,568)**	**188,032**

The Group's contract assets generated from related parties and recorded in amounts due from related parties as of December 31, 2024 are as follows (The amounts as of December 31, 2025 are nil):

As of December 31, 2024	Accounts receivable and contract assets	Allowance for uncollectible accounts receivable and contract assets	Accounts receivable and contract Assets, net
Contract assets from loan facilitation service	4,949	(3,942)	1,007
Contract assets from post facilitation service	2,979	(1,821)	1,158
Contract assets from referral services	58	—	58
Total	**7,986**	**(5,763)**	**2,223**

The movement of allowance for uncollectible accounts receivables and contract assets generated from related parties and recorded in amounts due from related parties for the year ended December 31, 2023, 2024 and 2025 are as follows:

	Opening balance as of January 1, 2023	Reclassification[1]	Current year net (reversal) provision	Write off in the current year	Ending balance as of December 31, 2023
Contract assets from loan facilitation service	88,348	(19,619)	(22,554)	(27,633)	18,542
Contract assets from post facilitation service	7,259	(3,123)	11,745	(11,555)	4,326
Total	**95,607**	**(22,742)**	**(10,809)**	**(39,188)**	**22,868**

	Opening balance as of January 1, 2024	Current year net (reversal) provision	Write off in the current year	Ending balance as of December 31, 2024
Contract assets from loan facilitation service	18,542	(1,968)	(12,632)	3,942
Contract assets from post facilitation service	4,326	3,941	(6,446)	1,821
Total	**22,868**	**1,973**	**(19,078)**	**5,763**

	Opening balance as of January 1, 2025	Reclassification[2]	Current year net (reversal) provision	Write off in the current year	Ending balance as of December 31, 2025
Contract assets from loan facilitation service	3,942	(262)	324	(4,004)	—
Contract assets from post facilitation service	1,821	(212)	1,289	(2,898)	—
Total	**5,763**	**(474)**	**1,613**	**(6,902)**	**—**

(1) Jinshang ceased to be a related party of the Company in 2023 and therefore outstanding balance with Jinshang was reclassified from amount due from related parties into accounts receivable and contract assets. See Note 12 Related party balances and transactions.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

3. ACCOUNTS RECEIVABLE AND CONTRACT ASSETS, NET – continued

(2) Kincheng ceased to be a related party of the Company in 2025 and therefore outstanding balance with Kincheng was reclassified from amount due from related parties into accounts receivable and contract assets. See Note 12 Related party balances and transactions.

The principal of accounts receivable and contract assets by year of origination:

	2024	2023	2022	Total
As of December 31, 2024				
Loan facilitation service	1,009,370	180,515	35,665	1,225,550
Post facilitation service	176,794	14,366	19,504	210,664
Referral Service	1,074,429	2,447	608	1,077,484
Total	**2,260,593**	**197,328**	**55,777**	**2,513,698**

	2025	2024	2023	Total
As of December 31, 2025				
Loan facilitation service	439,787	183,006	14,794	637,587
Post facilitation service	45,308	58,834	10,283	114,425
Referral Service	228,953	179,302	24	408,279
Total	**714,048**	**421,142**	**25,101**	**1,160,291**

4. FINANCIAL ASSETS RECEIVABLE, NET

The Group's financial assets receivable as of December 31, 2024 and 2025 are as follows:

	December 31, 2024 RMB	December 31, 2025 RMB
Financial assets receivable	2,170,780	2,149,846
Allowance for uncollectible receivables	(446,089)	(430,182)
Financial assets receivable, net	**1,724,691**	**1,719,664**

The movement of financial assets receivable for the years ended December 31, 2023, 2024 and 2025 is as follows:

	Year ended December 31, 2023 RMB	Year ended December 31, 2024 RMB	Year ended December 31, 2025 RMB
Balance at beginning of year	4,225,014	3,694,269	2,170,780
Addition in the current year	4,906,586	2,350,319	3,549,392
Collection in the current year	(5,050,047)	(3,429,622)	(3,304,181)
Write-off	(387,284)	(444,186)	(266,145)
Balance at end of year	**3,694,269**	**2,170,780**	**2,149,846**

The movement of allowance for uncollectible receivables for the years ended December 31, 2023, 2024 and 2025 is as follows:

	Year ended December 31, 2023 RMB	Year ended December 31, 2024 RMB	Year ended December 31, 2025 RMB
Balance at beginning of year	554,095	575,396	446,089
Current year net provision	408,585	314,879	250,238
Write-off	(387,284)	(444,186)	(266,145)
Balance at end of year	**575,396**	**446,089**	**430,182**

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

4. FINANCIAL ASSETS RECEIVABLE, NET – continued

The Group's financial assets receivable generated from related parties and recorded in amounts due from related parties as of December 31, 2024 and 2025 are as follows:

	December 31, 2024	December 31, 2025
	RMB	RMB
Financial assets receivable	1,227	—
Allowance for uncollectible receivables	(1,272)	—
Financial assets receivable, net	**(45)**	**—**

The movement of financial assets receivable generated from related parties and recorded in amounts due from related parties for the years ended December 31, 2023,2024 and 2025 is as follows:

	Year ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2025
	RMB	RMB	RMB
Balance at beginning of year	42,724	12,717	1,227
Addition in the current year	19,981	—	—
Collection in the current year	(49,581)	(10,062)	(1,174)
Write-off	(407)	(1,428)	(53)
Balance at end of year	**12,717**	**1,227**	**—**

The movement of allowance for uncollectible receivables generated from related parties and recorded in amounts due from related parties for the years ended December 31, 2023,2024 and 2025 is as follows:

	Year ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2025
	RMB	RMB	RMB
Balance at beginning of year	2,648	2,912	1,272
Current year net provision (reversal)	671	(212)	(1,219)
Write-off	(407)	(1,428)	(53)
Balance at end of year	**2,912**	**1,272**	**—**

The following table summarizes the aging of the Group's financial assets receivable.

	0-30 days past due	31-60 days past due	over 60 days past due	Current	Total financial assets receivable
December 31, 2024	20,764	23,495	—	2,126,521	2,170,780
December 31, 2025	29,290	33,841	—	2,086,715	2,149,846

The principal of financial assets receivable by year of origination:

	2024	2023	2022	Total
December 31, 2024	1,491,165	549,475	130,140	2,170,780

	2025	2024	2023	Total
December 31, 2025	1,876,676	197,574	75,596	2,149,846

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

5. LOANS RECEIVABLE, NET

Loans receivable consists of the following:

	December 31, 2024	December 31, 2025
	RMB	RMB
Loans receivable	31,946,604	42,313,248
Less allowance for loan losses	(2,694,427)	(3,630,135)
Loans receivable, net	**29,252,177**	**38,683,113**

As of December 31, 2024 and 2025, the accrued interest receivables are RMB311,226 and RMB396,043 (net of allowance RMB26,249 and RMB33,977, respectively), which is recorded under loans receivable.

The following table presents the aging of loans as of December 31, 2024 and 2025:

	0-30 days past due	31-60 days past due	over 60 days past due	Total amount past due	Current	Total loans
December 31, 2024 (RMB)	258,759	197,490	—	456,249	31,490,355	31,946,604
December 31, 2025 (RMB)	517,775	433,961	—	951,737	41,361,511	42,313,248

The Group has not recorded any financing income on an accrual basis for the loans that are past due for more than 60 days in 2025 (60 days in 2024). Loans are returned to accrual status if they are brought to non-delinquent status or have performed in accordance with the contractual terms for a reasonable period of time and, in the Group's judgment, will continue to make periodic principal and interest payments as scheduled. For the years ended December 31, 2023, 2024 and 2025, the Group has charged off loans receivable of RMB1,844,349, RMB2,419,180 and RMB3,196,230, respectively.

Movement of allowance for loan losses is as follows:

	Year ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2025
	RMB	RMB	RMB
Balance at beginning of year	1,457,419	1,871,431	2,694,427
Provision for loan losses	2,151,046	2,773,323	3,625,042
Gross write-off	(1,844,349)	(2,419,180)	(3,196,230)
Recoveries	107,315	468,853	506,896
Balance at end of year	**1,871,431**	**2,694,427**	**3,630,135**

The principal of loans receivable as of December 31, 2024 by year of origination is as follows:

	2024	2023	2022	Total loans
Loans receivable	31,214,931	701,484	30,189	31,946,604

The principal of loans receivable as of December 31, 2025 by year of origination is as follows:

	2025	2024	2023	Total loans
Loans receivable	41,600,687	680,573	31,988	42,313,248

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

6. LAND USE RIGHTS, NET

Land use rights represent acquired right to use the parcel of land on which the Group's regional headquarters and affiliated industrial park stand. In 2021, the Group acquired the land use rights in Shanghai from the local authorities. Amortization of the land use right is made over the remaining term of the land use right period from the date when the land was made available for use by the Group. The land use rights are summarized as follows:

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB	RMB
Cost	1,036,178	1,067,026
Accumulated amortization	(79,440)	(100,444)
Land use rights, net	**956,738**	**966,582**

The total amortization expense for the year ended December 31, 2023, 2024 and 2025 amounted to RMB20,724, RMB20,723 and RMB21,004 respectively.

7. SHORT-TERM LOANS

Short-term loans as of December 31, 2024 represents bank borrowings of RMB1,369,939 obtained from domestic commercial banks. The weighted average interest rate for the outstanding borrowings as of December 31, 2024 was 2.21%. Loan amount of RMB510,208 is pledged with bank deposit of RMB475,208.

Short-term loans as of December 31, 2025 represents bank borrowings of RMB1,202,891 obtained from domestic commercial banks. The weighted average interest rate for the outstanding borrowings as of December 31, 2025 was 2.12%. Loan amount of RMB374,000 is pledged with bank deposit of RMB339,000.

The unused lines of credit for general loans per contractual arrangements are RMB500,410 as of December 31, 2025 which are revolving and effective within one year from their respective grant dates.

8. LONG-TERM LOANS

In June 2022, Shanghai Qifu Changfeng Technology, Co., Ltd. ("Qifu Changfeng"), one of the Group's subsidiary, signed a mortgage loan agreement of RMB1 billion with tenure of 25 years. The interest rate is based on prevailing market price quote for loans with tenure of more than five years at the time of drawdown minus 136bps ("basepoints"). The loan is guaranteed by the land use rights owned by Qifu Changfeng and is for the specific use of construction of the regional headquarters and the affiliated industrial park. As of December 31, 2024 and 2025, the outstanding balance of the mortgage loan was RMB247,462 and RMB 463,333, which is included in other long-term liabilities. As of December 31, 2025, the principal of the long-term loans will be due according to the following schedule:

	Total	Within 1 year	Between 1 to 2 years	Between 2 to 3 years	Between 3 to 4 years	Between 4 to 5 years	Beyond 5 years
Long-term loans	463,333	—	3,000	10,000	15,000	20,000	415,333

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

9. CONVERTIBLE SENIOR NOTES

In March 2025, the Company issued US$690,000 of convertible senior notes due on April 1,2030(the "Notes"). The net proceeds from the issuance of the Notes were US$676,908 (RMB4,917,431), net of issuance costs of US$13,092 (RMB95,074). The Notes are unsecured obligations of the Company and bear interest at a rate of 0.50% per year, payable semiannually in arrears on April 1 and October 1 of each year, beginning on October 1, 2025. The issuance costs were presented as a direct deduction from the principal amount of the Notes in the consolidated balance sheets, and are amortized as interest expenses using the effective interest method. The interest expense recognized was RMB40,030 with coupon interest expense of RMB17,789 and the amortization of debt discount and issuance cost of RMB22,241 for the year ended December 31, 2025.

On or after the 50th scheduled trading day before the maturity date until the close of business on the third scheduled trading day immediately preceding the maturity date, holders may convert their Notes at their option at any time. The initial conversion rate of the Notes is 16.7475 ADSs, per US$1,000 principal amount of the Notes, which is equivalent to an initial conversion price of approximately US$59.71 per ADS. The conversion rate of the Notes is subject to adjustment upon the occurrence of certain events. The Notes contemplate cash-par settlement upon conversion. Upon conversion, the Company will pay cash in the aggregate principal amount of the Notes being converted and have the right to elect to settle the conversion consideration for amounts in excess of the aggregate principal amount using cash, ADSs, or a combination of cash and ADSs.

Holders of the Notes may require the Company to repurchase all or part of their Notes for cash on April 3, 2028 or in the event of certain fundamental changes, in each case, at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased plus accrued and unpaid interest, if any, to, but excluding, the relevant repurchase date. The Company believes that the likelihood of occurrence of the fundamental change is remote. The Notes are generally not redeemable prior to the maturity date, except that the Company may, at its option, redeem for cash all but not part of the Notes in the event of certain changes in the tax laws or if less than 10% of the aggregate principal amount of the Notes originally issued remains outstanding at such time, in each case. Any redemption may occur only prior to the 50th scheduled trading day immediately preceding the maturity date. As of December 31, 2025, there has been no such event occurred.

The Company accounted for the Notes as a single instrument. In November 2025, the Company repurchased principal amount of RMB2,185,365 of the Notes at a price of RMB1,908,688 and recorded RMB270,135 as "gain on debt extinguishment". As of December 31, 2025, the carrying amount of RMB1,019,130 of the Notes is recorded as "Convertible senior notes-current" as the Company had a plan to repurchase such portion of the Notes within one year and the remaining carrying amount of RMB1,583,213 is recorded as "Convertible senior notes-noncurrent".

The carrying amount of the Notes as of December 31, 2025 was as follows:

	December 31, 2025
	RMB
Principal	2,639,874
Less: unamortized discount and debt issuance cost based on imputed interest rate of 1.14%	(37,531)
Net carrying amount	**2,602,343**

As of December 31, 2025, the fair value of convertible senior notes based on level 2 inputs amounted to RMB2,300,339.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31, 2024	December 31, 2025
	RMB	RMB
User traffic direction fees	384,364	477,533
Payable to financial institution partners (1)	114,437	56,350
Accrued payroll and welfare	509,917	433,820
Payable for third-party service fee	303,932	411,419
Payable to shareholder of non-controlling interests (2)	240,339	256,969
Operating lease liability	27,258	18,357
Accruals for purchase of property and equipment	109,018	192,353
Deferred revenue	525,763	788,981
Others	277,893	299,944
Total	**2,492,921**	**2,935,726**

(1) Payable to financial institution partners mainly include amounts collected from the borrowers but have not been transferred to the financial institution partners due to holiday breaks.
(2) Payable to shareholder of non-controlling interests mainly includes loans from non-controlling shareholder Qifu Changfeng to acquire land use right.

11. GUARANTEE LIABILITIES

The movement of guarantee liabilities during 2024 and 2025 is as follows:

Guarantee liabilities-stand ready

	RMB
As of January 1, 2024	**3,949,601**
Provision at the inception of new loans	2,350,319
Released into revenue	(3,916,718)
As of December 31, 2024	**2,383,202**
As of January 1, 2025	**2,383,202**
Provision at the inception of new loans	3,549,392
Released into revenue	(3,617,729)
As of December 31, 2025	**2,314,865**

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

11. GUARANTEE LIABILITIES – continued

Guarantee liabilities-contingent

	RMB
As of January 1, 2024	**3,207,264**
Provision for contingent liabilities	478,404
Net payout (1)	(1,865,318)
As of December 31, 2024	**1,820,350**
As of January 1, 2025	**1,820,350**
Provision for contingent liabilities	1,667,742
Net payout (1)	(1,615,943)
As of December 31, 2025	**1,872,149**

(1) Net payout represents the amount paid upon borrowers' default net of subsequent recoveries from the borrowers during a given period.

The following table summarizes the aging of the Group's contractual amounts of the outstanding loans subject to guarantee:

	0-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Current	Total loans
December 31, 2024 (RMB):	200,765	96,403	10,661	—	24,515,488	24,823,317
December 31, 2025 (RMB):	367,325	193,948	11,612	—	21,846,082	22,418,967

As of December 31, 2024 and 2025, the contractual amounts of the outstanding loans subject to guarantee by the Group is estimated to be RMB24,823,317 and RMB22,418,967, respectively. The approximate term of guarantee compensation service ranged from 1 month to 36 months as of December 31, 2024 and 2025, respectively. As of December 31, 2024 and 2025, the contractual amounts of the outstanding loans (excluding loans that are written off) that have been compensated by the Group and therefore no longer subject to guarantee were estimated to be RMB2,509,177 and RMB2,413,098, respectively.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

12. RELATED PARTY BALANCES AND TRANSACTIONS

The table below sets forth the major related parties and their relationships with the Group, with which the Group entered into transactions during the years ended December 31, 2023, 2024 and 2025:

Name of related parties	Relationship with the group
Beijing Qihu Technology Co., Ltd. ("Qihu")	An affiliate of an entity controlled by Mr. Zhou(3)
Shanghai Qibutianxia Information Technology Co., Ltd. ("Qibutianxia")	Entity ultimately controlled by Mr. Zhou(3)
Hangzhou Qifei Huachuang Technology Co, Ltd ("Hangzhou Qifei") (2)	Investee of the Group
Kincheng Bank of Tianjin Co., Ltd. ("Kincheng Bank")	An affiliate of an entity controlled by Mr. Zhou(3)
Tianjin Yujie Technology Co., Ltd. ("Yujie") (1)	Entity controlled by Mr. Zhou(3)
Beijing 360 Shuzhi Technology Co., Ltd. (formerly known as Beijing Hongying Information Technology Co., Ltd.) ("Shuzhi")	An affiliate of an entity controlled by Mr. Zhou(3)
Beijing 360 Zhiling Technology Co., Ltd. ("Zhiling")	An affiliate of an entity controlled by Mr. Zhou(3)
Others	Entities controlled by Mr. Zhou or Mr. Zhou has significant influence(3)

(1) In September 2023, the Company acquired 100% equity interest in Yujie, and Yujie became a consolidated subsidiary of the Company.
(2) In February 2024, the Company sold the entirety of our equity interest in Hangzhou Qifei to an independent third party.
(3) In December 2025, Mr. Zhou ceased to be deemed to beneficially own over 10% of the shares of the Company and thus entities associated with him are no longer related parties of the Company.

The Group entered into the following transactions with its related parties:

For the years ended December 31, 2023, 2024 and 2025, services provided by the related parties were RMB356,086, RMB233,407 and RMB292,251, respectively.

	Year ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2025
	RMB	RMB	RMB
Brand fees charged by Qihu	94,340	94,340	94,340
Bandwidth service fee charged by Zhiling	—	—	91,657
Referral service fee charged by Kincheng Bank	—	—	52,239
Bandwidth service fee charged by Qihu	117,983	115,134	30,396
Referral service fee charged by Qihu	9,550	9,446	9,441
Rental expenses charged by Shuzhi	11,815	11,613	11,018
Referral service fee charged by Yujie	119,737	—	—
Others	2,661	2,874	3,160
Total	**356,086**	**233,407**	**292,251**

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

12. RELATED PARTY BALANCES AND TRANSACTIONS – continued

For the years ended December 31, 2023, 2024 and 2025, services provided to the related parties were RMB301,768, RMB61,548 and RMB5,782, respectively.

	Year ended December 31, 2023 RMB	Year ended December 31, 2024 RMB	Year ended December 31, 2025 RMB
Referral service fee charged from Kincheng Bank	8,601	1,973	—
Loan facilitation services fee charged from Kincheng Bank	65,903	1,074	376
Post-facilitation services fee charged from Kincheng Bank	139,213	25,042	4,127
Revenue from releasing of guarantee liabilities from Kincheng Bank	42,499	15,544	1,013
Others	45,552	17,915	266
Total	**301,768**	**61,548**	**5,782**

As of December 31, 2024 and 2025, amounts due from related parties were RMB8,561 and nil, respectively, and details are as follows:

	December 31, 2024 RMB	December 31, 2025 RMB
Kincheng Bank	6,268	—
Others	2,293	—
Total	**8,561**	**—**

As of December 31, 2024 and 2025, amounts due to related parties were RMB67,495 and nil, respectively, and details are as follows:

	December 31, 2024 RMB	December 31, 2025 RMB
Qibutianxia	1,656	—
Qihu	58,405	—
Others	7,434	—
Total	**67,495**	**—**

Other than the transactions disclosed above, the Company has held bank deposit with Kincheng Bank which amounted to RMB3,006,400 and RMB3,000,485 and nil as of December 31, 2023, 2024 and 2025, respectively. The related interest income was RMB145,731 and RMB119,341 and RMB53,677 for the years ended December 31, 2023, 2024 and 2025, respectively, and interest receivable as of December 31, 2023, 2024 and 2025 was RMB15,265 and RMB2,721 and nil, respectively.

In September 2023, the Company acquired 100% equity interest in Yujie for nil consideration based on the fair value of the assets acquired and the liabilities assumed. In addition, the Company also acquired the equity interest of certain related parties that engage in wealth management business with a total consideration of RMB81,780, which was fully paid in 2023. Upon the completion of the transactions, the Company consolidated financial statements of such related party entities and recognized goodwill of RMB41,210 in total in the consolidated balance sheets.

In September 2020, the Group acquired 25% equity interest in Hangzhou Qifei from Beijing Qifei with the subscribed capital of RMB50,000 into Hangzhou Qifei. As of December 31, 2023, the Group has fully impaired the investment given the business forecast of the investee. In February 2024, the Group sold the entirety of the equity interest in Hangzhou Qifei to a third party company.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

13. INCOME TAXES

PRC

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law"), domestically-owned enterprises and foreign-invested enterprises are subject to a uniform tax rate of 25%. Qiyu received its "high and new technology enterprises" status in 2018 and renewed it in 2021 and 2024 and was entitled for a preferential income tax rate of 15% from 2018 to 2026. In November 2020, Qiyue received its "high and new technology enterprises" status in 2020 and renewed it in 2023 and was entitled to a reduced EIT rate of 15% from 2020 to 2025. Beihai Borui Credit Service Co., Ltd., Beihai Qicheng Information & Technology Co., Ltd. ("Qicheng"), Qi'ang and Beihai Yunhua benefited from a preferential tax rate of 15% as their operation falls within the encouraged industries catalogue in western China. The 40% of the enterprise income tax payables of Qicheng, Qi'ang and Beihai Yunhua could be further reduced as they are located in an autonomous region of China. Therefore, Qicheng applied a preferential income tax rate of 9% from 2019 to 2023 and applied a preferential income tax rate of 15% from 2024 to 2030. Qi'ang and Beihai Yunhua applied a preferential income tax rate of 9% from 2023 to 2027. From 2023 to 2027, one subsidiary benefited from a preferential tax rate of 15% as they are registered in Hainan province and engaged in encouraged business activities.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on its income or capital gains. In addition, the Cayman Islands do not impose withholding tax on dividend payments.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the Company's subsidiaries domiciled in Hong Kong has introduced a two-tiered profits tax rate regime which is applicable to any year of assessment commencing on or after April 1, 2018. The profits tax rate for the first HK$2 million of profits of corporations will be lowered to 8.25%, while profits above that amount will continue to be subject to the tax rate of 16.5%. Additionally, payments of dividends by the subsidiary incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

The following table presents income (loss) before income taxes disaggregated between domestic and foreign:

	Year ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2025
	RMB	RMB	RMB
Mainland China	5,455,438	7,972,972	7,336,643
Hong Kong [(1)]	—	—	375,046
Others	(177,987)	(80,550)	(335,554)
Total	**5,277,451**	**7,892,422**	**7,376,135**

(1) Income before income taxes for Hong Kong was included in others and was not material for the year ended December 31, 2023 and 2024.

The current and deferred portion of income tax expenses included in the consolidated statements of operations, which were all attributable to the Group is as follows:

	Year ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2025
	RMB	RMB	RMB
Current tax	935,897	1,560,830	1,704,701
Deferred tax	72,977	83,476	(304,209)
Total	**1,008,874**	**1,644,306**	**1,400,492**

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

13. INCOME TAXES – continued

Hong Kong – continued

The following table presents the reconciliations of the differences between the mainland China statutory income tax, and the Company's effective income tax for 2025, following the prospective adoption of ASU No. 2023-09, *Improvements to Income Tax Disclosures*:

	Year ended December 31, 2025	
	RMB	%
Income before income tax expenses	7,376,135	
Statutory tax rate in the PRC	25 %	
Income tax at statutory tax rate	1,844,033	25.0 %
Foreign Tax Effects		
Hong Kong	(93,831)	(1.3)%
Tax exemption	(94,774)	(1.3)%
Changes in valuation allowance	943	0.0 %
Other foreign jurisdictions	(10,421)	(0.1)%
Non-deductible expenses		
Share-based compensation	94,593	1.3 %
Others	3,300	0.0 %
Preferential tax rate	(679,618)	(9.2)%
Research and development super-deduction	(62,704)	(0.9)%
Effect of cross - border tax laws	292,627	4.0 %
Changes in valuation allowance of deferred tax assets	12,513	0.2 %
Income tax expense	**1,400,492**	**19.0 %**

Income tax paid for the year ended December 31, 2025 are almost all in mainland China.

The following table presents the reconciliations of the differences between the mainland China statutory income tax rate and the Company's effective income tax rate for 2024 and 2023:

	Year ended December 31, 2023	Year ended December 31, 2024
	RMB	RMB
Income before income tax expenses	5,277,451	7,892,422
Statutory tax rate in the PRC	25 %	25 %
Income tax at statutory tax rate	1,319,363	1,973,106
Effect of different tax rate of subsidiary operation in other jurisdiction	(4,016)	(10,324)
Effect of non-deductible expenses	47,467	42,726
Effect of preferential tax rate	(488,462)	(744,996)
Effect of research and development super-deduction	(98,914)	(102,658)
Effect of withholding income tax	206,721	470,966
Effect of valuation allowance movement of deferred tax assets	26,715	15,486
Income tax expense	**1,008,874**	**1,644,306**

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

13. INCOME TAXES – continued

Hong Kong – continued

The effect of the preferential tax rates on the income per share is as follows:

	Year Ended December 31, (Amounts in Thousands Except Per Share Data)		
	2023	2024	2025
	RMB	RMB	RMB
Tax saving amount due to preferential tax rates	488,462	744,996	679,618
Income per share effect-basic	1.52	2.50	2.55
Income per share effect-diluted	1.49	2.46	2.50

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The components of the deferred tax assets and deferred tax liabilities are as follows:

	December 31, 2024	December 31, 2025
	RMB	RMB
Deferred tax assets		
Guarantee liabilities	2,017,547	571,232
Provision for loan losses	1,735,395	2,238,472
Depreciation of land use rights	55,539	66,999
Net operating loss carry forwards	78,356	77,475
Others	12,500	11,694
Gross deferred tax assets	**3,899,337**	**2,965,872**
Valuation allowance on deferred tax assets	(116,174)	(116,462)
Total deferred tax assets	**3,783,163**	**2,849,410**
Uncollected revenues	(2,841,099)	(1,533,009)
Withholding income tax	(173,305)	(254,955)
Others	(1,869)	(1,662)
Total deferred tax liabilities	**(3,016,273)**	**(1,789,626)**
Net deferred tax assets	**766,890**	**1,059,784**

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carryforward periods, the Company's experience with tax attributes expiring unused and tax planning alternatives. Considering all the above factors, as of December 31, 2024 and 2025, the Group recorded an allowance of RMB116,174 and RMB116,462 respectively for deferred tax assets which are not more likely than not to be realized.

As of December 31, 2025, the Group had net operating loss carryforwards in PRC entities of RMB240,563, which will expire from 2026 to 2030.

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 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.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

13. INCOME TAXES – continued

Hong Kong – continued

According to PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or withholding agent. The statute of limitations will be extended five years under special circumstances, which are not clearly defined (but an underpayment of tax liability exceeding RMB0.1 million is specifically listed as a special circumstance). In the case of a related party transaction, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion.

In accordance with the EIT Law, dividends, which arise from profits of foreign invested enterprises ("FIEs") earned after January 1, 2008, are subject to a 10% withholding income tax. In addition, under tax treaty between the PRC and Hong Kong, a lower withholding tax rate of 5% is applicable if direct foreign investors with at least 25% equity interest in the PRC company are incorporated in Hong Kong and meet the relevant requirements pursuant to the tax arrangement between Chinese mainland and Hong Kong. Since the equity holders of the major PRC subsidiaries of the Company are Hong Kong incorporated companies and meet the relevant requirements pursuant to the tax arrangement between Chinese mainland and Hong Kong, the Company has used 5% to provide for deferred tax liabilities on retained earnings which are anticipated to be distributed.

For the year ended December 31, 2025, the Group has repatriated a portion of its earnings from its PRC subsidiaries to overseas for dividend distribution and share repurchase and paid related withholding income tax of RMB200,550 accordingly. The Company recorded a deferred tax liability of RMB254,955 as of December 31, 2025 associated with all of its earnings expected to be distributed from its PRC subsidiaries to overseas. The remaining undistributed profits of the Company's PRC subsidiaries as of December 31, 2025 would be indefinitely reinvested with unrecognized deferred tax liabilities of approximately RMB804,294 if calculated at the tax rate of 5%.

Under applicable accounting principles, a deferred tax liability should be recorded for taxable temporary differences attributable to the excess of financial reporting basis over tax basis in a domestic subsidiary. However, recognition is not required in situations where the tax law provides a means by which the reported amount of that investment can be recovered tax-free and the enterprise expects that it will ultimately use that means. The Group completed its feasibility analysis on a method, which the Group will ultimately execute if necessary to repatriate the undistributed earnings of the VIE without significant tax costs. As such, the Group does not accrue deferred tax liabilities on the earnings of the VIE given that the Group will ultimately use the means.

The Organization for Economic Co-operation and Development ("OECD") published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws ("Pillar Two legislation") to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which the Group is reasonably expected to fall into. It imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate determined by the Pillar Two model rules on a jurisdictional basis is below a minimum rate of 15%. The Group has reviewed its corporate structure in light of the introduction of Pillar Two model rules in various jurisdictions and engaged external tax specialists in assessing its tax exposure.

As at December 31, 2025, the Group mainly operates in the Mainland of China, where exposures to Pillar Two income taxes might exist in the future although the legislation is not yet enacted. In addition, certain subsidiaries of the Company are located in jurisdictions mainly including Hong Kong and United Kingdom where Pillar Two legislation has been enacted and become effective. It is estimated that the application of Pillar Two legislation in the above jurisdictions is not expected to have a material impact on the Group's income tax for the year ended December 31, 2025. Accordingly, the Group has not recognized any Pillar Two-related tax expense for the year ended December 31, 2025.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

14. SHARE-BASED COMPENSATION

Share incentive plan

In May 2018, the shareholders and board of directors of the Company adopted the Share Incentive Plan (the "2018 plan") for the granting of share options and restricted shares to employees, directors and consultants to reward them for services to the Company and to provide incentives for future service, and the 2018 plan was later amended in November 2019. Under the 2018 plan, the maximum aggregate number of shares which may be issued is 25,336,096 ordinary shares. Those share options will expire 10 years from the grant date.

The Company's board of directors and shareholders approved the 2019 Share Incentive Plan (the "2019 Plan") and amended it in August 2020, for the granting of share options and restricted shares to employees, directors and consultants to reward them for services to the Company and to provide incentives for future service. Under the 2019 plan, the maximum aggregate number of shares which may be issued is 17,547,567 ordinary shares, and may increase annually by an amount up to 1.0% of the total number of ordinary shares then issued and outstanding commencing with the first fiscal year beginning January 1, 2021 or such fewer amount as determined by the board of directors. The share options and restricted shares expire 10 years from the date of grant.

Stock options

In February 2023, the Company granted 47,300 stock options with an exercises price of US$0.00001 per share, which contains contractual schedules within three years and vesting condition related to the grantee's individual performance. The weighted average grant date fair value per option was RMB54.93. In May 2025, the Company granted 1,079,134 stock options with an exercises price of US$0.00001 per share, which contains contractual schedules within three years and vesting condition related to the operational performance of the Group, the grantee's individual performance and the market condition metrics. The weighted average grant date fair value per option was RMB152.48.

In May 2025, the compensation committee of the board of directors of the Company approved to convert the form of 3,906,464 outstanding restricted shares into stock options to purchase the same number of shares as represented by the restricted share with an exercises price of US$0.00001 per share. This conversion did not affect the fair value of the awards immediately before and after the modification as the exercise price is nominal. In addition, there were no other changes to the awards including the vesting conditions and classification. Accordingly, modification accounting is not required and the cost will continue to be recognized based on the grant-date fair-value-based measure.

The Company used the Black-Scholes model to estimate the fair value of the options granted without market conditions. For options with market conditions, the Company used Monte Carlo simulation to estimate the probability that the market conditions will be achieved, which was incorporated into the fair value of such options.

The significant assumptions used in Black - Scholes model were as follows:

	Year ended , December 31, 2023	Year ended , December 31, 2025
Risk-free rate of interest	4.13%	4.22%
Estimated volatility rate	76.20%	56.00%
Dividend yield	4.70%	4.17%
Expected life (years)	5.78	5.50
Exercise price	USD 0.00001	USD 0.00001

The risk-free rate of interest is based on the yield to maturity of US Treasury Strip Bond as of the valuation date. The expected volatility of the underlying ordinary shares during the life of the options was estimated based on the historical share price volatility of comparable companies over a period comparable to the expected term of the options. The dividend yield was estimated by the Group based on its expected dividend policy over the expected term of the options.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

14. SHARE-BASED COMPENSATION – continued

Share incentive plan – continued

Stock options – continued

The significant assumptions used in Monte Carlo simulation include risk-free rate and estimated volatility rate which were based on the same data set as above-mentioned, except for the period which is in line with the term of the market condition. The amounts were 4.24% and 55.30% for the year ended December 31, 2025.

A summary of option activity during period from December 31, 2024 to December 31, 2025 was as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contract Life	Aggregate Intrinsic Value	Weighted Average Grant-date Fair value
		USD	Years	RMB	RMB
Options outstanding at December 31, 2024	1,635,250	0.00001	4.22	229,049	49.78
Options granted in 2025	1,079,134	0.00001	9.39	72,712	152.48
Options converted in 2025	3,906,464	0.00001	8.89	263,218	109.75
Options exercised in 2025	(1,008,084)	0.00001	6.57	(67,925)	77.60
Options adjusted for performance conditions in 2025	(196,580)	0.00001	—	(13,246)	152.64
Options outstanding at December 31, 2025	5,416,184	0.00001	7.69	364,942	104.58
Options exercisable at December 31, 2025	2,161,753	0.00001	5.70	145,659	80.42
Options vested or expected to be vested at December 31, 2025	5,416,184	0.00001	7.69	364,942	104.58

For the years ended December 31, 2023, 2024 and 2025, the Company recognized share-based compensation expense related to share options of RMB123,981, RMB78,531 and RMB212,593, respectively. For the years ended December 31, 2023, 2024 and 2025, the total fair values of options vested on their respective vesting dates were RMB157,879, RMB563,119 and RMB127,860, respectively. The aggregate intrinsic value of options exercised during the year ended December 31, 2023, 2024 and 2025 was RMB124,114, RMB860,708 and RMB67,925, respectively. As of December 31, 2025, there was RMB184,673 of unrecognized compensation cost related to share options that are expected to be recognized over a weighted-average vesting period of 0.82 years.

Restricted Shares

A summary of the restricted shares for the year ended December 31, 2025 was stated below:

	Number of Restricted Shares	Weighted-Average Grant-Date Fair Value
Outstanding at December 31, 2024	5,138,656	99.97
Granted	422,932	98.18
Converted	(3,906,464)	109.75
Vested	(620,910)	77.66
Forfeited	(152,452)	80.34
Outstanding at December 31, 2025	881,762	74.90

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

14. SHARE-BASED COMPENSATION – continued

Share incentive plan – continued

Restricted Shares – continued

The restricted shares granted shall vest in accordance with contractual schedules over a period from two to four years. The fair value of these restricted shares was determined by the closing sales price of the shares on the grant date, adjusted by the present value of expected dividends to be paid during the vesting period. In 2024 and 2025, the Company granted 3,224,370 and 422,932 restricted shares to its employees with vesting condition related to the grantee's individual performance. In late 2024, the Company also granted 1,034,064 restricted shares with several vesting conditions including the performance condition related to the operational performance of the Group, the grantee's individual performance and the market condition metrics in addition to a service condition. As the market condition was satisfied at the grant date, the impact of market condition was not factored into the measurement of fair value.

The weighted-average grant-date fair value per restricted share was RMB51.43, RMB109.26 and RMB98.18 for the year ended December 31, 2023, 2024 and 2025, respectively. The total fair value of the restricted shares vested was RMB60,376, RMB36,277 and RMB48,222 for the years ended December 31, 2023, 2024 and 2025, respectively. For the years ended December 31, 2023, 2024 and 2025, the Company recognized share-based compensation expense related to restricted shares of RMB61,622, RMB89,082 and RMB165,781, respectively. As of December 31, 2025, there was RMB34,697 of unrecognized compensation cost related to restricted shares that are expected to be recognized over a weighted-average vesting period of 0.87 years.

The Company recognizes the compensation costs on a straight-line basis over the requisite service period of the award, which is generally the vesting period. Total share-based compensation expense of share-based awards granted to employees and directors was as follows:

	Year ended , December 31, 2023	Year ended , December 31, 2024	Year ended , December 31, 2025
	RMB	RMB	RMB
Facilitation, origination and servicing expenses	75,152	64,658	40,070
Sales and marketing expenses	(375)	(118)	1,503
General and administrative expenses	110,827	103,073	336,801
Total	**185,604**	**167,613**	**378,374**

15. ORDINARY SHARES

In June 2023, the Company announced that its board of directors had approved a share repurchase plan, under which the Company may repurchase up to US$150 million worth of its American depositary shares or Class A ordinary shares over the next 12 months starting from June 20, 2023 (the "2023 Share Repurchase Plan"). From the launch of the share repurchase plan to December 31, 2023, the Company in aggregate purchased 10,872,170 ordinary shares in the open market at an aggregate cost of RMB636,179. The repurchased shares were recorded at their historical cost in "Treasury stock" and 3,961,160 ordinary shares were retired in 2023, resulting a decrease of RMB221,390 in additional paid-in capital and RMB30,152 in retained earnings.

On March 12, 2024, the Company's board of directors approved a share repurchase plan (the "2024 Share Repurchase Plan"), whereby the Company is authorized to repurchase its American depositary shares or Class A ordinary shares with an aggregate value of up to US$350 million during the 12-month period from April 1, 2024. For the year ended December 31, 2024, the Company in aggregate purchased 38,046,150 ordinary shares in the open market at an aggregate cost of RMB2,973,192. The repurchased shares were recorded at their historical cost and 34,552,764 ordinary shares were retired in 2024, resulting a decrease of RMB1,887,639 in additional paid-in capital and RMB356,580 in retained earnings.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

15. ORDINARY SHARES – continued

On November 19, 2024, the Company's board of directors approved a new share repurchase plan whereby the Company is authorized to repurchase up to US$450 million worth of its American depositary shares or Class A ordinary shares over the next 12 months starting from January 1, 2025. As of December 31, 2025, the Company in aggregate purchased 31,532,770 ordinary shares in the open market at an aggregate cost of RMB3,200,823. The repurchased shares were recorded at their historical cost and 15,697,778 ordinary shares were retired in 2025, resulting a decrease of RMB842,971 in additional paid-in capital and RMB 1,052,367 in retained earnings.

On March 25, 2025, the Company's board of directors approved a share repurchase plan (the "March 2025 Share Repurchase Plan") whereby the Company is authorized to use to the net proceeds from the offering of convertible senior notes due 2030 to repurchase its ADSs and/or Class A ordinary shares, which runs in addition to the Company's 2025 Share Repurchase Plan, on March 25, 2025, the Company repurchased 10,253,644 ordinary shares at an aggregate cost of RMB1,647,293. The repurchased shares were recorded at their historical cost in "Treasury stock".

The Company's proposed repurchases may be made from time to time in the open market at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulations.

16. STATUTORY RESERVES AND RESTRICTED NET ASSETS

In accordance with the PRC laws and regulations, the PRC entities of the Group are required to make appropriation to certain statutory reserves, namely general reserve, industry specific 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 PRC entities of the Group 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 the PRC entities of the Group. There are no appropriations to these reserves by the PRC entities of the Group for the years ended December 31, 2024 and 2025.

As a result of PRC laws and regulations and the requirement that distributions by the PRC entities of the Group can only be paid out of distributable profits computed in accordance with the PRC GAAP, the PRC entities of the Group restricted from transferring a portion of their net assets to the Group. Amounts restricted include paid-in capital, capital reserve and statutory reserves of the PRC entities of the Group. As of December 31, 2024 and 2025, the aggregated amounts of paid-in capital, capital reserve and statutory reserves represented the amount of net assets of the relevant entity in the Group not available for distribution amounted to RMB17,073,166 and RMB17,235,827, respectively (including the statutory reserve fund of RMB915,669 and RMB1,078,330 as of December 31, 2024 and 2025, respectively).

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

17. DIVIDENDS

Semi-Annual Dividend Policy

On May 18, 2023, the board of directors of the Company approved the adoption of a semi-annual cash dividend policy (the "New Dividend Policy") to replace previous quarter cash dividend policy. Under the New Dividend Policy, the Company will declare and distribute a recurring cash dividend semi-annually, starting from the first half of 2023, at an amount equivalent to approximately 20% to 30% of the Company's net income after tax for the previous six-month period. The determination to make dividend distributions and the exact amount of such distributions in any particular six-month period will be based upon the Company's operations and financial conditions, and other relevant factors, and subject to adjustment and determination by the board of directors.

In 2023, the board of directors of the Company approved dividends for the fourth quarter of 2022 and for the first half of 2023 in accordance with the Company's dividend policy with the total amount of RMB761,552.

In 2024, the board of directors of the Company approved dividends for the second half of 2023 and for the first half of 2024 in accordance with the Company's dividend policy with the total amount of RMB1,252,710.

In 2025, the board of directors of the Company approved dividends for the second half of 2024 and for the first half of 2025 in accordance with the Company's dividend policy with the total amount of RMB1,387,506.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

18. LEASE

Operating lease as lessee

The Group enters into operating leases primarily for general office space. The Group's leases typically have original terms not exceeding 5 years. These leases have remaining lease terms of 1 year to 3 years, some of which include options to extend the leases for up to 5 years, and some of which include options to terminate the leases within 1 year.

Lease costs are included in general and administrative expenses. Operating lease expenses were RMB61,034, RMB62,449 and RMB61,267 for the years ended December 31, 2023, 2024 and 2025, respectively, including amortization expenses of land use rights of RMB20,724, RMB20,723 and RMB21,004 for the years ended December 31, 2023, 2024 and 2025, respectively. Under ASC 842, land use rights agreements are also considered as operating lease contracts. See Note 6 for separate disclosures related to land use rights.

Supplemental cash flow information related to leases was as follows:

	Year ended , December 31, 2024 RMB	Year ended , December 31, 2025 RMB
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	37,150	42,091
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	29,483	38,935

The following table shows ROU ("Right of Use assets") and lease liabilities as of December 31, 2024 and 2025 (except for lease term and discount rate):

	Year ended , December 31, 2024 RMB	Year ended , December 31, 2025 RMB
Right-of-use assets	35,635	35,733
Operating lease liabilities-current	27,258	18,357
Operating lease liabilities-non current	7,693	14,326

	Year ended , December 31, 2024 RMB	Year ended , December 31, 2025 RMB
Weighted-average remaining lease term	1.41	2.03
Weighted-average discount rate	3.77 %	3.27 %

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

18. LEASE – continued

Operating lease as lessee – continued

The maturities of operating lease liabilities as of December 31, 2024 and 2025 are as follows:

	December 31, 2024 RMB
2025	27,736
2026	7,061
2027	1,074
2028 and thereafter	—
Total undiscounted lease payments	**35,870**
Imputed interest	(919)
Total lease liabilities	**34,951**

	December 31, 2025 RMB
2026	18,591
2027	11,049
2028	3,665
2029 and thereafter	—
Total undiscounted lease payments	**33,305**
Imputed interest	(622)
Total lease liabilities	**32,683**

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

19. CONTINGENCIES

In July 2020 and February 2021, CBIRC promulgated two regulations stating that regional banks that carry out internet lending business shall mainly serve local customers, and are not allowed to conduct the internet lending business beyond the local administrative area of their registered place, except those who have no physical business branch, conducting business primarily online as well as meeting the other conditions prescribed by the CBIRC. The Company has changed its distribution strategy so that only local borrowers would be matched to regional banks for new loans facilitated starting from January 1, 2022. The Company believed that, as advised by its PRC legal counsel, given the lack of exact definition regarding the regional banks in the existing laws and regulations, there are uncertainties as to how the regulation will be implemented, therefore the impact to the Company's current business operations cannot be reasonably estimated.

In September 2021, the People's Bank of China ("PBOC") issued a new regulation stating that organizations that engage in credit reporting business should obtain the credit reporting business license and comply with its other provisions within an 18-month grace period from its effectiveness date of January 1, 2022. Given that there remain uncertainties in the interpretation and implementation of the rule as advised by its PRC legal counsel, the Company has concluded, that it is not reasonably possible to estimate its impact on the Company's current business operations for credit assessment on borrowers and the potential penalties incurred by the Company thereof.

20. NET INCOME PER SHARE

Basic and diluted net income per share for each of the periods presented were calculated as follows:

	Year ended December 31, 2023 RMB	Year ended December 31, 2024 RMB	Year ended December 31, 2025 RMB
Numerator:			
Net income attributable to shareholders of the Company	4,285,336	6,264,314	5,989,691
Denominator:			
Weighted average ordinary shares outstanding used in computing basic income per ordinary share	320,749,805	298,012,150	266,496,992
Plus: incremental weighted average ordinary shares from assumed exercise of stock options and restricted shares using the treasury stock method	7,759,140	5,437,714	5,674,886
Weighted average ordinary shares outstanding used in computing diluted income per ordinary share	328,508,945	303,449,864	272,171,878
Basic net income per share	**13.36**	**21.02**	**22.48**
Diluted net income per share	**13.04**	**20.64**	**22.01**

For the years ended December 31, 2023, 2024 and 2025, options or restricted shares excluded from the calculation of diluted net income per share due to anti-dilutive effect were 370,590, 30,874 and 30,090 respectively.

For the convertible senior note, diluted EPS was calculated using the if-converted method by determining the number of shares needed to settle the conversion premium and adding that amount to shares outstanding to calculate the diluted EPS denominator. As the average market price of the shares was less than the conversion price, the conversion premium was zero and there were no dilutive effect for the year ended December 31, 2025.

QFIN HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD")
except for number of shares and per share data, or otherwise noted)

21. SUBSEQUENT EVENTS

On March 18, 2026, the board of directors of the Company (the "Board") has approved a dividend of US$0.39 per Class A ordinary share, or US$0.78 per ADS for the second half of 2025 to holders of record of Class A ordinary shares and ADSs as of the close of business on April 22, 2026 Hong Kong Time and New York Time, respectively, in accordance with the Company's dividend policy.

As of March 17, 2026, the Company has repurchased approximately US$460 million (RMB3,217 million) in aggregate principal amount of the 2030 Notes for US$399 million (RMB2,790 million) in cash on the open market and in off-market privately negotiated transactions, including the amount of RMB2,185 million repurchased in November 2025.

QFIN HOLDINGS, INC.
ADDITIONAL INFORMATION - FINANCIAL STATEMENT SCHEDULE I

The following Schedule I has been provided pursuant to the requirements of Rules 12-04(a) and 5-04(c) of Regulation S-X, which require condensed financial information as to the financial position, changes in financial position and results of operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented as the restricted net assets of the Company's PRC subsidiaries and VIEs which may not be transferred to the Company in the forms of loans, advances or cash dividends without the consent of PRC government authorities as of December 31, 2025, was more than 25% of the Company's consolidated net assets as of December 31, 2025.

CONDENSED BALANCE SHEETS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD"))

	2024 RMB	2025 RMB	2025 USD (Note 2)
ASSETS			
Cash and cash equivalents	274,514	518,855	74,195
Short term investments	493,947	—	—
Prepaid expenses and other assets	12,080	182,430	26,087
Amount due from subsidiaries and VIEs	3,016,777	4,083,237	583,895
Investments in subsidiaries and VIEs	20,393,966	22,058,713	3,154,354
TOTAL ASSETS	**24,191,284**	**26,843,235**	**3,838,531**
LIABILITIES AND EQUITY			
LIABILITIES			
Accrued expenses and other current liabilities	1,241	4,075	583
Convertible notes-current	—	1,019,130	145,734
Convertible notes-noncurrent	—	1,583,213	226,396
Other long-term liabilities	—	121,902	17,432
TOTAL LIABILITIES	**1,241**	**2,728,320**	**390,145**
EQUITY			
Ordinary shares (USD0.00001 par value per share 5,000,000,000 shares authorized, 296,540,988 shares issued and 283,981,320 shares outstanding as of December 31, 2024 and 283,019,282 shares issued and 243,823,900 shares outstanding as of December 31, 2025, respectively)	21	20	3
Treasury stock	(1,113,608)	(4,066,385)	(581,485)
Additional paid-in capital	4,339,413	3,874,816	554,091
Retained earnings	20,952,340	24,502,158	3,503,762
Other comprehensive income (loss)	11,877	(195,694)	(27,985)
TOTAL EQUITY	**24,190,043**	**24,114,915**	**3,448,386**
TOTAL LIABILITIES AND EQUITY	**24,191,284**	**26,843,235**	**3,838,531**

QFIN HOLDINGS, INC.
ADDITIONAL INFORMATION - FINANCIAL STATEMENT SCHEDULE I
CONDENSED STATEMENTS OF OPERATIONS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD"))

	Year ended December 31, 2023 RMB	Year ended December 31, 2024 RMB	Year ended December 31, 2025 RMB	Year ended December 31, 2025 USD (Note 2)
Operating costs and expenses	(25,517)	(19,770)	(24,973)	(3,571)
Interest income, net	17,316	24,376	27,734	3,966
Foreign exchange (losses) gains	(574)	316	6,613	946
Fair value change of derivatives	—	—	(181,205)	(25,912)
Gain on debt extinguishment	—	—	270,135	38,629
Other income, net	29,311	15,939	12,090	1,729
Net income before taxes and income from equity in subsidiaries and VIEs	**20,536**	**20,861**	**110,394**	**15,787**
Equity in earnings of subsidiaries and VIEs	4,264,800	6,248,235	5,882,969	841,254
Net income before taxes	**4,285,336**	**6,269,096**	**5,993,363**	**857,041**
Income tax expenses	—	(4,782)	(3,672)	(525)
Net income attributable to shareholders of the Company	4,285,336	6,264,314	5,989,691	856,516
Net income attributable to ordinary shareholders of the Company	**4,285,336**	**6,264,314**	**5,989,691**	**856,516**

QFIN HOLDINGS, INC.
ADDITIONAL INFORMATION - FINANCIAL STATEMENT SCHEDULE I
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME OR LOSS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD"))

	Year ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2025	Year ended December 31, 2025
	RMB	RMB	RMB	USD (Note 2)
Net income attributable to shareholders of the Company	4,285,336	6,264,314	5,989,691	856,516
Other comprehensive income, net of tax of nil:				
Foreign currency translation adjustment	17,118	46,534	(207,571)	(29,682)
Other comprehensive income (loss)	17,118	46,534	(207,571)	(29,682)
Total comprehensive income	4,302,454	6,310,848	5,782,120	826,834
Comprehensive income attributable to ordinary shareholders	4,302,454	6,310,848	5,782,120	826,834

QFIN HOLDINGS, INC.
ADDITIONAL INFORMATION - FINANCIAL STATEMENT SCHEDULE I
CONDENSED STATEMENTS OF CASH FLOWS
(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("USD"))

	Year ended December 31, 2023 RMB	Year ended December 31, 2024 RMB	Year ended December 31, 2025 RMB	Year ended December 31, 2025 USD (Note 2)
Cash Flows from Operating Activities:				
Net income attributable to shareholders of the Company	4,285,336	6,264,314	5,989,691	856,516
Adjustments to reconcile net income to net cash used in operating activities:				
Equity in earnings of subsidiaries and VIEs, net of dividends	(3,474,800)	1,706,075	(1,428,319)	(204,247)
Amortization of convertible senior notes issuance cost	—	—	22,241	3,180
Changes in operating assets and liabilities				
Accrued expenses and other current liabilities	2,282	87	3,326	476
Prepaid expenses and other assets	(17,667)	20,229	(198,412)	(28,373)
Interest receivable/payable	1,320	(9,091)	8,095	1,158
Foreign exchange gain	—	—	(6,613)	(946)
Gain on debt extinguishment	—	—	(270,135)	(38,629)
Fair value change of foreign exchange options	4,527	—	181,205	25,912
Net Cash provided by Operating Activities	**800,998**	**7,981,614**	**4,301,079**	**615,047**
Cash Flows from Investing Activities:				
Repayment of loans provided to subsidiaries and VIEs	378,148	2,881,606	5,395,300	771,518
Loans provided to subsidiaries and VIEs	(71,706)	(5,920,169)	(6,576,973)	(940,495)
Proceeds from disposal of short-term investments	216,301	291,520	2,323,576	332,267
Purchase of short-term investments	(203,361)	(776,418)	(1,926,552)	(275,493)
Net Cash provided by (used in) Investing Activities	**319,382**	**(3,523,461)**	**(784,649)**	**(112,203)**
Cash Flows from Financing Activities:				
Payment of Secondary Listing costs	(16,023)	—	—	—
Dividends to shareholders	(941,705)	(1,262,935)	(1,378,103)	(197,066)
Proceeds from convertible senior notes, net of issuance cost	—	—	4,917,431	703,183
Repurchase of convertible senior notes	—	—	(1,908,688)	(272,939)
Stock repurchase	(636,179)	(2,973,192)	(4,848,116)	(693,271)
Net Cash used in Financing Activities	**(1,593,907)**	**(4,236,127)**	**(3,217,476)**	**(460,093)**
Effect of foreign exchange rate changes	11,840	49,852	(54,613)	(7,811)
Net (decrease) increase in cash and cash equivalents	(461,687)	271,878	244,341	34,940
Cash, cash equivalents, and restricted cash, beginning of year	464,323	2,636	274,514	39,255
Cash, cash equivalents, and restricted cash, end of year	**2,636**	**274,514**	**518,855**	**74,195**
Supplemental disclosures of cash flow information:				
Payables for dividends:	—	—	—	—
Payables for capitalized issuance costs	—	—	—	—

Notes to condensed financial statements

1. The condensed financial statements of Qfin Holdings, Inc. have been prepared using the same accounting policies as set out in the Financial Statements except that the equity method has been used to account for investments in subsidiaries and VIEs. Such investment in subsidiaries and VIEs are presented on the balance sheets as interests in subsidiaries and VIEs and the profit of the subsidiaries and VIEs is presented as equity in earnings of subsidiaries and VIEs on the statement of operations.

2. As of December 31, 2024 and 2025, there were no material contingencies, significant provisions of long-term obligations of the Company, except for those which have been separately disclosed in the Financial Statements.

3. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The footnote disclosure certain supplemental information relating to the operations of the Company and, as such, these statements should be read in conjunction with the notes to the accompanying Financial Statements.

MC-336120

Certificate of Incorporation on Change of Name

I DO HEREBY CERTIFY that

Qifu Technology, Inc.
奇富科技股份有限公司

having by Special resolution dated 30th day of June Two Thousand Twenty-Five changed its name, is now incorporated under name of

Qfin Holdings, Inc.
奇富科技股份有限公司

When translated in English is,
(Qifu Technology Limited)

REGISTRAR OF COMPANIES EXEMPTED CAYMAN ISLANDS

Given under my hand and Seal at George Town in the Island of Grand Cayman this 30th day of June Two Thousand Twenty-Five

An Authorised Officer,
Registry of Companies,
Cayman Islands.

Authorisation Code : 723812884879
www.verify.gov.ky
02 July 2025

Exhibit 2.2

Qfin Holdings, Inc.
(Incorporated under the laws of the Cayman Islands)

Number Shares

Share Capital is **US$50,000** divided into
5,000,000,000 Class A Ordinary Shares of a par value of **US$0.00001** each,

THIS IS TO CERTIFY THAT

is the registered holder of

Class A Ordinary Shares in the above-named Company subject to the Memorandum and Articles of Association thereof .

EXECUTED for and on behalf of the Company on by:

DIRECTOR _____

DESCRIPTION OF RIGHTS OF EACH CLASS OF SECURITIES REGISTERED UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT")

American Depositary Shares ("ADSs") each representing two class A ordinary shares of Qfin Holdings, Inc., (the "we," "us," "our company" or "our") are listed and traded on the Nasdaq Stock Market and, in connection with this listing (but not for trading), the class A ordinary shares are registered under Section 12(b) of the Exchange Act. Our class A ordinary shares are also listed on The Stock Exchange of Hong Kong Limited for trading under the stock code "3660."

This exhibit contains a description of the rights of (i) the holders of class A ordinary shares and (ii) the holders of ADSs. Underlying class A ordinary shares represented by the ADSs are held by the Bank of New York Mellon, as depositary, and holders of ADSs will not be treated as holders of the class A ordinary shares.

Description of Class A Ordinary Shares

The following is a summary of material provisions of our currently effective fourth amended and restated memorandum and articles of association (the "Memorandum and Articles of Association"), as well as the Companies Act (As Revised) of the Cayman Islands (the "Companies Act") insofar as they relate to the material terms of our ordinary shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Memorandum and Articles of Association, which has been furnished to the SEC as Exhibit 3.1 to our Form 6-K furnished on June 30, 2025 (File No. 001-38752).

Type and Class of Securities (Item 9.A.5 of Form 20-F)

Each class A ordinary share has US$0.00001 par value. The number of class A ordinary shares that have been issued as of the last day of the fiscal year ended December 31, 2025 is provided on the cover of the annual report for fiscal year 2025 on Form 20-F filed in April 2026 (the "2025 Form 20-F"). Our class A ordinary shares may be held in either certificated or uncertificated form.

Preemptive Rights (Item 9.A.3 of Form 20-F)

Our shareholders do not have preemptive rights.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

Not applicable.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of Class A Ordinary Shares (Item 10.B.3 of Form 20-F)

Class A Ordinary Shares

Our class A ordinary shares are issued in registered form and are issued when registered in our register of members. We may not issue shares to bearer. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Dividends

The holders of our class A ordinary shares are entitled to such dividends as may be declared by our board of directors, subject to our Memorandum and Articles of Association. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Our Memorandum and Articles of Association provides that our directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of our directors, be applicable for meeting contingencies or for equalising dividends or for any other purpose to which those funds may be properly applied. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account, provided 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.

Voting Rights

Voting at any shareholders' meeting is by show of hands unless a poll is (on or before the declaration of the result of the show of hands) demanded. A poll may be demanded by the chairman of such meeting or any shareholder present in person at the meeting. In respect of all matters subject to a shareholders' vote, each class A ordinary share shall, on a poll, entitle the holder thereof to one vote.

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 such shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at such meeting. A special resolution requires the affirmative vote of no less than three-fourths of the votes cast by such shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at such meeting. A special resolution will be required for important matters such as a change of name or making changes to our Memorandum and Articles of Association. We may, among other things, subdivide or consolidate our share capital 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 ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the Nasdaq Stock Market may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

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

The registration of transfers may, on ten calendar days' notice being given by advertisement in such one or more newspapers, by electronic means or by any other means in accordance with the requirements of the Nasdaq Stock Market, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 calendar days in any calendar year as our board may determine.

Liquidation Rights

On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst 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 share capital, the assets will be distributed so that, as nearly as may be, the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 calendar days prior to the specified time 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 of these shares, on such terms and in such manner as may be determined by our board of directors. Our Company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders, provided always that any such repurchase shall only be made in accordance with any relevant code, rules or regulations issued by the Hong Kong Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force. 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 new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Requirements to Change the Rights of Holders of Class A Ordinary Shares (Item 10.B.4 of Form 20-F)

Variations of Rights of Shares

If at any time, our share capital is divided into different classes of shares, the rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class), may be materially adversely varied with the consent in writing of the holders of not less than three-fourths in the nominal value of the issued shares of that class or with the sanction of a special resolution at a separate meeting of the holders of the shares of the 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 materially adversely varied by the redemption or purchase of any shares of any class by our company, the creation or issue of further shares ranking *pari passu* with or subsequent to them or with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Limitations on the Rights to Own Class A Ordinary Shares (Item 10.B.6 of Form 20-F)

There are no limitations under the laws of the Cayman Islands or under the Memorandum and Articles of Association that limit the right of non-resident or foreign owners to hold or vote class A ordinary shares.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Anti-Takeover Provisions in the Memorandum and Articles of Association. Some provisions of our Memorandum and Articles of Association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that, subject to the Hong Kong Listing Rules and other applicable laws or regulations, on the conditions that, for as long as the prevailing Hong Kong Listing Rules restrict us from having a weighted voting rights structure, (i) no new class of shares with voting rights superior to those of class A ordinary shares shall be created; and (ii) any variations in the relative rights as between the different classes of shares shall not result in the creation of a new class of shares with voting rights superior to those of class A ordinary shares:

- authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference 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.

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions under the laws of the Cayman Islands applicable to our company or under the Memorandum and Articles of Association that require our company to disclose shareholder ownership above any particular ownership threshold.

Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

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

Mergers and Similar Arrangements. The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a "parent" of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provided the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by (a) 75% in value of the shareholders or class of shareholders, as the case may be, or (b) a majority in number representing 75% in value of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted, in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, save that objectors to a takeover offer may apply to the Grand Court of the Cayman Islands for various orders that the Grand Court of the Cayman Islands has a broad discretion to make, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and

- those who control the company are perpetrating a "fraud on the minority."

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

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our Memorandum and Articles of Association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors' Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our Memorandum and Articles of Association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act 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 in aggregate not less than one-third of all votes attaching to all the issued and outstanding shares of our company as at the date of the deposit of the requisition entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our Memorandum and Articles of Association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our Memorandum and Articles of Association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our Memorandum and Articles of Association, directors may be removed with or without cause, by an ordinary resolution of our shareholders. An appointment of a director may be on terms that the director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period in a written agreement between our company and the director, if any; but no such term shall be implied in the absence of express provision. In addition, a director's office 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 the company; (iv) without special leave of absence from our board of directors, is absent from three consecutive meetings of the board and the board resolves that his office be vacated or; (v) is removed from office pursuant to any other provisions of our Memorandum and Articles of Association.

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

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

Dissolution; Winding Up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our Memorandum and Articles of Association, if our share capital is divided into more than one class of shares, we may materially adversely vary the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) with the written consent of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a 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 materially adversely varied by the redemption or purchase of any shares of any class by our company, the creation or issue of further shares ranking *pari passu* with or subsequent to them or with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Under the Companies Act and our Memorandum and Articles of Association, our Memorandum and Articles of Association may only be amended by a special resolution of our shareholders.

Rights of Non-Resident or Foreign Shareholders. There are no limitations imposed by our Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our Memorandum and Articles of Association that require our company to disclose shareholder ownership above any particular ownership threshold.

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

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of members is not required to be open for inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue no par value shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are given for a period of up to 30 years);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

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

Changes in Capital (Item 10.B.10 of Form 20-F)

Our shareholders may from time to time by ordinary resolution:

- increase our share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so canceled.

Our shareholders may by special resolution, subject to confirmation by the Grand Court of the Cayman Islands or as supported by a solvency statement of our directors in accordance with the Companies Act, on an application by our company for an order confirming such reduction, reduce our share capital or any capital redemption reserve in any manner permitted by law.

Debt Securities (Item 12.A of Form 20-F)

Not applicable.

Warrants and Rights (Item 12.B of Form 20-F)

Not applicable.

Other Securities (Item 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

The Bank of New York Mellon, as depositary, registers and delivers American Depositary Shares, also referred to as ADSs. Each ADS represents two class A ordinary shares, deposited with The Hongkong and Shanghai Banking Corporation Limited, as custodian for the depositary in Hong Kong. Each ADS also represents any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office are located at 240 Greenwich Street, New York, New York 10286.

We will not treat ADS holders as our shareholders and accordingly, you, as an ADS holder, will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the class A ordinary shares underlying your ADSs. Holders of our ADSs have ADS holder rights. A deposit agreement among our company, the depositary and the holders of our ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. The laws of the State of New York govern the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of American Depositary Receipt, or the ADR.

Holding the ADSs

How will you hold your ADSs?

You may hold ADSs either (1) directly (a) by having an American Depositary Receipt which is a certificate evidencing a specific number of ADSs, registered in your name, or (b) by having uncertificated ADSs registered in your name, or (2) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in the DTC. If you hold ADSs directly, you are an ADS holder. This description assumes you hold your ADSs directly. ADSs will be issued through DRS, unless you specifically request certificated ADRs. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

Cash. The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis, and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes or other governmental charges that must be paid will be deducted. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution.*

Shares. The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

Rights to Purchase Additional Shares. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. In that case, you will receive no value for them. The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary exercises rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

Other Distributions. The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property.

However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or not practicable for us to make them available to you.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposits shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to you or a person you designate at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share or other security. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

How do ADS holders interchange between Certificated ADSs and Uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send you a statement confirming that you are the registered holder of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to you an ADR evidencing those ADSs.

Voting Rights

How do you vote?

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our Memorandum and Articles of Association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, you won't be able to exercise voting rights unless you surrender your ADSs and withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed or as described in the following sentence. If we asked the depositary to solicit your instructions at least 30 days before the meeting date but the depositary does not receive voting instructions from you by the specified date and we confirm to the depositary that:

- we wish to receive a discretionary proxy;

- as of the instruction cutoff date we reasonably do not know of any substantial shareholder opposition to the particular question; and
- the particular question would not be materially adverse to the interests of our shareholders,
- then the depositary will consider you to have authorized and directed it to give a discretionary proxy to a person designated by us to vote the number of deposited securities represented by your ADSs as to that question.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.

If we request the depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your American depositary shares to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender or of those ADSs or cancel those ADSs upon notice to the ADS holders.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

How may the deposit agreement be terminated?

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange on which they were listed and do not list the ADSs on another exchange;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement terminates, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

Limitations on Obligations and Liability to ADR Holders

Limits on our obligations and the obligations of the depositary and the custodian; limits on liability to holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depositary will not be a fiduciary or have any fiduciary duty to holders of ADSs;
- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its ability to prevent or counteract with reasonable care or effort from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement, or for any;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the depositary has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Rights to Receive the Shares Underlying Your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or

- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Shareholder Communications; Inspection of Register of Holders of ADSs

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

Jury Trial Waiver

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law.

You will not, by agreeing to the terms of the deposit agreement, be deemed to have waived our or the depositary's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

Conversion between Class A Ordinary Shares and ADSs

Our class A ordinary shares commenced trading on the Hong Kong Stock Exchange on November 28, 2022. Dealings in our class A ordinary shares on the Hong Kong Stock Exchange are conducted in Hong Kong dollars. Our class A ordinary shares are traded on the Hong Kong Stock Exchange in board lots of 50 ordinary shares.

Dealings and Settlement of Class A Ordinary Shares in Hong Kong

The transaction costs of dealings in our class A ordinary shares currently applicable on the Hong Kong Stock Exchange include:

- Hong Kong Stock Exchange trading fee of 0.00565% of the consideration of the transaction, charged to each of the buyer and seller;

- SFC transaction levy of 0.0027% of the consideration of the transaction, charged to each of the buyer and seller;
- AFRC transaction levy of 0.00015% of the consideration of the transaction, charged to each of the buyer and seller;
- transfer deed stamp duty of HK$5.00 per transfer deed (if applicable), payable by the seller;
- stock transaction stamp duty at a total rate of 0.2% of the value of the transaction, with 0.1% payable by each of the buyer and the seller;
- brokerage commission, which is freely negotiable with the broker (other than brokerage commissions for IPO transactions which are currently set at 1% of the subscription or purchase price and will be payable by the person subscribing for or purchasing the securities); and
- Computershare Hong Kong Investor Services Limited, or the Hong Kong Share Registrar, will charge between HK$2.50 to 0.05% of the market value of the shares, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

Investors must settle their trades executed on the Hong Kong Stock Exchange through their brokers directly or through custodians. For an investor who has deposited his or her class A ordinary shares in his or her stock account or in his or her designated CCASS participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his or her broker or custodian before the settlement date.

Transfer of Class A Ordinary Shares to Hong Kong Share Register

For the purposes of trading on the Hong Kong Stock Exchange, the class A ordinary shares must be registered in the Hong Kong Share Registrar maintained by Computershare Hong Kong Investor Services Limited. Our principal register of members, or the Cayman share register, will continue to be maintained by our Principal Share Registrar, Maples Fund Services (Cayman) Limited in the Cayman Islands. As described in further detail below, holders of class A ordinary shares registered on the Hong Kong share register will be able to convert these shares into ADSs, and vice versa.

Converting Class A Ordinary Shares Trading in Hong Kong into ADSs

An investor who holds class A ordinary shares registered in Hong Kong and who intends to deposit them for delivery of ADSs to trade on the Nasdaq Stock Market must deposit or have his or her broker deposit the class A ordinary shares with the depositary's Hong Kong custodian, The Hongkong and Shanghai Banking Corporation Limited, or the custodian, in exchange for ADSs.

A deposit of class A ordinary shares trading in Hong Kong in exchange for ADSs involves the following procedures:

- If class A ordinary shares have been deposited with CCASS, the investor must transfer ordinary shares to the depositary's account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed letter of transmittal to the custodian via his or her broker.
- If class A ordinary shares are held outside CCASS, the investor must arrange to deposit his or her class A ordinary shares into CCASS for delivery to the depositary's account with the custodian within CCASS, submit and deliver a duly completed and signed letter of transmittal to the custodian.
- Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the depositary will register the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs as instructed by the depositing investor or his or her broker.

For class A ordinary shares deposited in CCASS, under normal circumstances, the above steps generally require two business days. For class A ordinary shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancelations. In addition, completion of the above steps and procedures is subject to there being a sufficient number of class A ordinary shares on the Hong Kong share registrar to facilitate a withdrawal from the ADS program directly into the CCASS system. We are not under any obligation to maintain or increase the number of class A ordinary shares on the Hong Kong share register to facilitate such withdrawals.

***Converting* ADSs into Class A Ordinary Shares Trading in Hong Kong**

An investor who holds ADSs and who intends to surrender his/her ADSs for delivery of class A ordinary shares to trade on the Hong Kong Stock Exchange must cancel the ADSs the investor holds and withdraw class A ordinary shares from the ADS program and cause his or her broker or other financial institution to trade such class A ordinary shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker should follow the broker's procedure and instruct the broker to arrange for cancelation of the ADSs, and transfer of the underlying class A ordinary shares from the depositary's account with the custodian within the CCASS system to the investor's Hong Kong stock account.

For investors holding ADSs directly, the following steps must be taken:

- To withdraw class A ordinary shares from the ADS program, an investor who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.
- Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, and subject in all cases to the terms of the deposit agreement, the depositary will instruct the custodian to deliver class A ordinary shares underlying the canceled ADSs to the CCASS account designated by an investor.
- If an investor prefers to receive class A ordinary shares outside CCASS, he or she must receive ordinary shares in CCASS first and then arrange for withdrawal from CCASS. Investors can then obtain a transfer form signed by HKSCC Nominees Limited (as the transferor) and register class A ordinary shares in their own names with the Hong Kong Share Registrar.

For class A ordinary shares to be received in CCASS, under normal circumstances, the above steps generally require two business days. For class A ordinary shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the class A ordinary shares on the Hong Kong Stock Exchange until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancelations. In addition, completion of the above steps and procedures is subject to there being a sufficient number of class A ordinary shares on the Hong Kong share registrar to facilitate a withdrawal from the ADS program directly into the CCASS system. We are not under any obligation to maintain or increase the number of class A ordinary shares on the Hong Kong share register to facilitate such withdrawals.

Depositary Requirements

Before the depositary delivers ADSs or permits withdrawal of class A ordinary shares, the depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with procedures it may establish, from time to time, consistent with the deposit agreement, including, but not limited to, presentation of transfer documents.

The depositary may refuse to deliver, transfer, or register issuances, transfers and cancelations of ADSs generally when the transfer books of the depositary or our Hong Kong or Cayman Share Registrar are closed or at any time if the depositary or we determine it advisable to do so, subject to such refusal complying with U.S. federal securities laws.

All costs attributable to the transfer of ordinary shares to effect a withdrawal from or deposit of class A ordinary shares into the ADS program will be borne by the investor requesting the transfer. In particular, holders of ordinary shares and ADSs should note that the Hong Kong Share Registrar will charge between HK$2.50 to 0.05% of the market value of the shares, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of class A ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of ordinary shares and ADSs must pay up to US$5.00 (or less) per 100 ADSs for each issuance of ADSs and each cancelation of ADSs, as the case may be, in connection with the deposit of class A ordinary shares into, or withdrawal of ordinary shares from, the ADS program.

Exhibit 4.16

EXECUTED VERSION

QIFU TECHNOLOGY, INC.

AND

CITIBANK, N.A.

as Trustee

INDENTURE

Dated as of March 27, 2025

0.50% Convertible Senior Notes due 2030

TABLE OF CONTENTS

		PAGE
	ARTICLE 1 DEFINITIONS	
Section 1.01.	*Definitions*	1
Section 1.02.	*References to Interest*	16
Section 1.03.	*References to Ordinary Shares in lieu of ADSs*	16
	ARTICLE 2 ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF NOTES	
Section 2.01.	*Designation and Amount*	16
Section 2.02.	*Form of Notes*	16
Section 2.03.	*Date and Denomination of Notes; Payments of Interest and Defaulted Amounts*	17
Section 2.04.	*Execution, Authentication and Delivery of Notes*	18
Section 2.05.	*Exchange and Registration of Transfer of Notes; Restrictions on Transfer; Depositary*	20
Section 2.06.	*Mutilated, Destroyed, Lost or Stolen Notes*	28
Section 2.07.	*Temporary Notes*	28
Section 2.08.	*Cancellation of Notes Paid, Converted, Etc.*	29
Section 2.09.	*CUSIP Numbers*	29
Section 2.10.	*Additional Notes; Repurchases*	29
Section 2.11.	*Appointment of Authenticating Agent*	30
	ARTICLE 3 SATISFACTION AND DISCHARGE	
Section 3.01.	*Satisfaction and Discharge*	30
	ARTICLE 4 PARTICULAR COVENANTS OF THE COMPANY	
Section 4.01.	*Payment of Principal and Interest*	31
Section 4.02.	*Maintenance of Office or Agency*	31
Section 4.03.	*Appointments to Fill Vacancies in Trustee's Office*	32
Section 4.04.	*Provisions as to Paying Agent*	32
Section 4.05.	*Existence*	33
Section 4.06.	*Rule 144A Information Requirement and Annual Reports*	34
Section 4.07.	*Additional Amounts*	36
Section 4.08.	*Stay, Extension and Usury Laws*	40
Section 4.09.	*Compliance Certificate; Statements as to Defaults*	40

Section 4.10. *Further Instruments and Acts* 40

ARTICLE 5
LISTS OF HOLDERS AND REPORTS BY THE COMPANY AND THE TRUSTEE

Section 5.01. *Lists of Holders* 40
Section 5.02. *Preservation and Disclosure of Lists* 41

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.01. *Events of Default* 41
Section 6.02. *Acceleration; Rescission and Annulment* 42
Section 6.03. *Additional Interest* 43
Section 6.04. *Payments of Notes on Default; Suit Therefor* 44
Section 6.05. *Application of Monies Collected by Trustee* 46
Section 6.06. *Proceedings by Holders* 47
Section 6.07. *Proceedings by Trustee* 48
Section 6.08. *Remedies Cumulative and Continuing* 48
Section 6.09. *Direction of Proceedings and Waiver of Defaults by Majority of Holders* 48
Section 6.10. *Notice of Defaults and Events of Default* 49
Section 6.11. *Undertaking to Pay Costs* 49

ARTICLE 7
CONCERNING THE TRUSTEE

Section 7.01. *Duties and Responsibilities of Trustee* 50
Section 7.02. *Reliance on Documents, Opinions, Etc.* 52
Section 7.03. *No Responsibility for Recitals, Etc.* 54
Section 7.04. *Trustee, Paying Agents, Conversion Agents, Bid Solicitation Agent or Note Registrar May Own Notes* 54
Section 7.05. *Monies and ADSs to Be Held in Trust* 54
Section 7.06. *Compensation and Expenses of Trustee* 54
Section 7.07. *Officers' Certificate as Evidence* 56
Section 7.08. *Eligibility of Trustee* 56
Section 7.09. *Resignation or Removal of Trustee* 56
Section 7.10. *Acceptance by Successor Trustee* 57
Section 7.11. *Succession by Merger, Etc.* 58
Section 7.12. *Trustee's Application for Instructions from the Company* 58

ARTICLE 8
CONCERNING THE HOLDERS

Section 8.01. *Action by Holders* 59
Section 8.02. *Proof of Execution by Holders* 59
Section 8.03. *Who Are Deemed Absolute Owners* 59
Section 8.04. *Company-Owned Notes Disregarded* 60

Section 8.05. *Revocation of Consents; Future Holders Bound* 60

ARTICLE 9
HOLDERS' MEETINGS

Section 9.01. *Purpose of Meetings* 60
Section 9.02. *Call of Meetings by Trustee* 61
Section 9.03. *Call of Meetings by Company or Holders* 61
Section 9.04. *Qualifications for Voting* 61
Section 9.05. *Regulations* 61
Section 9.06. *Voting* 62
Section 9.07. *No Delay of Rights by Meeting* 63

ARTICLE 10
SUPPLEMENTAL INDENTURES

Section 10.01. *Supplemental Indentures Without Consent of Holders* 63
Section 10.02. *Supplemental Indentures with Consent of Holders* 64
Section 10.03. *Effect of Supplemental Indentures* 65
Section 10.04. *Notation on Notes* 65
Section 10.05. *Evidence of Compliance of Supplemental Indenture to Be Furnished Trustee* 65

ARTICLE 11
CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE

Section 11.01. *Company May Consolidate, Etc. on Certain Terms* 66
Section 11.02. *Successor Corporation to Be Substituted* 66
Section 11.03. *Opinion of Counsel to Be Given to Trustee* 67

ARTICLE 12
IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

Section 12.01. *Indenture and Notes Solely Corporate Obligations* 67

ARTICLE 13
INTENTIONALLY OMITTED

ARTICLE 14
CONVERSION OF NOTES

Section 14.01. *Conversion Privilege* 68
Section 14.02. *Conversion Procedure; Settlement Upon Conversion* 71
Section 14.03. *Increased Conversion Rate Applicable to Certain Notes Surrendered in Connection with Make-Whole Fundamental Changes* 78
Section 14.04. *Adjustment of Conversion Rate* 81
Section 14.05. *Adjustments of Prices* 92
Section 14.06. *Ordinary Shares to Be Fully Paid* 92

Section 14.07. *Effect of Recapitalizations, Reclassifications and Changes of the Ordinary Shares* 92
Section 14.08. *Amendment upon ADS Delisting or Unavailability* 95
Section 14.09. *Certain Covenants* 96
Section 14.10. *Responsibility of Trustee* 97
Section 14.11. *Notice to Holders Prior to Certain Actions* 98
Section 14.12. *Stockholder Rights Plans* 98
Section 14.13. *Exchange In Lieu Of Conversion* 99

ARTICLE 15
REPURCHASE OF NOTES AT OPTION OF HOLDERS

Section 15.01. *Repurchase at Option of Holders* 99
Section 15.02. *Repurchase at Option of Holders Upon a Fundamental Change* 102
Section 15.03. *Withdrawal of Repurchase Notice or Fundamental Change Repurchase Notice* 105
Section 15.04. *Deposit of Repurchase Price or Fundamental Change Repurchase Price* 105
Section 15.05. *Covenant to Comply with Applicable Laws Upon Repurchase of Notes* 106

ARTICLE 16
REDEMPTION

Section 16.01. *Tax Redemption* 107
Section 16.02. *Cleanup Redemption* 109
Section 16.03. *Election to be redeemed* 111
Section 16.04. *No redemption upon acceleration* 111

ARTICLE 17
MISCELLANEOUS PROVISIONS

Section 17.01. *Provisions Binding on Company's Successors* 111
Section 17.02. *Official Acts by Successor Corporation* 111
Section 17.03. *Addresses for Notices, Etc.* 111
Section 17.04. *Governing Law; Jurisdiction* 113
Section 17.05. *Submission to Jurisdiction; Service of Process* 113
Section 17.06. *Evidence of Compliance with Conditions Precedent; Certificates and Opinions of Counsel to Trustee* 114
Section 17.07. *Legal Holidays* 114
Section 17.08. *No Security Interest Created* 114
Section 17.09. *Benefits of Indenture* 114
Section 17.10. *Table of Contents, Headings, Etc.* 114
Section 17.11. *Execution in Counterparts* 115
Section 17.12. *Severability* 115
Section 17.13. *Waiver of Jury Trial* 115
Section 17.14. *Force Majeure* 115
Section 17.15. *Calculations* 115
Section 17.16. *Electronic Means* 116

EXHIBIT

Exhibit A	Form of Note	A-1
Exhibit B	Form of Authorization Certificate	B-1

INDENTURE dated as of March 27, 2025 between QIFU TECHNOLOGY, INC., a Cayman Islands exempted company, as issuer (the "**Company**," as more fully set forth in Section 1.01) and CITIBANK, N.A., as trustee (the "**Trustee**," as more fully set forth in Section 1.01).

W I T N E S S E T H:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issuance of its 0.50% Convertible Senior Notes due 2030 (the "**Notes**"), initially in an aggregate principal amount not to exceed US$690,000,000, and in order to provide the terms and conditions upon which the Notes are to be authenticated, issued and delivered, the Company has duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Form of Note, the certificate of authentication to be borne by each Note, the Form of Notice of Conversion, the Form of Fundamental Change Repurchase Notice, the Form of Repurchase Notice and the Form of Assignment and Transfer to be borne by the Notes are to be substantially in the forms hereinafter provided; and

WHEREAS, all acts and things necessary to make the Notes, when executed by the Company and authenticated and delivered by the Trustee, as in this Indenture provided, the valid, binding and legal obligations of the Company, and this Indenture a valid agreement according to its terms, have been done and performed, and the execution of this Indenture and the issuance hereunder of the Notes have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Notes are, and are to be, authenticated, issued and delivered, and in consideration of the premises and of the purchase and acceptance of the Notes by the Holders thereof, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of the respective Holders from time to time of the Notes (except as otherwise provided below), as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Definitions.* The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01. The words "herein," "hereof," "hereunder," and words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. The terms defined in this Article include the plural as well as the singular.

"**Additional ADSs**" shall have the meaning specified in Section 14.03(a).

"**Additional Amounts**" shall have the meaning specified in Section 4.07(a).

"**Additional Interest**" means all amounts, if any, payable pursuant to Section 4.06(d), Section 4.06(e) and Section 6.03, as applicable.

"**ADS**" means an American Depositary Share, issued pursuant to the Deposit Agreement, representing two Ordinary Shares of the Company as of the date of this Indenture, and deposited with the ADS Custodian.

"**ADS Custodian**" means The Bank of New York Mellon, with respect to the ADSs delivered pursuant to the Deposit Agreement, or any successor entity thereto.

"**ADS Depositary**" means The Bank of New York Mellon (formerly, The Bank of New York), as depositary for the ADSs, or any successor entity thereto.

"**ADS Price**" shall have the meaning specified in Section 14.03(c).

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. For purposes of this Indenture and the Notes, each of the Chairman of the Board of Directors, the Chief Executive Officer of the Company, the Chief Operating Officer of the Company and the Chief Financial Officer of the Company shall be Affiliates of the Company.

"**Agents**" means the Paying Agent, the Transfer Agent, the Note Registrar and the Conversion Agent, the Bid Solicitation Agent, any Authenticating Agent or any other Agent, custodian or other Person employed to act hereunder, in each case, unless the Company is acting in such capacity.

"**Amendment Event**" shall have the meaning specified in Section 14.08.

"**Applicable PRC Rate**" means (i) in the case of deduction or withholding of PRC income tax, 10%, (ii) in the case of deduction or withholding of, or reduction for, PRC value added tax, 6% plus any related local levies, or (iii) in the case of deduction or withholding of, or reduction for, both PRC income tax and PRC value added tax, 16% plus any related local levies.

"**Authenticating Agent**" shall have the meaning specified in Section 2.11.

"**Bid Solicitation Agent**" means the Company or any Person appointed from time to time by the Company with notice to the Holders to solicit bids for the Trading Price in accordance with Section 14.01(b)(i). The Company shall initially act as the Bid Solicitation Agent.

"**Board of Directors**" means the board of directors of the Company or a committee of such board duly authorized to act for it.

"**Board Resolution**" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors, and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"**Business Day**" means, with respect to any Note, each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close, provided that, with respect to any delivery of Ordinary Shares in lieu of any ADSs deliverable upon conversion (together with the remaining Conversion Consideration, if any) of any Note set forth in Section 14.02(c) and any delivery of Conversion Consideration (other than cash) due upon a conversion with a Conversion Date prior to the 50th Scheduled Trading Day before the Maturity Date, which is not subject to clauses (i) to (iv) of Section 14.02(c), a "Business Day" shall exclude days on which banking institutions in Hong Kong are authorized or obligated by law or executive order to close.

"**Capital Stock**" means, for any entity, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) stock issued by that entity.

"Cash Settlement" shall have the meaning specified in Section 14.02(a).

"**CCASS**" means Central Clearing and Settlement System of the Hong Kong Stock Exchange.

"**Change in Tax Law**" shall have the meaning specified in Section 16.01.

"**Clause A Distribution**" shall have the meaning specified in Section 14.04(c).

"**Clause B Distribution**" shall have the meaning specified in Section 14.04(c).

"**Clause C Distribution**" shall have the meaning specified in Section 14.04(c).

"**Cleanup Redemption**" shall have the meaning specified in Section 16.02(a).

"**Cleanup Redemption Date**" shall have the meaning specified in Section 16.02(a).

"**Cleanup Redemption Notice**" shall have the meaning specified in Section 16.02(b).

"**Cleanup Redemption Price**" shall have the meaning specified in Section 16.02(b).

"**close of business**" means 5:00 p.m. (New York City time).

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Combination Settlement**" shall have the meaning specified in Section 14.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Common Equity**" of any Person means ordinary share capital or common stock of such Person that is generally entitled (a) to vote in the election of directors of such Person or (b) if

such Person is not a corporation, to vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

"**Company**" shall have the meaning specified in the first paragraph of this Indenture, and subject to the provisions of Article 11, shall include its successors and assigns.

"**Company Notice**" shall have the meaning specified in Section 15.01(a).

"**Company Order**" means a written order of the Company, signed by an Officer of the Company and delivered to the Trustee.

"**Conversion Agent**" shall have the meaning specified in Section 4.02.

"**Conversion Date**" shall have the meaning specified in Section 14.02(c).

"**Conversion Obligation**" shall have the meaning specified in Section 14.01.

"**Conversion Price**" means as of any time, US$1,000, *divided by* the Conversion Rate as of such time.

"**Conversion Rate**" shall have the meaning specified in Section 14.01.

"**Corporate Trust Office**" means the principal office of the Trustee at which at any time its corporate trust business shall be administered, which office at the date hereof is located at 388 Greenwich Street, New York, New York 10013, Email: citi.cspag.debt@citi.com, Attention: Agency & Trust – Qifu Technology, Inc., or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor trustee (or such other address as such successor trustee may designate from time to time by notice to the Holders and the Company).

"**Daily Conversion Value**" means, for each of the 40 consecutive Trading Days during the Observation Period, 2.5% of the product of (a) the Conversion Rate in effect immediately after the close of business on such Trading Day and (b) the Daily VWAP for such Trading Day.

"**Daily Measurement Value**" means the Specified Dollar Amount (if any), *divided by* 40.

"**Daily Settlement Amount**," for each of the 40 consecutive Trading Days during the Observation Period, shall consist of:

(a) cash in an amount equal to the lesser of (i) the Daily Measurement Value and (ii) the Daily Conversion Value on such Trading Day; and

(b) if the Daily Conversion Value on such Trading Day exceeds the Daily Measurement Value, a number of ADSs equal to (i) the difference between the Daily Conversion Value and the Daily Measurement Value, *divided by* (ii) the Daily VWAP for such Trading Day.

"**Daily VWAP**" means, for each of the 40 consecutive Trading Days during the relevant Observation Period, the per ADS volume-weighted average price as displayed under the heading "Bloomberg VWAP" on Bloomberg page "QFIN <equity> AQR" (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such Trading Day (or if such volume-weighted average price is unavailable, the market value of one ADS on such Trading Day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by the Company, which may include any of the Initial Purchasers). The "**Daily VWAP**" shall be determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours.

"**Default**" means any event that is, or after notice or passage of time, or both, would be, an Event of Default.

"**Default Settlement Method**" shall have the meaning specified in Section 14.02(a)(iii).

"**Defaulted Amounts**" means any amounts on any Note (including, without limitation, the Redemption Price, the Repurchase Price, the Fundamental Change Repurchase Price, principal and interest) that are payable but are not punctually paid or duly provided for.

"**Deferred Additional Interest**" shall have the meaning specified in Section 4.06(j).

"**De-legending Deadline Date**" shall have the meaning specified in Section 4.06(e).

"**Deposit Agreement**" means the deposit agreement dated as of December 13, 2018, by and among the Company, f/k/a 360 Finance, Inc., the ADS Depositary, and the owners and holders of the ADSs issued thereunder or, if amended or supplemented as provided therein, as so amended or supplemented.

"**Depositary**" means, with respect to each Global Note, the Person specified in Section 2.05(c) and Section 2.05(e) as the Depositary with respect to such Notes, until a successor shall have been appointed and become such pursuant to the applicable provisions of this Indenture, and thereafter, "**Depositary**" shall mean or include such successor.

"**Designated Financial Institution**" shall have the meaning specified in Section 14.13(a).

"**Distributed Property**" shall have the meaning specified in Section 14.04(c).

"**Distribution Conversion Period**" shall have the meaning specified in Section 14.01(b)(ii).

"**DTC**" means The Depository Trust Company, a New York corporation.

"**Effective Date**" shall have the meaning specified in Section 14.03(c), except that, as used in Section 14.04 and Section 14.05, "**Effective Date**" means the first date on which the ADSs trade on the applicable exchange or in the applicable market, regular way, reflecting the relevant share split or share combination, as applicable.

"**Electronic Means**" shall mean the following communications methods: (i) non-secure methods of transmission or communication such as e-mail transmission and (ii) secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee and/or other Agents, or another method or system specified by the Trustee and/or other Agents as available for use in connection with its services hereunder.

"**Event of Default**" shall have the meaning specified in Section 6.01.

"**Ex-Dividend Date**" means the first date on which the ADSs trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question, from the Company or, if applicable, from the seller of the ADSs on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Exchange Election**" shall have the meaning specified in Section 14.13(a).

"**Expiring Rights**" means any rights, options or warrants (other than in connection with a stockholder rights plan) to purchase Ordinary Shares or ADSs that expire on or prior to the Maturity Date.

"**FATCA**" shall have the meaning specified in Section 4.07(a)(i)(E).

"**FATCA Withholding**" means any withholding or deduction required pursuant to FATCA.

"**Form of Assignment and Transfer**" shall mean the "Form of Assignment and Transfer" attached as Attachment 4 to the Form of Note attached hereto as Exhibit A.

"**Form of Fundamental Change Repurchase Notice**" shall mean the "Form of Fundamental Change Repurchase Notice" attached as Attachment 2 to the Form of Note attached hereto as Exhibit A.

"**Form of Note**" shall mean the "Form of Note" attached hereto as Exhibit A.

"**Form of Notice of Conversion**" shall mean the "Form of Notice of Conversion" attached as Attachment 1 to the Form of Note attached hereto as Exhibit A.

"**Form of Repurchase Notice**" shall mean the "Form of Repurchase Notice" attached as Attachment 3 to the Form of Note attached hereto as Exhibit A.

"**Fractional ADS**" shall have the meaning specified in Section 14.02(a).

"**Fundamental Change**" shall be deemed to have occurred at the time after the Notes are originally issued if any of the following occurs:

(a) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, other than the Company, its Subsidiaries and the employee benefit plans of the Company and its Subsidiaries, files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of the Company's ordinary share capital (including ordinary share capital held in the form of ADSs) representing more than 50% of the voting power of the Company's ordinary share capital (including ordinary share capital held in the form of ADSs);

(b) the consummation of (A) any recapitalization, reclassification or change of the Ordinary Shares or the ADSs (other than changes resulting from a subdivision or combination and changes to par value) as a result of which the Ordinary Shares or the ADSs would be converted into, or exchanged for, stock, other securities, other property or assets; (B) any share exchange, consolidation or merger of the Company, or any similar transaction pursuant to which the Ordinary Shares or the ADSs will be converted into cash, securities or other property; or (C) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the Company and its Subsidiaries, taken as a whole, to any Person other than one of the Company's wholly-owned Subsidiaries; *provided*, *however*, that a transaction described in clause (B) in which the holders of all classes of the Company's ordinary share capital (including ordinary share capital held in the form of ADSs) immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of Common Equity of the continuing or surviving corporation or transferee or the parent thereof immediately after such transaction in substantially the same proportion vis-à-vis each other as such ownership immediately prior to such transaction shall not be a Fundamental Change pursuant to this clause (b);

(c) the shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company;

(d) the ADSs (or other Common Equity or depositary shares in respect of the Common Equity underlying the Notes) cease to be listed or quoted on any of The New York Stock Exchange, The Nasdaq Global Select Market or The Nasdaq Global Market (or any of their respective successors) and none of the ADSs, Ordinary Shares, other Common Equity and ADSs in respect of Reference Property is listed or quoted on one of The New York Stock Exchange, The Nasdaq Global Select Market or The Nasdaq Global Market (or any of their respective successors) within one Trading Day of such cessation; or

(e) (i) any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application thereof (a "**change in law**") that results in (x) the Company and its Subsidiaries (collectively, the "**Company Group**") (as in existence immediately subsequent to such change in law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Company Group (as in existence immediately prior to such change in law) as of the last date of the period described in the Company's consolidated financial statements for the most recent fiscal quarter and (y) the Company being unable to continue to derive

substantially all of the economic benefits from the business operations conducted by the Company Group (as in existence immediately prior to such change in law) in the same manner as reflected in the Company's consolidated financial statements for the most recent fiscal quarter and (ii) the Company has not furnished to the Trustee, prior to the date that is six months after the date of the change in law, an opinion from an independent financial advisor or an independent legal counsel stating either (x) that the Company is able to continue to derive substantially all of the economic benefits from the business operations conducted by the Company Group (as in existence immediately prior to such change in law), taken as a whole, as reflected in the Company's consolidated financial statements for the most recent fiscal quarter (including after giving effect to any corporate restructuring or reorganization plan of the Company Group) or (y) that such change in law would not materially adversely affect the Company's ability to make principal and interest payments on the Notes when due or to convert the Notes in accordance with the terms in the Notes and this Indenture;

provided, *however*, that a transaction or transactions described in clause (a) or (b) above shall not constitute a Fundamental Change, if at least 90% of the consideration received or to be received by holders of the ADSs, excluding cash payments for Fractional ADSs, in connection with such transaction or transactions consists of shares of Common Equity or ADSs in respect of Common Equity that are listed or quoted on any of The New York Stock Exchange, The Nasdaq Global Select Market or The Nasdaq Global Market (or any of their respective successors) or will be so listed or quoted when issued or exchanged in connection with such transaction or transactions and as a result of such transaction or transactions the Notes become convertible into such consideration, excluding cash payments for Fractional ADSs (subject to settlement in accordance with Section 14.02, Section 14.03 and Section 14.04).

"**Fundamental Change Company Notice**" shall have the meaning specified in Section 15.02(c).

"**Fundamental Change Repurchase Date**" shall have the meaning specified in Section 15.02(a).

"**Fundamental Change Repurchase Notice**" shall have the meaning specified in Section 15.02(b)(i).

"**Fundamental Change Repurchase Price**" shall have the meaning specified in Section 15.02(a).

"**Global Note**" shall have the meaning specified in Section 2.05(b).

"**Holder**," as applied to any Note, or other similar terms (but excluding the term "beneficial holder"), shall mean any Person in whose name at the time a particular Note is registered on the Note Register; provided that, for the avoidance of doubt, the sole registered Holder of a Global Note shall be the Depositary or its nominee.

"**Hong Kong Share Register**" means the Hong Kong branch register of members of the Company maintained by the Hong Kong Share Registrar.

"**Hong Kong Share Registrar**" means the share registrar engaged by the Company to maintain the branch register of members in Hong Kong for the Ordinary Shares, which shall initially be Computershare Hong Kong Investor Services Limited.

"**Hong Kong Stock Exchange**" means the Main Board of The Stock Exchange of Hong Kong Limited.

"**Indenture**" means this instrument as originally executed or, if amended or supplemented as herein provided, as so amended or supplemented.

"**Initial Purchasers**" means Citigroup Global Markets Inc. and Morgan Stanley Asia Limited.

"**Interest Payment Date**" means each April 1 and October 1 of each year, beginning on October 1, 2025.

"**Last Reported Sale Price**" of the ADSs on any date means the closing sale price per ADS (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in composite transactions for the principal U.S. national or regional securities exchange on which the ADSs are traded. If the ADSs are not listed for trading on a U.S. national or regional securities exchange on the relevant date, the "**Last Reported Sale Price**" shall be the last quoted bid price for the ADSs in the over-the-counter market on the relevant date as reported by OTC Markets Group Inc. or a similar organization. If the ADSs are not so quoted, the "**Last Reported Sale Price**" shall be the average of the mid-point of the last bid and ask prices for the ADSs on the relevant date from each of at least three nationally recognized independent investment banking firms selected by the Company for this purpose. The Last Reported Sale Price will be determined without regard to after-hours trading or any other trading outside of regular trading session hours.

"**Make-Whole Fundamental Change**" means any transaction or event described in clause (a), (b), (d) or (e) of the definition of Fundamental Change (determined after giving effect to any exceptions to or exclusions from such definition, including in the *proviso* immediately succeeding clause (e) of the definition thereof, but without regard to the *proviso* in clause (b) of the definition thereof).

"**Market Disruption Event**" means, for the purposes of determining amounts due upon conversion, (a) a failure by the primary U.S. national or regional securities exchange or market on which the ADSs are listed or admitted for trading to open for trading during its regular trading session or (b) the occurrence or existence prior to 1:00 p.m., New York City time, on any Scheduled Trading Day for the ADSs for more than one half-hour period in the aggregate during regular trading hours of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise) in the ADSs or in any options contracts or futures contracts relating to the ADSs.

"**Maturity Date**" means April 1, 2030.

"Measurement Period" shall have the meaning specified in Section 14.01(b)(i).

"**Merger Event**" shall have the meaning specified in Section 14.07(a).

"**Non-affiliate Representation**" shall have the meaning specified in Section 14.02(b).

"**Note**" or "**Notes**" shall have the meaning specified in the first paragraph of the recitals of this Indenture.

"**Notes Fungibility Date**" means the date, if any, following the Resale Restriction Termination Date on which all of the Rule 144A Notes are no longer Restricted Securities, do not bear the restrictive legend required by Section 2.05(c), are fungible for U.S. securities law purposes and are assigned an identical, unrestricted CUSIP number.

"**Note Register**" shall have the meaning specified in Section 2.05(a).

"**Note Registrar**" shall have the meaning specified in Section 2.05(a).

"**Notice of Conversion**" shall have the meaning specified in Section 14.02(b).

"**Observation Period**" with respect to any Note surrendered for conversion means: (i) subject to clause (ii), if the relevant Conversion Date occurs prior to the 50th Scheduled Trading Day immediately preceding the Maturity Date, the 40 consecutive Trading Day period beginning on, and including, the second Trading Day immediately succeeding such Conversion Date; (ii) if the relevant Conversion Date occurs during the Redemption Period, the 40 consecutive Trading Days beginning on, and including, the 41st Scheduled Trading Day immediately preceding such Redemption Date; and (iii) subject to clause (ii), if the relevant Conversion Date occurs on or after the 50th Scheduled Trading Day immediately preceding the Maturity Date, the 40 consecutive Trading Days beginning on, and including, the 41st Scheduled Trading Day immediately preceding the Maturity Date.

"**Offering Memorandum**" means the preliminary offering memorandum dated March 25, 2025, as supplemented by the pricing term sheet dated March 25, 2025, relating to the offering and sale of the Notes.

"**Officer**" means, with respect to the Company, the President, the Chief Executive Officer, the Chief Financial Officer, the Treasurer, the Secretary, any Executive or Senior Vice President or any Vice President (whether or not designated by a number or numbers or word or words added before or after the title "Vice President").

"**Officers' Certificate**," when used with respect to the Company, means a certificate that is delivered to the Trustee and that is signed by (a) two Officers of the Company or (b) one Officer of the Company and one of any Assistant Treasurer, any Assistant Secretary or the Controller of the Company. Each such certificate shall include the statements provided for in Section 17.06 if and to the extent required by the provisions of such Section. One of the Officers giving an Officers' Certificate pursuant to Section 4.09 shall be the principal executive, financial or accounting officer of the Company.

"**open of business**" means 9:00 a.m. (New York City time).

"**Opinion of Counsel**" means an opinion, in a form reasonably acceptable to the Trustee in writing signed by legal counsel, who may be counsel to the Company, or other counsel acceptable to the Trustee, that is delivered to the Trustee, which opinion may contain customary exceptions, assumptions and qualifications as to the matters set forth therein. Each such opinion shall include the statements provided for in Section 17.06 if and to the extent required by the provisions of such Section 17.06.

"**Ordinary Shares**" means Class A ordinary shares of the Company, par value US$0.00001 per Class A ordinary share, at the date of this Indenture, subject to Section 14.07.

"**outstanding**," when used with reference to Notes, shall, subject to the provisions of Section 8.04, mean, as of any particular time, all Notes authenticated and delivered by the Trustee under this Indenture, except:

(a) Notes theretofore cancelled by the Note Registrar or accepted by the Note Registrar for cancellation;

(b) Notes, or portions thereof, that have become due and payable and in respect of which monies in the necessary amount shall have been deposited with the Trustee, the ADS Depositary or with any Paying Agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent);

(c) Notes that have been paid pursuant to Section 2.06 or Notes in lieu of which, or in substitution for which, other Notes shall have been authenticated and delivered pursuant to the terms of Section 2.06 unless proof satisfactory to the Trustee is presented that any such Notes are held by protected purchasers in due course;

(d) Notes converted pursuant to Article 14 and required to be cancelled pursuant to Section 2.08;

(e) Notes redeemed pursuant to Article 16; and

(f) Notes repurchased by the Company pursuant to the third sentence of Section 2.10.

"**Paying Agent**" shall have the meaning specified in Section 4.02.

"**Permitted Exchange**" means The Singapore Exchange Securities Trading Limited, The Stock Exchange of Hong Kong Limited or The London Stock Exchange (or any of their respective successors).

"**Person**" means an individual, a corporation, a limited liability company, an association, a partnership, a joint venture, a joint stock company, a trust, an unincorporated organization or a government or an agency or a political subdivision thereof.

"**Physical Notes**" means permanent certificated Notes in registered form issued in denominations of US$1,000 principal amount and multiples thereof.

"**PRC**" means the People's Republic of China, excluding, for the purpose of this Indenture only, Taiwan, Hong Kong, and Macau.

"**Predecessor Note**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 2.06 in lieu of or in exchange for a mutilated, lost, destroyed or stolen Note shall be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note that it replaces.

"**Principal Share Register**" means the principal register of members in the Cayman Islands for the Ordinary Shares of the Company.

"**Principal Share Registrar**" means the share registrar engaged by the Company to maintain the Principal Share Register, which shall initially be Maples Fund Services (Cayman) Limited.

"**Record Date**" means, with respect to any dividend, distribution or other transaction or event in which the holders of the ADSs (or other applicable security) have the right to receive any cash, securities or other property or in which the ADSs (or other applicable security) are exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the ADSs (or other applicable security) entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors, statute, contract or otherwise).

"**Redemption Date**" means the Tax Redemption Date or Cleanup Redemption Date, as the context requires.

"**Redemption Notice**" means the Tax Redemption Notice or Cleanup Redemption Notice, as the context requires.

"**Redemption Period**" shall have the meaning specified in Section 14.01(b)(v).

"**Redemption Price**" means the Tax Redemption Price or Cleanup Redemption Price, as the context requires.

"**Redemption Reference Date**" shall have the meaning specified in Section 14.03(g).

"**Redemption Reference Price**" shall have the meaning specified in Section 14.03(g).

"**Redemption**" means a Tax Redemption or Cleanup Redemption as the context requires.

"**Reference Property**" shall have the meaning specified in Section 14.07(a).

"**Reference Property Unit**" shall have the meaning specified in Section 14.07(a).

"**Regular Record Date**," with respect to any Interest Payment Date, shall mean the March 15 or September 15 (whether or not such day is a Business Day) immediately preceding the applicable April 1 or October 1 Interest Payment Date, respectively.

"**Relevant Jurisdiction**" shall have the meaning specified in Section 4.07(a).

"**Relevant Taxing Jurisdiction**" shall have the meaning specified in Section 4.07(a).

"**Repurchase Date**" shall have the meaning specified in Section 15.01(a).

"**Repurchase Expiration Time**" shall have the meaning specified in Section 15.01(a).

"**Repurchase Notice**" shall have the meaning specified in Section 15.01(a).

"**Repurchase Price**" shall have the meaning specified in Section 15.01(a).

"**Resale Restriction Termination Date**" shall have the meaning specified in Section 2.05(c).

"**Responsible Officer**" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter related to this Indenture is referred because of such Person's knowledge of and familiarity with the particular subject and, in each case, who shall have direct responsibility for the administration of this Indenture.

"**Restricted Issuance Agreement**" means the letter agreement dated as of March 27, 2025 between the Company and the ADS Depositary.

"**Restricted Securities**" shall have the meaning specified in Section 2.05(c).

"**Rule 144**" means Rule 144 as promulgated under the Securities Act.

"**Rule 144A**" means Rule 144A as promulgated under the Securities Act.

"**Rule 144A Notes**" means the notes initially offered and sold pursuant to Rule 144A.

"**Scheduled Trading Day**" means a day that is scheduled to be a Trading Day on the principal U.S. national or regional securities exchange or market on which the ADSs are listed or admitted for trading. If the ADSs are not so listed or admitted for trading, "**Scheduled Trading Day**" means a Business Day.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Settlement Amount**" has the meaning specified in Section 14.02(a)(v).

"**Settlement Method**" means, with respect to any conversion of Notes, Cash Settlement or Combination Settlement, as elected (or deemed to have been elected) by the Company.

"**Settlement Method Election Deadline**" shall have the meaning specified in Section 14.02(a)(i).

"**Settlement Notice**" has the meaning specified in Section 14.02(a)(i).

"**Significant Subsidiary**" means a Subsidiary of the Company that meets the definition of "significant subsidiary" in Article 1, Rule 1-02 of Regulation S-X under the Exchange Act. Each of the Company's variable interest entities will be deemed to be a Subsidiary for purposes of this definition.

"**Specified Dollar Amount**" means the maximum cash amount per US$1,000 principal amount of Notes to be received upon conversion as specified in the Settlement Notice related to any converted Notes (or deemed specified pursuant to Section 14.02(a)(i)).

"**Spin-Off**" shall have the meaning specified in Section 14.04(c).

"**Subsidiary**" means, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, general partners or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person; (ii) such Person and one or more Subsidiaries of such Person; or (iii) one or more Subsidiaries of such Person. For the avoidance of doubt, the term "Subsidiary" or "Subsidiaries" shall include the Company's variable interest entities.

"**Successor Company**" shall have the meaning specified in Section 11.01(a).

"**Tax**" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any authority having power to tax.

"**Tax Redemption**" shall have the meaning specified in Section 16.01.

"**Tax Redemption Date**" shall have the meaning specified in Section 16.01.

"**Tax Redemption Notice**" shall have the meaning specified in Section 16.01.

"**Tax Redemption Price**" shall have the meaning specified in Section 16.01.

"**Tender/Exchange Offer Consideration**" shall have the meaning specified in Section 14.04(e).

"**Trading Day**" means a day on which (i) trading in the ADSs (or other security for which a closing sale price must be determined) generally occurs on The Nasdaq Global Select Market or, if the ADSs (or such other security) are not then listed on The Nasdaq Global Select Market, on the principal other U.S. national or regional securities exchange on which the ADSs (or such other security) are then listed or, if the ADSs (or such other security) are not then listed on a U.S. national or regional securities exchange, on the principal other market on which the

ADSs (or such other security) are then traded and (ii) a Last Reported Sale Price for the ADSs (or closing sale price for such other security) is available on such securities exchange or market; *provided* that if the ADSs (or such other security) are not so listed or traded, "**Trading Day**" means a Business Day; and *provided further*, that for the purposes of determining the settlement amounts due upon conversion only, "Trading Day" means a day on which (i) there is no Market Disruption Event and (ii) trading in the ADSs generally occurs on The Nasdaq Global Select Market or, if the ADSs are not then listed on The Nasdaq Global Select Market, on the principal other U.S. national or regional securities exchange on which the ADSs are then listed or, if the ADSs are not then listed on a U.S. national or regional securities exchange, on the principal other market on which the ADSs are then listed or admitted for trading, except if the ADSs are not so listed or admitted for trading, "Trading Day" means a "Business Day."

"**Trading Price**" means, with respect to the Notes and any date of determination, the average of the secondary market bid quotations obtained by the Bid Solicitation Agent for US$1,000,000 principal amount of Notes at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers the Company selects for this purpose; *provided* that if three such bids cannot reasonably be obtained by the Bid Solicitation Agent but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the Bid Solicitation Agent, that one bid shall be used. If the Bid Solicitation Agent cannot reasonably obtain at least one bid for US$1,000,000 principal amount of Notes from a nationally recognized securities dealer on any determination date, then the Trading Price per US$1,000 principal amount of Notes on such determination date shall be deemed to be less than 98% of the product of the Last Reported Sale Price of the ADSs and the Conversion Rate.

"**transfer**" shall have the meaning specified in Section 2.05(c) and Section 2.05(e), as applicable.

"**Transfer Agent**" shall have the meaning specified in Section 2.05(a).

"**Trigger Event**" shall have the meaning specified in Section 14.04(c).

"**Trust Indenture Act**" means the Trust Indenture Act of 1939, as amended, as it was in force at the date of execution of this Indenture; *provided*, *however*, that in the event the Trust Indenture Act of 1939 is amended after the date hereof, the term "Trust Indenture Act" shall mean, to the extent required by such amendment, the Trust Indenture Act of 1939, as so amended.

"**Trustee**" means the Person named as the "**Trustee**" in the first paragraph of this Indenture until a successor trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "**Trustee**" shall mean or include each Person who is then a Trustee hereunder.

"**U.S. Person**" shall have the meaning as such term is defined under Regulation S.

"**Valuation Period**" shall have the meaning specified in Section 14.04(c).

Section 1.02. *References to Interest.* Unless the context otherwise requires, any reference to interest on, or in respect of, any Note in this Indenture shall be deemed to include Additional Interest if, in such context, Additional Interest is, was or would be payable pursuant to any of Section 4.06(d), Section 4.06(e) and Section 6.03. Unless the context otherwise requires, any express mention of Additional Interest in any provision hereof shall not be construed as excluding Additional Interest in those provisions hereof where such express mention is not made.

Section 1.03. *References to Ordinary Shares in lieu of ADSs.* Unless the context otherwise requires, any reference to Ordinary Shares in lieu of any ADSs deliverable upon conversion in this Indenture shall be deemed to refer to the Ordinary Shares delivered or deliverable upon conversion of the Notes in lieu of such ADSs at a Holder's election pursuant to Section 14.02(a)(vii).

ARTICLE 2
Issue, Description, Execution, Registration and Exchange of Notes

Section 2.01. *Designation and Amount*. The Notes shall be designated as the "0.50% Convertible Senior Notes due 2030." The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is initially limited to US$690,000,000, subject to any additional Notes issued in accordance with Section 2.10 and except for Notes authenticated and delivered upon registration or transfer of, or in exchange for, or in lieu of other Notes pursuant to Section 2.05, Section 2.06, Section 2.07, Section 10.04, Section 14.02 and Section 15.04.

Section 2.02. *Form of Notes*. The Notes and the Trustee's certificate of authentication to be borne by such Notes shall be substantially in the respective forms set forth in Exhibit A, the terms and provisions of which shall constitute, and are hereby expressly incorporated in and made a part of this Indenture. To the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Any Global Note may be endorsed with or have incorporated in the text thereof such legends or recitals or changes not inconsistent with the provisions of this Indenture as may be required by the Depositary, or as may be required to comply with any applicable law or any regulation thereunder or with the rules and regulations of any securities exchange or automated quotation system upon which the Notes may be listed or traded or designated for issuance or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Notes are subject.

Any of the Notes may have such letters, numbers or other marks of identification and such notations, legends or endorsements as the Officers executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, or to

conform to usage or to indicate any special limitations or restrictions to which any particular Notes are subject.

Each Global Note shall represent such principal amount of the outstanding Notes as shall be specified therein and shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be increased or reduced to reflect redemptions, repurchases, cancellations, conversions, transfers or exchanges permitted hereby. Any endorsement of the Global Note to reflect the amount of any increase or decrease in the amount of outstanding Notes represented thereby shall be made by the Trustee or the Note Registrar (at the direction of the Trustee) in such manner and upon instructions given by the Holder of such Notes in accordance with this Indenture. Payment of principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Global Note shall be made to the Holder of such Note on the date of payment, unless a record date or other means of determining Holders eligible to receive payment is provided for herein.

Section 2.03. *Date and Denomination of Notes; Payments of Interest and Defaulted Amounts.* (a) The Notes shall be issuable in registered form without coupons in denominations of US$1,000 principal amount and integral multiples thereof. Each Note shall be dated the date of its authentication and shall bear interest from, and including, the date specified on the face of such Note. Accrued interest on the Notes shall be computed on the basis of a 360-day year composed of twelve 30-day months and, for partial months, on the basis of the number of days actually elapsed over a 30-day month.

(b) The Person in whose name any Note (or its Predecessor Note) is registered on the Note Register at the close of business on any Regular Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date; provided, however, that if such Interest Payment Date is not a Business Day, then such payment need not be made on such Interest Payment Date but shall be made on the immediately succeeding Business Day, with the same force and effect as though made on the related Interest Payment Date and no additional interest shall accrue in respect of such delay. Interest shall be payable at the office or agency of the Company maintained by the Company for such purposes in the Borough of Manhattan, The City of New York, which shall initially be the Corporate Trust Office. The Company shall pay interest (i) on any Physical Notes or (ii) on any Global Note, in each case, by wire transfer (at its expense) in immediately available funds to the account of the Depositary or its nominee.

(c) Any Defaulted Amounts shall forthwith cease to be payable to the Holder on the relevant payment date but shall accrue interest per annum at the rate per annum borne by the Notes *plus* one percent, subject to the enforceability thereof under applicable law, from, and including, such relevant payment date, and such Defaulted Amounts together with such interest thereon shall be paid by the Company, at its election in each case, as provided in clause (i) or (ii) below:

(i) The Company may elect to make payment of any Defaulted Amounts to the Persons in whose names the Notes (or their respective Predecessor Notes) are

registered at the close of business on a special record date for the payment of such Defaulted Amounts, which shall be fixed in the following manner. The Company shall notify the Trustee and the Paying Agent (if other than the Trustee) in writing of the amount of the Defaulted Amounts proposed to be paid on each Note and the date of the proposed payment (which shall be not less than 25 days after the receipt by the Trustee of such notice, unless the Trustee in its sole discretion shall consent to an earlier date), and at the same time the Company shall deposit with the Trustee or, if other than the Trustee, the Paying Agent an amount of money equal to the aggregate amount to be paid in respect of such Defaulted Amounts on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Amounts as in this clause provided. Thereupon the Company shall fix a special record date for the payment of such Defaulted Amounts which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment, and not less than 10 days after the receipt by the Trustee and the Paying Agent (if other than the Trustee) of the notice of the proposed payment. The Company shall promptly notify the Trustee and the Paying Agent (if other than the Trustee) in writing of such special record date and the Trustee, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Amounts and the special record date therefor to be delivered (at the Company's expense), to each Holder at its address as it appears in the Note Register, not less than 10 days prior to such special record date; provided, however, that the text of such notice of a special record date shall be prepared by the Company and provided to the Trustee at least two Business Days prior to the date such notice of a special record date is to be sent to each Holder. Notice of the proposed payment of such Defaulted Amounts and the special record date therefor having been so sent, such Defaulted Amounts shall be paid to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on such special record date and shall no longer be payable pursuant to the following clause (ii) of this Section 2.03(c).

(ii) The Company may make payment of any Defaulted Amounts in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, and upon such notice as may be required by such exchange or automated quotation system, if, after written notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

(iii) The Trustee shall have no responsibility whatsoever for the calculation of any Defaulted Amounts.

Section 2.04. *Execution, Authentication and Delivery of Notes.* The Notes shall be signed in the name and on behalf of the Company by the manual, electronic or facsimile signature of its Chief Executive Officer, President, Chief Financial Officer, Treasurer, Secretary or any of its Executive or Senior Vice Presidents. With the delivery of this Indenture, the Company is furnishing, and from time to time thereafter may furnish, a certificate substantially in the form of Exhibit B (an "**Authorization Certificate**") identifying and certifying the incumbency and specimen (and/or electronic) signatures of its active authorized Officers. Until

the Trustee receives a subsequent Authorization Certificate, the Trustee shall be entitled to conclusively rely on the last Authorization Certificate delivered to it for purposes of determining the relevant authorized Officers. Typographical and other minor errors or defects in any signature shall not affect the validity or enforceability of any Note which has been duly authenticated and delivered by the Trustee.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Notes, and the Trustee in accordance with such Company Order shall authenticate and deliver such Notes, without any further action by the Company hereunder; provided that, subject to Section 17.06, the Trustee shall receive an Officers' Certificate and an Opinion of Counsel of the Company with respect to the issuance, authentication and delivery of such Notes.

The Company Order shall specify the amount of Notes to be authenticated (including the initial amount of Rule 144A Notes), the applicable rate at which interest will accrue on such Notes, the date on which the original issuance of such Notes is to be authenticated, the date from which interest will begin to accrue, the date or dates on which interest on such Notes will be payable and the date on which the principal of such Notes will be payable and other terms relating to such Notes. The Trustee shall thereupon authenticate and deliver said Notes to or upon the written order of the Company (as set forth in such Company Order).

The Trustee shall have the right to decline to authenticate and deliver any Notes under this Section (a) unless and until it receives from the Company a Company Order instructing it to so authenticate and deliver such Notes and, if requested by the Trustee, an Officers' Certificate and an Opinion of Counsel in accordance with and to the extent required under Section 17.06 hereof, and including a statement that the Notes, when authenticated and delivered by the Trustee, will constitute valid and binding obligations of the Company, enforceable in accordance with their terms, subject to customary exceptions, assumptions and qualifications; (b) if the Trustee determines that such action may not lawfully be taken; or (c) if the Trustee determines that such action would expose the Trustee to personal liability, unless indemnity, pre-funding and/or security satisfactory to the Trustee against such liability is provided to the Trustee.

Only such Notes as shall bear thereon a certificate of authentication substantially in the form set forth on the Form of Note, executed manually or electronically by an authorized officer of the Trustee, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee upon any Note executed by the Company shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this Indenture.

In case any Officer of the Company who shall have signed any of the Notes shall cease to be such Officer before the Notes so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Notes nevertheless may be authenticated and delivered or disposed of as though the Person who signed such Notes had not ceased to be such Officer of the Company; and any Note may be signed on behalf of the Company by such Persons as, at the actual date of the execution of such Note, shall be the Officers of the Company, although at the date of the execution of this Indenture any such Person was not such an Officer.

Section 2.05. *Exchange and Registration of Transfer of Notes; Restrictions on Transfer; Depositary.* (a) The Company shall cause to be kept at the Corporate Trust Office a register (the register maintained in such office or in any other office or agency of the Company designated pursuant to Section 4.02, the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and of transfers of Notes. Such register shall be in written form or in any form capable of being converted into written form within a reasonable period of time. The Trustee is hereby initially appointed the "**Note Registrar**" and "**Transfer Agent"** for the purpose of registering Notes and transfers of Notes as herein provided. The Company may appoint one or more co-Note Registrars in accordance with Section 4.02.

Prior to the Notes Fungibility Date, upon surrender for registration of transfer of any Rule 144A Note to the Note Registrar or any co-Note Registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.05, the Company shall execute, and the Trustee shall authenticate and deliver (subject to Section 2.04), in the name of the designated transferee or transferees, one or more new Rule 144A Notes of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture. Following the Notes Fungibility Date, upon surrender for registration of transfer of any Note to the Note Registrar or any co-Note Registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.05, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like aggregate principal amount and not bearing the restrictive legends required by Section 2.05(c).

Prior to the Notes Fungibility Date, Rule 144A Notes may be exchanged for other Rule 144A Notes of any authorized denominations and of a like aggregate principal amount, upon surrender of the Rule 144A Notes to be exchanged at any such office or agency maintained by the Company pursuant to Section 4.02. Whenever any Rule 144A Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Rule 144A Notes that the Holder making the exchange is entitled to receive, bearing registration numbers not contemporaneously outstanding. Following the Notes Fungibility Date, Notes may be exchanged for other Notes of any authorized denominations and of a like aggregate principal amount but not bearing the restrictive legend required by Section 2.05(c), upon surrender of the Notes to be exchanged at any such office or agency maintained by the Company pursuant to Section 4.02. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Notes that the Holder making the exchange is entitled to receive, bearing registration numbers not contemporaneously outstanding.

All Notes presented or surrendered for registration of transfer or for exchange, repurchase or conversion shall (if so required by the Company, the Trustee, the Note Registrar or any co-Note Registrar) be duly endorsed, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and duly executed, by the Holder thereof or its attorney-in-fact duly authorized in writing.

No service charge shall be imposed by the Company, the Transfer Agent, the Note Registrar, any co-Note Registrar or the Paying Agent for any exchange or registration of transfer of Notes, but the Company may require a Holder to pay a sum sufficient to cover any

documentary, stamp or similar issue or transfer tax required in connection therewith as a result of the name of the Holder of new Notes issued upon such exchange or registration of transfer being different from the name of the Holder of the old Notes surrendered for exchange or registration of transfer. The Company shall pay the ADS Depositary's fees for issuance of the ADSs deliverable upon conversion of the Notes.

None of the Company, the Trustee, the Note Registrar or any co-Note Registrar shall be required to exchange or register a transfer of (i) any Notes surrendered for conversion or, if a portion of any Note is surrendered for conversion, such portion thereof surrendered for conversion, (ii) any Notes, or a portion of any Note, surrendered for repurchase (and not withdrawn) in accordance with Article 15 or (iii) any Notes selected for redemption in accordance with Article 16.

All Notes issued upon any registration of transfer or exchange of Notes in accordance with this Indenture shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture as the Notes surrendered upon such registration of transfer or exchange.

The Trustee and the Agents shall have no responsibility or obligation to any direct or indirect participant or any other Person with respect to the accuracy of the books or records, or the acts or omissions, of the Depositary or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any direct or indirect participant or other Person (other than the Depositary and any other registered Holder) of any notice (including any notice of redemption pursuant to Article 16) or the payment of any amount, under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders under the Notes shall be given or made only to or upon the order of the registered Holders (which shall be the Depositary or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through the Depositary subject to the customary procedures of the Depositary. The Trustee and the Agents shall be entitled to conclusively rely and shall be fully protected in relying upon information furnished by the Depositary with respect to its direct or indirect participants.

The Trustee and the Agents shall not have any obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among the members of, or participants in, the Depositary or among the beneficial owners in any Global Note(s)) other than, with respect to Physical Notes, to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(b) So long as the Notes are eligible for book-entry settlement with the Depositary, unless otherwise required by law, subject to the fourth paragraph from the end of Section 2.05(c), all Notes shall be represented by one or more Notes in global form (each, a "**Global Note**") registered in the name of the Depositary or the nominee of the Depositary. The transfer and exchange of beneficial interests in a Global Note that does not involve the issuance of a Physical

Note shall be effected through the Depositary in accordance with this Indenture (including the restrictions on transfer set forth herein) and the procedures of the Depositary therefor.

(c) Every Note that bears or is required under this Section 2.05(c) to bear the legend set forth in this Section 2.05(c) (together with any ADSs (including the Ordinary Shares represented thereby) delivered upon conversion of the Notes that are required to bear the legend set forth in Section 2.05(d) and the Ordinary Shares deliverable in lieu of any ADSs deliverable upon conversion of the Notes that are required to be subject to certain transfer restrictions set forth in Section 2.05(d), collectively, the "**Restricted Securities**") shall be subject to the restrictions on transfer set forth in this Section 2.05(c) (including the legend set forth below), unless such restrictions on transfer shall be eliminated or otherwise waived by written consent of the Company, and the Holder of each such Restricted Security, by such Holder's acceptance thereof, agrees to be bound by all such restrictions on transfer. As used in this Section 2.05(c) and Section 2.05(d), the term "**transfer**" encompasses any sale, pledge, transfer or other disposition whatsoever of any Restricted Security.

Until the date (the "**Resale Restriction Termination Date**") that is the later of (1) the date that is one year after the last date of original issuance of the Notes, or such shorter period of time as permitted by Rule 144 under the Securities Act or any successor provision thereto, and (2) such later date, if any, as may be required by applicable law, any certificate evidencing such Note (and all securities issued in exchange therefor or substitution thereof, other than ADSs (including the Ordinary Shares represented thereby or deliverable in lieu thereof) issued upon conversion thereof, which shall bear the legend or be subject to certain transfer restrictions, in each case, set forth in Section 2.05(d), if applicable) shall bear a legend in substantially the following form (unless such Notes have been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 under the Securities Act or any similar provision then in force under the Securities Act, or unless otherwise agreed by the Company in writing, with notice thereof to the Trustee):

THIS SECURITY, THE AMERICAN DEPOSITARY SHARES DELIVERABLE UPON CONVERSION OF THIS SECURITY, IF ANY, AND THE CLASS A ORDINARY SHARES REPRESENTED THEREBY OR DELIVERABLE IN LIEU THEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144 UNDER THE SECURITIES ACT OR CONTRACTUALLY RESTRICTED SECURITIES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF (OR THEREOF) OR OF A BENEFICIAL INTEREST HEREIN (OR THEREIN), THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT AND THAT IT AND ANY SUCH ACCOUNT IS NOT, AND HAS NOT BEEN FOR THE

IMMEDIATELY PRECEDING THREE MONTHS, AN AFFILIATE OF QIFU TECHNOLOGY, INC. (THE "**COMPANY**"), AND

(2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY, THE AMERICAN DEPOSITARY SHARES DELIVERABLE UPON CONVERSION OF THIS SECURITY, IF ANY, AND THE CLASS A ORDINARY SHARES REPRESENTED THEREBY OR DELIVERABLE IN LIEU THEREOF, OR ANY BENEFICIAL INTEREST HEREIN OR THEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A PERSON REASONABLY BELIEVED TO BE A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE).

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(D) ABOVE, THE COMPANY, THE DEPOSITARY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NO AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY OR PERSON THAT HAS BEEN AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY DURING THE THREE IMMEDIATELY PRECEDING MONTHS MAY PURCHASE, OTHERWISE ACQUIRE OR OWN THIS NOTE, THE AMERICAN DEPOSITARY SHARES DELIVERABLE UPON CONVERSION HEREOF, IF ANY, AND THE CLASS A ORDINARY SHARES REPRESENTED THEREBY OR DELIVERABLE IN LIEU THEREOF, OR A BENEFICIAL INTEREST HEREIN OR THEREIN.

No transfer of any Note prior to the Resale Restriction Termination Date will be registered by the Note Registrar unless the applicable box on the Form of Assignment and Transfer has been checked.

Any Note (or security issued in exchange or substitution therefor) as to which such restrictions on transfer shall have expired in accordance with their terms may, upon surrender of such Note for exchange to the Note Registrar in accordance with the provisions of this Section 2.05, be exchanged for a new Note or Notes, of like tenor and aggregate principal amount, which shall not bear the restrictive legend required by this Section 2.05(c) and shall not be assigned a restricted CUSIP number. The Company shall be entitled to instruct the Trustee in writing to so surrender any Global Note as to which such restrictions on transfer shall have expired in accordance with their terms for exchange, and, upon such instruction, the Trustee shall so surrender such Global Note for exchange; and any new Global Note so exchanged therefor shall not bear the restrictive legend specified in this Section 2.05(c) and shall not be assigned a restricted CUSIP number. The Company shall promptly notify the Trustee in writing upon the occurrence of the Resale Restriction Termination Date and after a registration statement, if any, with respect to the Notes or the ADSs (including the Ordinary Shares represented thereby or in lieu thereof) issued upon conversion of the Notes has been declared effective under the Securities Act.

Notwithstanding any other provisions of this Indenture (other than the provisions set forth in this Section 2.05(c)), a Global Note may not be transferred as a whole or in part except (i) by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary and (ii) for transfers of portions of a Global Note in certificated form made upon request of a member of, or a participant in, the Depositary (for itself or on behalf of a beneficial owner) by written notice given to the Transfer Agent by or on behalf of the Depositary in accordance with customary procedures of the Depositary and in compliance with this Section 2.05(c).

The Depositary shall be a clearing agency registered under the Exchange Act. The Company initially appoints The Depository Trust Company to act as Depositary with respect to each Global Note. Initially, each Global Note shall be issued to the Depositary, registered in the name of Cede & Co., as the nominee of the Depositary, and deposited with the Trustee as custodian for Cede & Co.

If (i) the Depositary notifies the Company at any time that the Depositary is unwilling or unable to continue as securities depositary for the Global Notes and a successor depositary is not appointed within 90 days, (ii) the Depositary ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days or (iii) an Event of Default with respect to the Notes has occurred and is continuing and a beneficial owner of any Note requests that its beneficial interest therein be issued as a Physical Note, then the Company shall execute, and the Trustee, upon receipt of an Officers' Certificate and a Company Order for the authentication and delivery of Notes, shall authenticate and deliver (x) in the case of clause (iii), a Physical Note to such beneficial owner in a principal amount equal to the principal amount of such Note corresponding to such beneficial owner's beneficial interest and (y) in the case of clause (i) or (ii), Physical Notes to each beneficial owner of the related Global Notes (or

a portion thereof) in an aggregate principal amount equal to the aggregate principal amount of such Global Notes in exchange for such Global Notes, and upon delivery of the Global Notes to the Trustee such Global Notes shall be cancelled.

Physical Notes issued in exchange for all or a part of the Global Note pursuant to this Section 2.05(c) shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. Upon execution and authentication, the Trustee shall deliver such Physical Notes to the Persons in whose names such Physical Notes are so registered.

At such time as all interests in a Global Note have been converted, cancelled, repurchased, redeemed or transferred, such Global Note shall be, upon receipt thereof, cancelled by the Trustee in accordance with standing procedures and existing instructions of the Depositary. At any time prior to such cancellation, if any interest in a Global Note is exchanged for Physical Notes, converted, cancelled, repurchased, redeemed or transferred to a transferee who receives Physical Notes therefor or any Physical Note is exchanged or transferred for part of such Global Note, the principal amount of such Global Note shall, in accordance with the standing procedures and existing instructions of the Depositary, be appropriately reduced or increased, as the case may be, and an endorsement shall be made on such Global Note, by the Trustee, to reflect such reduction or increase.

None of the Company, the Trustee or any Agent shall have any responsibility or liability to any beneficial owner of a Global Note, a member of, or a participant in, the Depositary or any other Person for any aspect of the records relating to or payments or delivery of any securities or property to be made on account of beneficial ownership interests of a Global Note or maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for the delivery to any beneficial owner of a Global Note, a member of, or a participant in, the Depositary or any other Person (other than the Depositary) of any notice (including any Fundamental Change Repurchase Notice or notice of redemption).

None of the Company, the Trustee or any Agent shall have responsibility or liability for any act or omission of the Depositary. All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Notes shall be given or made only to, or upon the order of, the registered Holder(s) (which shall be the Depositary or its nominee in the case of a Global Note).

(d) Until the Resale Restriction Termination Date, any certificate representing ADSs (including the Ordinary Shares represented thereby) issued upon conversion of such Note shall bear a legend in substantially the following form (unless the Note or such ADSs (including the Ordinary Shares represented thereby) has been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or such ADSs or the Ordinary Shares represented thereby have been issued upon conversion of Notes that have been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 under the Securities Act or any similar

provision then in force under the Securities Act, or unless otherwise agreed by the Company with written notice thereof to the Trustee and any transfer agent for the ADSs):

THE ORDINARY SHARES REPRESENTED BY THESE AMERICAN DEPOSITARY SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") AND ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144 UNDER THE SECURITIES ACT OR CONTRACTUALLY RESTRICTED SECURITIES, AND ACCORDINGLY, THESE AMERICAN DEPOSITARY SHARES AND THOSE ORDINARY SHARES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF (OR THEREOF) OR OF A BENEFICIAL INTEREST HEREIN (OR THEREIN), THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT AND THAT IT AND ANY SUCH ACCOUNT IS NOT, AND HAS NOT BEEN FOR THE IMMEDIATELY PRECEDING THREE MONTHS, AN AFFILIATE OF QIFU TECHNOLOGY, INC. (THE "**COMPANY**"), AND

(2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THESE SECURITIES, THE ORDINARY SHARES REPRESENTED THEREBY, OR ANY BENEFICIAL INTEREST HEREIN OR THEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE OF THE NOTES UPON THE CONVERSION OF WHICH THESE SECURITIES WERE ISSUED OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A PERSON REASONABLY BELIEVED TO BE A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE).

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(D) ABOVE, THE COMPANY AND THE DEPOSITARY RESERVE THE RIGHT TO

REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NO AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY OR PERSON THAT HAS BEEN AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY DURING THE THREE IMMEDIATELY PRECEDING MONTHS MAY PURCHASE, OTHERWISE ACQUIRE OR OWN THESE AMERICAN DEPOSITARY SHARES OR A BENEFICIAL INTEREST THEREIN.

Any such ADSs as to which such restrictions on transfer shall have expired in accordance with their terms may, upon surrender of the certificates representing such ADSs for exchange in accordance with the procedures of the ADS Depositary, be exchanged for a new certificate or certificates for a like aggregate number of ADSs, which shall not bear the restrictive legend required by this Section 2.05(d).

Until the Resale Restriction Termination Date, the Ordinary Shares deliverable in lieu of ADSs upon conversion shall be subject to the same transfer restrictions as described in the legend in this Section 2.05(d) and as imposed by the Hong Kong Share Registrar, unless the Note or such Ordinary Share has been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or such Ordinary Shares in lieu thereof have been issued upon conversion of Notes that have been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 under the Securities Act or any similar provision then in force under the Securities Act, or unless otherwise agreed by the Company and the Hong Kong Share Registrar with written notice thereof to the Note Registrar.

(e) Any Note or ADS (and the Ordinary Shares represented thereby or deliverable in lieu thereof) delivered upon the conversion or exchange of any Note that is repurchased or owned by any Affiliate of the Company may not be resold by such Affiliate (or a Holder that is an Affiliate of the Company or was an Affiliate of the Company at any time during three months preceding the resale) unless registered under the Securities Act or resold pursuant to Rule 144 under the Securities Act or a successor exemption from the registration requirements of the Securities Act in a transaction that results in such Note or ADS (or Ordinary Shares in lieu thereof), as the case may be, no longer being a “restricted security” (as defined under Rule 144 under the Securities Act). The Company shall cause any Note that is repurchased or owned by it to be surrendered to the Note Registrar for cancellation in accordance with Section 2.08.

(f) Neither the Trustee nor any Agent shall have any responsibility or liability for any actions taken or not taken by the Depositary.

Section 2.06. *Mutilated, Destroyed, Lost or Stolen Notes.* In case any Note shall become mutilated or be destroyed, lost or stolen, the Company in its discretion may execute, and upon its written request the Trustee shall authenticate and deliver, a new Note, bearing a registration number not contemporaneously outstanding, in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. In every case the applicant for a substituted Note shall furnish to the Company and to the Trustee such security, pre-funding and/or indemnity as may be required by them to save each of them harmless from any loss, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company and to the Trustee evidence to their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

The Trustee may authenticate any such substituted Note and deliver the same upon the receipt of a Company Order and of such security, pre-funding and/or indemnity as the Trustee and the Company may require. No service charge shall be imposed by the Company, the Transfer Agent, the Note Registrar, any co-Note Registrar or the Paying Agent upon the issuance of any substitute Note, but the Company may require a Holder to pay a sum sufficient to cover any documentary, stamp or similar issue or transfer tax required in connection therewith as a result of the name of the Holder of the new substitute Note being different from the name of the Holder of the old Note that became mutilated or was destroyed, lost or stolen. In case any Note that has matured or is about to mature or has been surrendered for required repurchase (and not withdrawn) in accordance with Article 15 or is about to be converted in accordance with Article 14 shall become mutilated or be destroyed, lost or stolen, the Company may, in its sole discretion, instead of issuing a substitute Note, pay or authorize the payment of or convert or authorize the conversion of the same (without surrender thereof except in the case of a mutilated Note), as the case may be, if the applicant for such payment or conversion shall furnish to the Company and to the Trustee such security, pre-funding and/or indemnity as may be required by them to save each of them harmless for any loss, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, evidence satisfactory to the Company, and the Trustee evidence of their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

Every substitute Note issued pursuant to the provisions of this Section 2.06 by virtue of the fact that any Note is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be found at any time, and shall be entitled to all the benefits of (but shall be subject to all the limitations set forth in) this Indenture equally and proportionately with any and all other Notes duly issued hereunder. To the extent permitted by law, all Notes shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement, payment, redemption, conversion or repurchase of mutilated, destroyed, lost or stolen Notes and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement, payment, redemption, conversion or repurchase of negotiable instruments or other securities without their surrender.

Section 2.07. *Temporary Notes.* Pending the preparation of Physical Notes, the Company may execute and the Trustee shall, upon written request of the Company, authenticate and deliver temporary Notes (printed or lithographed). Temporary Notes shall be issuable in any

authorized denomination, and substantially in the form of the Physical Notes but with such omissions, insertions and variations as may be appropriate for temporary Notes, all as may be determined by the Company. Every such temporary Note shall be executed by the Company and authenticated by the Trustee upon the same conditions and in substantially the same manner, and with the same effect, as the Physical Notes. Without unreasonable delay, the Company shall execute and deliver to the Trustee Physical Notes (other than any Global Note) and thereupon any or all temporary Notes (other than any Global Note) may be surrendered in exchange therefor, at each office or agency maintained by the Company pursuant to Section 4.02 and the Trustee shall, upon receipt of a Company Order, authenticate and deliver in exchange for such temporary Notes an equal aggregate principal amount of Physical Notes. Such exchange shall be made by the Company at its own expense and without any charge therefor. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits and subject to the same limitations under this Indenture as Physical Notes authenticated and delivered hereunder.

Section 2.08. *Cancellation of Notes Paid, Converted, Etc.* The Company shall cause all Notes surrendered for the purpose of payment, repurchase, redemption, registration of transfer or exchange or conversion, if surrendered to any Person other than the Note Registrar (including any of the Company's agents, Subsidiaries or Affiliates), to be delivered and surrendered to the Note Registrar for cancellation. All Notes delivered to the Trustee shall be cancelled promptly by the Note Registrar. Except for Notes surrendered for transfer or exchange, no Notes shall be authenticated in exchange thereof except as expressly permitted by any of the provisions of this Indenture. The Paying Agent shall dispose of cancelled Notes in accordance with its customary procedures and, after such disposition, shall deliver a certificate of such cancellation and disposition to the Company, at the Company's written request in a Company Order.

Section 2.09. *CUSIP Numbers*. The Company in issuing the Notes may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in all notices issued to Holders as a convenience to such Holders; *provided* that neither the Trustee nor any Agent shall have any liability for any defect in the "CUSIP" numbers as they appear on any Note, notice or elsewhere, and provided further that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or on such notice and that reliance may be placed only on the other identification numbers printed on the Notes. The Company shall promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

Section 2.10. *Additional Notes; Repurchases.* The Company may, without the consent of, or notice to, the Holders and notwithstanding Section 2.01, reopen this Indenture and issue additional Notes hereunder with the same terms as the Notes initially issued hereunder (except for any differences in the issue price, the issue date and interest accrued, if any, and, if applicable, restrictions on transfer in respect of such additional Notes) in an unlimited aggregate principal amount; *provided* that if any such additional Notes are not fungible with the 144A Notes for U.S. federal income tax or securities law purposes, such additional Notes shall have a separate CUSIP, ISIN or other identifying number from the Rule 144A Notes. Prior to the issuance of any such additional Notes, the Company shall deliver to the Trustee a Company Order, an Officers' Certificate and an Opinion of Counsel, such Officers' Certificate and Opinion of Counsel to cover such matters, in addition to those required by Section 17.06, as the Trustee shall reasonably request. In addition, the Company may, to the extent permitted by law,

and without the consent of, or notice to, the Holders, directly or indirectly (regardless of whether such Notes are surrendered to the Company), repurchase Notes in the open market or otherwise, whether by the Company or through its Subsidiaries or through a private or public tender or exchange offer or through counterparties to private agreements. The Company shall cause any Notes which it repurchases or causes to be repurchased to be surrendered to the Note Registrar for cancellation in accordance with Section 2.08. Apart from these specified repurchases, neither the Company nor its Subsidiaries may acquire Notes except for the purpose of cancellation. None of the Company's other Affiliates may acquire or hold Notes under any circumstances. The Company may also enter into cash-settled swaps or other derivatives with respect to the Notes. For the avoidance of doubt, any Notes underlying such cash-settled swaps or other derivatives shall not be required to be surrendered to the Note Registrar for cancellation in accordance with Section 2.08 and will continue to be considered outstanding for purposes of this Indenture, subject to the provisions of Section 8.04.

Section 2.11. *Appointment of Authenticating Agent*. As long as any Notes remain outstanding, the Trustee may, by an instrument in writing, appoint with the approval of the Company an authenticating agent (an "**Authenticating Agent**"), which shall be authorized to act on behalf of the Trustee to authenticate Notes pursuant to this Indenture. Notes authenticated by such Authenticating Agent shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee. Whenever reference is made in this Indenture to the authentication and delivery of Notes by the Trustee or to the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Such Authenticating Agent shall at all times be a Person that is eligible pursuant to the Trust Indenture Act (as if the Trust Indenture Act were applicable hereto) to act as such and that has a combined capital and surplus of at least US$50,000,000. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

ARTICLE 3
Satisfaction and Discharge

Section 3.01. *Satisfaction and Discharge*. This Indenture shall upon request of the Company contained in an Officers' Certificate be discharged and cease to be of further effect, and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture as reasonably requested by the Company, when (a) (i) all Notes theretofore authenticated and delivered (other than (x) Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.06 and (y) Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 4.04(d)) have been delivered to the Note Registrar for cancellation; or (ii) the Company has deposited with the Trustee or delivered to Holders, as applicable, after the Notes have become due and payable, whether on the Maturity Date, a Redemption Date, the Repurchase Date, any Fundamental Change Repurchase Date, upon conversion or otherwise,

cash or other consideration sufficient to pay all of the outstanding Notes and, in each case of clause (i) and (ii), all other sums due and payable under this Indenture by the Company; and (b) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with. Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 7.06 shall survive.

ARTICLE 4
Particular Covenants of the Company

Section 4.01. *Payment of Principal and Interest*. The Company covenants and agrees that it will cause to be paid the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, each of the Notes at the places, at the respective times and in the manner provided herein and in the Notes.

Section 4.02. *Maintenance of Office or Agency*. The Company will maintain in the Borough of Manhattan, The City of New York, an office or agency (which will be the Corporate Trust Office initially) where the Notes may be surrendered for registration of transfer or exchange or for presentation for payment or repurchase (the "**Paying Agent**") or for conversion (the "**Conversion Agent**") and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office or the office or agency of the Trustee in the Borough of Manhattan, The City of New York; provided, however, that the legal service of process against the Company shall in no circumstances be made at an office or agency of the Trustee or any Agent.

The Company may also from time to time designate as co-Note Registrars one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided* that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency. The terms "**Paying Agent**" and "**Conversion Agent**" include any such additional or other offices or agencies, as applicable.

The Company hereby initially designates the Trustee as the Paying Agent, Note Registrar and Conversion Agent and the Corporate Trust Office and the office or agency of the Trustee in the Borough of Manhattan, The City of New York, each shall be considered as one such office or agency of the Company for each of the aforesaid purposes.

In acting hereunder and in connection with the Notes, the Paying Agent, Transfer Agent, Conversion Agent, and Note Registrar shall act solely as an agent of the Company or, so long as

an Event of Default has occurred and is continuing, of the Trustee, and will not assume any fiduciary duty or relationship of agency or trust for or with any of the beneficial owners or Holder(s).

Section 4.03. *Appointments to Fill Vacancies in Trustee's Office.* The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 7.09, a Trustee, so that there shall at all times be a Trustee hereunder.

Section 4.04. *Provisions as to Paying Agent*. (a) If the Company shall appoint a Paying Agent other than the Trustee, the Company will cause such Paying Agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 4.04:

(i) that it will hold all sums held by it as such agent for the payment of the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Notes for the benefit of the Holders of the Notes;

(ii) that it will give the Trustee prompt written notice of any failure by the Company to make any payment of the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Notes when the same shall be due and payable; and

(iii) that at any time during the continuance of an Event of Default, upon request of the Trustee, it will forthwith pay to the Trustee all sums so held.

The Company shall by 10:00 a.m., New York City time one Business Day prior to each due date of the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, the Notes, deposit with the Paying Agent a sum in immediately available funds sufficient to pay such principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) or accrued and unpaid interest and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee in writing of any failure to take such action; *provided* that if such deposit is made on the due date, such deposit must be received by the Paying Agent by 10:00 a.m., New York City time, on the relevant due date; provided further, that to the extent such deposit is received by the Paying Agent after 10:00 a.m., New York City time, on any such due date, such deposit will be deemed deposited on the next Business Day. The Paying Agent shall not be bound to make any payment until it has received, in immediately available and cleared funds, an amount which shall be sufficient to pay, as applicable, the aggregate amount of principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, the Notes when such principal or interest shall become due and payable. The Paying Agent shall not be responsible or liable for any delay in making the payment if it does not receive funds before 10:00 a.m. one Business Day prior to the payment date. The Company shall procure that, before 10:00a.m.New York City time, on the second Business Day before each payment date, the bank effecting payment for it has confirmed by email or authenticated SWIFT message to the Paying Agent the payment instructions relating to such payment.

(b) If the Company shall act as its own Paying Agent, it will, on or before each due date of the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, the Notes, set aside, segregate and hold in trust for the benefit of the Holders of the Notes a sum sufficient to pay such principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) and accrued and unpaid interest so becoming due and will promptly notify the Trustee in writing of any failure to take such action and of any failure by the Company to make any payment of the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, or accrued and unpaid interest on, the Notes when the same shall become due and payable. Upon an Event of Default under Section 6.01(i) or Section 6.01(j) hereof, the Trustee or one of its affiliates shall automatically become the Paying Agent.

(c) Anything in this Section 4.04 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, pay, cause to be paid or deliver to the Trustee all sums or amounts held by the Company in trust or by any Paying Agent as required by this Section 4.04, such sums or amounts to be held by the Trustee upon the trusts herein contained and upon such payment or delivery by the Company or any Paying Agent to the Trustee, the Company or such Paying Agent shall be released from all further liability but only with respect to such sums or amounts.

(d) Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, and accrued and unpaid interest on, or in satisfaction of its Conversion Obligation with respect to any Note and remaining unclaimed for two years after such principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) or interest has become due and payable or such Conversion Obligation has become due shall be paid or delivered, as the case may be, to the Company on request of the Company contained in an Officers' Certificate, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such money or property, and all liability of the Company as trustee thereof, shall thereupon cease; *provided*, *however*, that the Trustee or such Paying Agent, before being required to make any such repayment or delivery, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the Borough of Manhattan, The City of New York, notice that such money and ADSs remain unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money and ADSs then remaining will be repaid or delivered to the Company.

Section 4.05. *Existence.* Subject to Article 11, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence. The Company shall promptly provide the Trustee with written notice of any change to its name, change to its jurisdiction of incorporation or change to its corporate organization.

Section 4.06. *Rule 144A Information Requirement and Annual Reports*. (a) At any time the Company is not subject to Section 13 or 15(d) of the Exchange Act, the Company shall, so long as any of the Notes, any ADSs (or Ordinary Shares in lieu thereof) deliverable upon conversion thereof, if any, or any Ordinary Shares underlying, or in lieu thereof, ADSs deliverable upon conversion thereof shall, at such time, constitute "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, promptly provide to the Trustee and shall, upon written request, provide to any Holder, beneficial owner or prospective purchaser of such Notes or the ADSs (or Ordinary Shares in lieu thereof) deliverable upon conversion of such Notes or Ordinary Shares represented thereby, if any, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act to facilitate the resale of such Notes or ADSs (or Ordinary Shares represented thereby or deliverable in lieu thereof) pursuant to Rule 144A. The Company shall take such further action as any Holder or beneficial owner of such Notes or such ADSs (or Ordinary Shares represented thereby or deliverable in lieu thereof) may reasonably request to the extent from time to time required to enable such Holder or beneficial owner to sell such Notes or ADSs (or Ordinary Shares represented thereby or deliverable in lieu thereof) in accordance with Rule 144A, as such rule may be amended from time to time.

(b) The Company shall provide to the Trustee within 30 days after the same are required to be filed with the Commission, copies of any documents or reports that the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act (giving effect to any applicable grace period provided by Rule 12b-25 under the Exchange Act). Any such document or report that the Company files with the Commission via the Commission's EDGAR system (or any successor thereto) shall be deemed to be provided to the Trustee for purposes of this Section 4.06(b) at the time such documents are filed via the EDGAR system (or any successor thereto), it being understood that the Trustee shall not be responsible for determining whether such filings have been made. If the Notes become convertible into Reference Property consisting in whole or in part of shares of Capital Stock of any parent company of the Company pursuant to Section 14.07 and such parent company provides a full and unconditional guarantee of the Notes, the SEC reports of such parent company shall be deemed to satisfy the foregoing reporting requirements of this Indenture.

(c) Delivery of the information reports and documents described in subsections (a) and (b) above to the Trustee is for informational purposes only, and the Trustee's receipt of such shall not constitute actual or constructive notice or knowledge of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely on an Officers' Certificate).

(d) If, at any time during the six-month period beginning on, and including, the date that is six months after the last date of original issuance of the Notes, the Company fails to timely file any document or report that it is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act, as applicable (after giving effect to all applicable grace periods thereunder and other than reports on Form 6-K), or the Notes are not otherwise freely tradable by Holders other than the Company's Affiliates or Holders that were the Company's Affiliates at any time during the three months immediately preceding (as a result of restrictions pursuant to U.S. securities laws or the terms of this Indenture or the Notes), the Company shall pay Additional Interest on the Notes. Such Additional Interest shall accrue on the Notes at the

rate of 0.50% per annum of the principal amount of the Notes outstanding for each day during such period for which the Company's failure to file has occurred and is continuing or the period during which the Notes are not freely tradable, as described in this subsection (d), by Holders other than the Affiliates of the Company (or Holders that were Affiliates of the Company at any time during the three months immediately preceding). As used in this Section 4.06(d), documents or reports that the Company is required to "file" with the Commission pursuant to Section 13 or 15(d) of the Exchange Act does not include documents or reports that the Company furnishes to the Commission pursuant to Section 13 or 15(d) of the Exchange Act.

(e) If, and for so long as, the restrictive legend on the Notes specified in Section 2.05(c) has not been removed, the Notes are assigned a restricted CUSIP or the Notes are not otherwise freely tradable by Holders other than the Company's Affiliates or Holders that were the Company's Affiliates at any time during the three months immediately preceding (without restrictions pursuant to U.S. securities laws or the terms of this Indenture or the Notes) as of the 380th day after the last date of original issuance of the Notes (the "**De-legending Deadline Date**"), the Company shall pay Additional Interest on the Notes at a rate equal to 0.50% per annum of the principal amount of Notes outstanding until the restrictive legend on the Notes has been removed in accordance with Section 2.05(c), the Notes have been assigned an unrestricted CUSIP and the Notes are freely tradable by Holders other than the Company's Affiliates or Holders that were the Company's Affiliates at any time during the three months immediately preceding (without restrictions pursuant to U.S. securities laws or the terms of this Indenture or the Notes).

(f) Except as described in this Section 4.06, any Additional Interest will be payable in arrears on each Interest Payment Date following accrual in the same manner as regular interest on the Notes.

(g) The Additional Interest that is payable in accordance with Section 4.06(d) or Section 4.06(e) shall be in addition to, and not in lieu of, any Additional Interest that may be payable as a result of the Company's election pursuant to Section 6.03. In no event shall Additional Interest accrue on any day under the terms of this Indenture (taking any Additional Interest payable pursuant to Section 4.06(d) and Section 4.06(e) together with any Additional Interest payable pursuant to Section 6.03) at an annual rate in excess of 0.50%, in the aggregate, for any violation or Default caused by the Company's failure to be current in respect of its Exchange Act reporting obligations.

(h) If Additional Interest is payable by the Company pursuant to Section 4.06(d) or Section 4.06(e), the Company shall deliver to the Trustee and the Paying Agent (if other than the Trustee) an Officers' Certificate to that effect stating (i) the amount of such Additional Interest that is payable and (ii) the date on which such Additional Interest is payable. Unless and until a Responsible Officer of the Trustee receives at the Corporate Trust Office such a certificate, the Trustee may assume without inquiry that no such Additional Interest is payable. If the Company has paid such Additional Interest directly to the Persons entitled to it, the Company shall deliver to the Trustee an Officers' Certificate setting forth the particulars of such payment.

(i) The accrual of Additional Interest will be the exclusive remedy available to Holders of the Notes for a failure of their Notes to become freely tradable.

(j) Notwithstanding anything to the contrary, Additional Interest on any note for any period on or after the De-legending Deadline Date of such note will accrue, but will not be payable on any Interest Payment Date occurring on or after such De-legending Deadline Date unless (i) a Holder (or an owner of a beneficial interest in a Global Note) has delivered to the Company and the Trustee (with a copy to the Paying Agent, if other than the Trustee), before the Regular Record Date immediately before such Interest Payment Date, a written notice demanding payment of Additional Interest; or (ii) the Company, in its sole and absolute discretion, elects, by sending notice of such election to Holders of the Notes and the Trustee (and the Paying Agent if other than the Trustee) before such Regular Record Date, to pay such Additional Interest on such Interest Payment Date.

Any accrued and unpaid Additional Interest that, in accordance with the provision described in the preceding sentence, is not paid on such Interest Payment Date is referred to as "Deferred Additional Interest," and without further action by the Company or any other Person, interest will automatically accrue on such Deferred Additional Interest from, and including, such Interest Payment Date at a rate per annum equal to the stated interest rate to, but excluding, the date on which such Deferred Additional Interest, together with interest thereon, is paid. Each reference in this Indenture to any accrued interest (including in the calculations of the Redemption Price and Fundamental Change Repurchase Price for any Note) or to any accrued Additional Interest includes, to the extent applicable, and without duplication, any Deferred Additional Interest, together with accrued and unpaid interest thereon.

Once any accrued and unpaid Additional Interest becomes payable on an Interest Payment Date (whether as a result of the delivery of a written notice as described above or, if earlier, the Company's election to pay the same), Additional Interest will thereafter not be subject to deferral as described above. In addition, all accrued and unpaid Additional Interest, if any, will be paid on the Interest Payment Date occurring on the Maturity Date of the Notes, and no portion thereof may be deferred.

For the avoidance of doubt, the failure to pay any accrued and unpaid Additional Interest on an Interest Payment Date will not constitute a Default or an Event of Default under this Indenture or the Notes if such payment is deferred in accordance with the provisions described above. Otherwise, such a failure to pay will be subject to Section 6.01(a).

The Company will send notice to the Holder of each Note (with a copy to the Trustee) of the commencement and termination of any period in which Additional Interest accrues on such note, except that no such notice is required in respect of any Additional Interest that is deferred in accordance with the provisions described above.

The Trustee will have no duty to determine whether any Additional Interest is payable or the amount thereof or if deferred additional interest is accruing on the Notes, and may assume without inquiry that no Additional Interest is payable or has been deferred until written notice of such Additional Interest has been provided to it by the Company.

Section 4.07. *Additional Amounts.* (a) All payments and deliveries made by, or on behalf of, the Company or any successor to the Company under or with respect to this Indenture and the Notes, including, but not limited to, payments of principal (including, if applicable, the

Repurchase Price and the Fundamental Change Repurchase Price), payments of interest and payments of cash and/or deliveries of ADSs or any other consideration due on conversion of a Note (together with payments of cash for any Fractional ADS), including any Ordinary Shares deliverable upon conversion of Notes in lieu of such ADSs at a Holder's election, shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied (including any penalties and interest related thereto) by or within the Cayman Islands, Hong Kong, the PRC or any other jurisdiction in which the Company or any successor to the Company is, for tax purposes, incorporated, organized, resident or doing business (each, as applicable, a "**Relevant Taxing Jurisdiction**") or through which payment is made or deemed made (together with each Relevant Taxing Jurisdiction, a "**Relevant Jurisdiction**," and in each case, any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. The Company will provide the Trustee and the Paying Agent with sufficient information so as to enable the Trustee and the Paying Agent to determine whether or not it is obliged to make such a withholding or deduction. In the event that any such withholding or deduction is so required with respect to any such payments or deliveries (but excluding, for the avoidance of doubt, any payments or deliveries that are made upon conversion of the Notes, whether made in cash, ADSs, Ordinary Shares or other consideration, and including, for the avoidance of doubt, any payments of cash for any Fractional ADS or other consideration), the Company or any successor to the Company shall pay to each Holder such additional amounts of cash or ADSs (or additional amounts of Ordinary Shares if such Holder elects to receive Ordinary Shares in lieu of any ADSs deliverable upon conversion), as applicable ("**Additional Amounts**") as may be necessary to ensure that the net amount received by the beneficial owner after such withholding or deduction (and after deducting any taxes on the Additional Amounts) shall equal the amounts that would have been received by such beneficial owner had no such withholding or deduction been required; *provided* that no Additional Amounts shall be payable:

(i) for or on account of:

(A) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(1) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction, other than merely acquiring or holding such Note, receiving ADSs or Ordinary Shares in lieu thereof or any other consideration due on conversion of a Note (together with payment of cash for any Fractional ADS), or the receipt of payments thereunder, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Taxing Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having had a permanent establishment therein;

(2) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on

which the payment of the principal of (including the Repurchase Price and Fundamental Change Repurchase Price, if applicable) or interest became due and payable pursuant to the terms thereof or was made or duly provided for;

(3) the failure of the Holder or beneficial owner to comply with a timely written request from the Company or any successor of the Company, addressed to the Holder or beneficial owner, as the case may be, to the extent such Holder or beneficial owner is legally entitled, to provide certification, information, documents or other evidence concerning such Holder's or beneficial owner's nationality, residence, identity or connection with the Relevant Jurisdiction, or to make any declaration or satisfy any other reporting requirement relating to such matters, if and to the extent that due and timely compliance with such request is required by statute, regulation or administrative practice of the Relevant Jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner; or

(4) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(B) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge or any excise or similar taxes imposed with respect to a transfer;

(C) any tax, duty, assessment or other governmental charge that is payable otherwise than by withholding from payments under or with respect to the Notes;

(D) any tax, duty, assessment or other governmental charge that is imposed in connection with any payments or deliveries that are made upon conversion of the Notes, whether made in cash, ADSs, Ordinary Shares or other consideration, and including, for the avoidance of doubt, any payment of cash for any Fractional ADS or other consideration;

(E) any tax required to be withheld or deducted under Sections 1471 to 1474 of the Code (or any amended or successor versions of such Sections) ("**FATCA**"), any regulations or other official guidance thereunder, any intergovernmental agreement entered into in connection with FATCA, or any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or any intergovernmental agreement; or

(F) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (A), (B), (C), (D) or (E); or

(ii) with respect to any payment of the principal of (including the Repurchase Price and Fundamental Change Repurchase Price, if applicable) or interest on such Note, if the Holder is a fiduciary, partnership or person other than the sole beneficial owner of that payment to the extent that such payment would be required to be included in the income under the laws of the Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a partner or member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, member or beneficial owner been the Holder thereof.

(b) If the Company becomes obligated to pay Additional Amounts with respect to any payment or delivery under or with respect to the Notes, the Company shall deliver to the Trustee and the Paying Agent, if other than the Trustee, on a date that is at least 30 days prior to the date of that payment or delivery (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment or delivery date, in which case the Company shall notify the Trustee and the Paying Agent promptly thereafter) an Officers' Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officers' Certificate shall also set forth any other information reasonably necessary to enable the Paying Agent or the Trustee (on behalf of the Company and subject to receipt of funds from the Company pursuant to the last paragraph in Section 4.04(a)), as the case may be, to pay Additional Amounts to Holders on the relevant payment or delivery date. The Trustee, the Paying Agent and the Conversion Agent shall be entitled to conclusively rely on and accept such Officers' Certificate as conclusive proof that such payments are necessary. The Company or its successor shall provide the Trustee, the Paying Agent and the Conversion Agent with documentation, as reasonably requested by the Trustee, the Paying Agent and the Conversion Agent, evidencing the payment of Additional Amounts.

(c) Any reference in this Indenture or the Notes in any context the payment of principal of (including the Redemption Price, the Repurchase Price and Fundamental Change Repurchase Price, if applicable) and interest on, any Note or any other amount payable with respect to such Note, shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable with respect to that amount pursuant to this Section 4.07.

(d) If the Company or its successor is required to make any deduction or withholding from any payments with respect to the Notes, it will deliver to the Trustee official tax receipts evidencing the remittance to the relevant tax authorities of the amounts so withheld or deducted, or if official tax receipts are not obtainable, an Officers' Certificate and any other relevant documentation evidencing the payment of any applicable taxes so deducted or withheld or such other documents reasonably satisfactory to the Trustee evidencing the payment of any applicable taxes so deducted or withheld.

(e) The Paying Agent and Trustee shall be entitled to make any withholding or deduction pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Section 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretation thereof.

(f) The Trustee shall have no obligation to determine whether any Additional Amounts are payable under this Indenture, or the amount thereof.

(g) The foregoing obligations shall survive termination or discharge of this Indenture.

Section 4.08. *Stay, Extension and Usury Laws.* The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law that would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of this Indenture; and the Company (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 4.09. *Compliance Certificate; Statements as to Defaults.* The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company (beginning with the fiscal year ending on December 31, 2025) an Officers' Certificate stating that a review has been conducted of the Company's activities under this Indenture and the Company has fulfilled its obligations hereunder, and whether the authorized Officers thereof have knowledge of any Default or Event of Default by the Company that occurred during the previous year that is then continuing and, if so, specifying each such Default or Event of Default and the nature thereof.

In addition, the Company shall deliver to the Trustee, as soon as possible, and in any event within 30 days after the Company becomes aware of the occurrence of any Default or Event of Default if such is then continuing, an Officers' Certificate setting forth the details of such Default or Event of Default, its status and the action that the Company is taking or proposing to take in respect thereof.

Section 4.10. *Further Instruments and Acts.* Upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture. The Company shall also provide to the Trustee and any Agent (as the case may be), upon written request, information reasonably required by the Trustee or such Agent (as the case may be) to comply with any applicable law; provided, however, that the Company shall not be required to provide any information pursuant to this Section 4.10 to the extent that: (i) any such information is not reasonably available to the Company and cannot be obtained by the Company using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of the Company constitute a breach of any applicable law, fiduciary duty or duty of confidentiality.

ARTICLE 5
Lists of Holders and Reports by the Company and the Trustee

Section 5.01. *Lists of Holders*. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee, semi-annually, not more than 15 days after each April 1 and

October 1 in each year beginning with October 1, 2025, and at such other times as the Trustee may request in writing, within 30 days after receipt by the Company of any such request (or such lesser time as the Trustee may reasonably request in order to enable it to timely provide any notice to be provided by it hereunder), a list in such form as the Trustee may reasonably require of the names and addresses of the Holders as of a date not more than 15 days (or such other date as the Trustee may reasonably request in order to so provide any such notices) prior to the time such information is furnished, except that no such list need be furnished so long as the Trustee is acting as Note Registrar.

Section 5.02. *Preservation and Disclosure of Lists*. The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders contained in the most recent list furnished to it as provided in Section 5.01 or maintained by the Trustee in its capacity as Note Registrar, if so acting. The Trustee may destroy any list furnished to it as provided in Section 5.01 upon receipt of a new list so furnished.

ARTICLE 6
Defaults and Remedies

Section 6.01. *Events of Default*. The following events shall be "**Events of Default**" with respect to the Notes:

(a) default in any payment of interest on any Note when due and payable and the default continues for a period of 30 days;

(b) default in the payment of principal of any Note when due and payable on the Maturity Date, upon any Redemption in accordance with Article 16, upon any required repurchase, upon declaration of acceleration or otherwise;

(c) failure by the Company to comply with its obligation to convert the Notes in accordance with this Indenture upon exercise of a Holder's conversion right and such failure continues for a period of five Business Days;

(d) failure by the Company to issue a Redemption Notice in accordance with Article 16, a Fundamental Change Company Notice in accordance with Section 15.02(c), notice of a Make-Whole Fundamental Change in accordance with Section 14.03(a), a notice in accordance with Section 14.03(g) or a notice of a specified corporate transaction in accordance with Section 14.01(b)(iii) in each case, when due and such failure continues for a period of five Business Days;

(e) failure by the Company to comply with its obligations under Article 11;

(f) failure by the Company for 60 days after written notice from the Trustee or by the Trustee at the request of the Holders of at least 25% in aggregate principal amount of the Notes then outstanding has been received by the Company to comply with any of its other agreements contained in the Notes or this Indenture;

(g) default by the Company or any Significant Subsidiary of the Company with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of US$50 million (or the foreign currency equivalent thereof) in the aggregate of the Company and/or any such Significant Subsidiary, whether such indebtedness now exists or shall hereafter be created (i) resulting in such indebtedness becoming or being declared due and payable or (ii) constituting a failure to pay the principal or interest of any such debt when due and payable at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise;

(h) a final judgment for the payment of US$50 million (or the foreign currency equivalent thereof) or more (excluding any amounts covered by insurance) rendered against the Company or any Significant Subsidiary of the Company, which judgment is not paid, bonded or otherwise discharged or stayed within 60 days after (i) the date on which the right to appeal thereof has expired if no such appeal has commenced, or (ii) the date on which all rights to appeal have been extinguished;

(i) the Company or any Significant Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to the Company or any such Significant Subsidiary or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or any such Significant Subsidiary or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due; or

(j) an involuntary case or other proceeding shall be commenced against the Company or any Significant Subsidiary seeking liquidation, reorganization or other relief with respect to the Company or such Significant Subsidiary or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Company or such Significant Subsidiary or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 30 consecutive days.

Section 6.02. *Acceleration; Rescission and Annulment*. Subject to Section 6.03 hereof, if one or more Events of Default shall have occurred and be continuing (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), then, and in each and every such case (other than an Event of Default specified in Section 6.01(i) or Section 6.01(j) with respect to the Company or any of its Significant Subsidiaries), unless the principal of all of the Notes shall have already become due and payable, the Trustee may by notice in writing to the Company, or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding determined in accordance with Section 8.04, by notice in writing to the Company and to the Trustee may, and the Trustee at the written request of such Holders accompanied by security, pre-funding and/or indemnity satisfactory to the Trustee and otherwise subject to the limitations set forth in this Indenture shall, declare 100% of the principal of, and accrued and unpaid interest

on, all the Notes to be due and payable immediately, and upon any such declaration the same shall become and shall automatically be immediately due and payable, notwithstanding anything contained in this Indenture or in the Notes to the contrary. If an Event of Default specified in Section 6.01(i) or Section 6.01(j) with respect to the Company or any of its Significant Subsidiaries occurs and is continuing, 100% of the principal of, and accrued and unpaid interest on, all Notes shall become and shall automatically be immediately due and payable without any action on the part of the Trustee. If an Event of Default occurs and is continuing, all agents of the Company appointed under this Indenture will be required to act on the direction of the Trustee.

The immediately preceding paragraph, however, is subject to the conditions that if, at any time after the principal of the Notes shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay installments of accrued and unpaid interest upon all Notes and the principal of any and all Notes that shall have become due otherwise than by acceleration (with interest on overdue installments of accrued and unpaid interest to the extent that payment of such interest is enforceable under applicable law, and on such principal at the rate per annum borne by the Notes *plus* one percent) and amounts due to the Trustee pursuant to Section 7.06, and if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) any and all existing Events of Default under this Indenture, other than the nonpayment of the principal of and accrued and unpaid interest on Notes that shall have become due solely by such acceleration, shall have been cured or waived pursuant to Section 6.09, then and in every such case (except as provided in the immediately succeeding sentence) the Holders of more than 50% of the aggregate principal amount of the Notes then outstanding, by written notice to the Company and to the Trustee, may, on behalf of all Holders of Notes, waive all Defaults or Events of Default with respect to the Notes and rescind and annul such declaration and its consequences and such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent Default or Event of Default, or shall impair any right consequent thereon. Notwithstanding anything to the contrary herein, no such waiver or rescission and annulment shall extend to or shall affect any Default or Event of Default resulting from (i) the nonpayment of the principal of, or accrued and unpaid interest on, any Notes, (ii) a failure to repurchase any Notes when required or (iii) a failure to pay or deliver, as the case may be, the consideration due upon conversion of the Notes.

Section 6.03. *Additional Interest*. Notwithstanding anything in this Indenture or in the Notes to the contrary, to the extent the Company elects, the sole remedy for an Event of Default relating to the Company's failure to comply with its obligations as set forth in Section 4.06(b) shall for the first 180 days after the occurrence of such an Event of Default (which will be the 60th day after written notice is provided to the Company in accordance with an Event of Default pursuant to Section 6.01(f)) consist exclusively of the right to receive Additional Interest on the Notes at a rate equal to:

(a) 0.25% per annum of the principal amount of the Notes outstanding for each day during the period beginning on, and including, the date on which such an Event of Default first occurs and ending on the earlier of (i) the date on which such Event of Default is cured or validly

waived and (ii) the 90th day immediately following, and including, the date on which such Event of Default first occurred; and

(b) if such Event of Default has not been cured or validly waived prior to the 91st day immediately following, and including, the date on which such Event of Default first occurred, 0.50% per annum of the principal amount of the Notes outstanding for each day during the period beginning on, and including, the 91st day immediately following, and including, the date on which such an Event of Default first occurred and ending on the earlier of (i) the date on which such Event of Default is cured or validly waived and (ii) the 180th day immediately following, and including, the date on which such Event of Default first occurred.

Interest payable pursuant to this Section 6.03 shall be in addition to, not in lieu of, any Additional Interest payable pursuant to Section 4.06(d) or Section 4.06(e). In no event shall Additional Interest accrue on the Notes on any day under this Indenture (taking any Additional Interest payable pursuant to this Section 6.03 together with any Additional Interest payable pursuant to Section 4.06(d) and Section 4.06(e)) at an annual rate accruing in excess of 0.50%, in the aggregate, for any violation or Default caused by the Company's failure to be current in respect of its Exchange Act reporting obligations. If the Company so elects, such Additional Interest shall be payable in the same manner and on the same dates as regular interest on the Notes. On the 181st day after such Event of Default (if the Event of Default with respect to the Company's obligations under Section 4.06(b) is not cured or waived prior to such 181st day), the Notes will be subject to acceleration as provided in Section 6.02. In the event the Company does not elect to pay Additional Interest following an Event of Default in accordance with this Section 6.03 or the Company elected to make such payment but does not pay the Additional Interest when due, the Notes shall be subject to acceleration as provided in Section 6.02.

In order to elect to pay Additional Interest as the sole remedy during the first 180 days after the occurrence of any Event of Default described in the immediately preceding paragraph, the Company must notify in writing all Holders of the Notes, the Trustee and the Paying Agent of such election prior to the beginning of such 180-day period. Upon the failure to timely give such notice, the Notes shall be immediately subject to acceleration as provided in Section 6.02.

Section 6.04. *Payments of Notes on Default; Suit Therefor.* If an Event of Default described in clause (a) or (b) of Section 6.01 shall have occurred, the Company shall, upon demand of the Trustee acting in its own discretion or at the request of Holders of at least 25% in aggregate principal amount of the Notes then outstanding determined in accordance with Section 8.04 and subject to indemnity, pre-funding and/or security satisfactory to the Trustee, pay to the Trustee, for the benefit of the Holders of the Notes, the whole amount then due and payable on the Notes for principal and interest, if any, with interest on any overdue principal and interest, if any, at the rate per annum borne by the Notes at such time *plus* one percent, and, in addition thereto, such further amount as shall be sufficient to cover any amounts due to the Trustee under Section 7.06. If the Company shall fail to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Notes, wherever situated.

In the event there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor on the Notes under Title 11 of the United States Code, or any other applicable law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Company or such other obligor, the property of the Company or such other obligor, or in the event of any other judicial proceedings relative to the Company or such other obligor upon the Notes, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 6.04, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and accrued and unpaid interest, if any, in respect of the Notes, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents and to take such other actions as it may deem necessary or advisable in order to have the claims of the Trustee (including any claim for the compensation and properly incurred expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceedings relative to the Company or any other obligor on the Notes, its or their creditors, or its or their property, and to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute the same after the deduction of any amounts due to the Trustee under Section 7.06; and any receiver, assignee or trustee in bankruptcy or reorganization, liquidator, custodian or similar official is hereby authorized by each of the Holders to make such payments to the Trustee, as administrative expenses, and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for compensation and properly incurred expenses, advances and disbursements, including agents and counsel fees, and including any other amounts due to the Trustee under Section 7.06, incurred by it up to the date of such distribution. To the extent that such payment of compensation and properly incurred expenses, advances and disbursements out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, monies, securities and other property that the Holders of the Notes may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting such Holder or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

All rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by the Trustee without the possession of any of the Notes, or the production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the compensation and properly incurred expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Notes.

In any proceedings brought by the Trustee (and in any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party), the Trustee shall be held to represent all the Holders of the Notes, and it shall not be necessary to make any Holders of the Notes parties to any such proceedings.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of any waiver pursuant to Section 6.09 or any rescission and annulment pursuant to Section 6.02 or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the Holders, and the Trustee shall, subject to any determination in such proceeding, be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the Holders, and the Trustee shall continue as though no such proceeding had been instituted.

Section 6.05. *Application of Monies Collected by Trustee.* Any monies collected by the Trustee pursuant to this Article 6 with respect to the Notes shall be applied in the following order, at the date or dates fixed by the Trustee for the distribution of such monies, upon presentation of the several Notes, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First, to the payment of all amounts due to the Trustee under Section 7.06 and any payments due to the Paying Agent, the Transfer Agent, the Conversion Agent and the Note Registrar hereunder;

Second, in case the principal of the outstanding Notes shall not have become due and be unpaid, to the payment of interest on, the Notes in default in the order of the date due of the payments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon such overdue payments at the rate per annum borne by the Notes at such time (including, without duplication, any additional interest on such overdue payments pursuant to Section 6.04) plus one percent, such payments to be made ratably to the Persons entitled thereto;

Third, in case the principal of the outstanding Notes shall have become due, by declaration or otherwise, and be unpaid to the payment of the whole amount (including, if applicable, the payment of the Redemption Price, the Repurchase Price or Fundamental Change Repurchase Price and any cash due upon conversion) then owing and unpaid upon the Notes for principal and interest, if any, with interest on the overdue principal and, to the extent that such interest has been collected by the Trustee, upon overdue installments of interest at the rate per annum borne by the Notes at such time *plus* one percent, and in case such monies shall be insufficient to pay in full the whole amounts so due and unpaid upon the Notes, then to the payment of such principal (including, if applicable, the Redemption Price, the Repurchase Price or Fundamental Change Repurchase Price and the cash due upon conversion) and interest without preference or priority of principal over interest, or of interest over principal or of any installment of interest over any other installment of interest, or of any Note over any other Note, ratably to the aggregate of such principal (including, if applicable, the Redemption Price, the Repurchase Price or Fundamental Change Repurchase Price) and accrued and unpaid interest; and

Fourth, to the payment of the remainder, if any, to the Company.

Section 6.06. *Proceedings by Holders.* Except to enforce the right to receive payment of principal (including, if applicable, the Redemption Price, the Repurchase Price or Fundamental Change Repurchase Price) or interest when due, or the right to receive payment or delivery of the consideration due upon conversion, no Holder of any Note shall have any right by virtue of or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture, or for the appointment of a receiver, trustee, liquidator, custodian or other similar official, or for any other remedy hereunder, unless:

(a) such Holder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof, as herein provided;

(b) Holders of at least 25% in aggregate principal amount of the Notes then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder;

(c) such Holders shall have offered to the Trustee such security, pre-funding and/or indemnity satisfactory to it against any loss, liability or expense to be incurred therein or thereby;

(d) the Trustee for 60 days after its receipt of such written notice, request and offer of security, pre-funding and/or indemnity, shall have neglected or refused to institute any such action, suit or proceeding; and

(e) no direction that, in the opinion of the Trustee, is inconsistent with such written request shall have been given to the Trustee by the Holders of more than 50% of the aggregate principal amount of the Notes then outstanding within such 60-day period pursuant to Section 6.09,

it being understood and intended, and being expressly covenanted by the taker and Holder of every Note with every other taker and Holder and the Trustee that no one or more Holders shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder, or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders (except as otherwise provided herein), it being understood that the Trustee does not have an affirmative duty to ascertain whether or not any actions or forbearances by a Holder are prejudicial to any other Holders. For the protection and enforcement of this Section 6.06, each and every Holder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Notwithstanding any other provision of this Indenture and any provision of any Note, the right of any Holder to receive payment or delivery, as the case may be, of (x) the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, (y) accrued and unpaid interest on, and (z) the consideration due upon conversion of, such Note, on or after the respective due dates expressed or provided for in such Note or in this Indenture, or to institute suit for the enforcement of any such payment or delivery,

as the case may be, on or after such respective due dates against the Company shall not be impaired or affected without the consent of such Holder.

Section 6.07. *Proceedings by Trustee.* In case of an Event of Default, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as are necessary to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 6.08. *Remedies Cumulative and Continuing.* Except as provided in the last paragraph of Section 2.06, all powers and remedies given by this Article 6 to the Trustee or to the Holders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the Holders of the Notes, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any Holder of any of the Notes to exercise any right or power accruing upon any Default or Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Default or Event of Default or any acquiescence therein; and, subject to the provisions of Section 6.06, every power and remedy given by this Article 6 or by law to the Trustee or to the Holders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Holders.

Section 6.09. *Direction of Proceedings and Waiver of Defaults by Majority of Holders*. The Holders of more than 50% of the aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 8.04 shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to Notes; *provided*, *however*, that (a) such direction shall not be in conflict with any rule of law or with this Indenture, and (b) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. The Trustee may refuse to follow any direction that the Trustee determines conflicts with law or this Indenture or is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability (it being further understood that the Trustee shall not have an affirmative duty to ascertain whether or not any such direction is unduly prejudicial to any other Holder). The Holders of more than 50% of the aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 8.04 may on behalf of the Holders of all of the Notes (x) waive any past Default or Event of Default hereunder and its consequences except (i) a default in the payment of accrued and unpaid interest on, or the principal (including, if applicable, the Redemption Price, the Repurchase Price or Fundamental Change Repurchase Price) of, the Notes when due or the failure of the Company to comply with its obligation to repurchase any Notes when required by this Indenture that has not been cured pursuant to the provisions of Section 6.02, (ii) a failure by the Company to pay or deliver, or cause to be delivered, as the case may be, the consideration due upon conversion of the Notes or (iii) a default in respect of a covenant or provision hereof which under Article 10 cannot be modified or amended without the consent of each Holder of an outstanding Note affected, and (y) rescind any resulting acceleration of the Notes and its consequences if (i) the

Trustee has been paid all amounts owing to the Trustee under Section 7.06 hereunder, (ii) such rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (iii) all existing Events of Default (other than nonpayment of the principal of, and interest, if any, on, the Notes that have become due solely by such acceleration) have been cured or waived. Upon any such waiver the Company, the Trustee and the Holders of the Notes shall be restored to their former positions and rights hereunder; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Whenever any Default or Event of Default hereunder shall have been waived as permitted by this Section 6.09, said Default or Event of Default shall for all purposes of the Notes and this Indenture be deemed to have been cured and to be not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

Section 6.10. *Notice of Defaults and Events of Default*. If a Default or Event of Default occurs and is continuing and is notified in writing to the Trustee as described in Section 7.01(i), the Trustee shall, within 90 days after it receives such written notice, deliver to all Holders (at the Company's expense) as the names and addresses of such Holders appear upon the Note Register, notice of all Defaults, or Events of Default notified in writing to the Trustee as described in Section 7.01(i). Except in the case of a Default in the payment of the principal of (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable), or accrued and unpaid interest on, any of the Notes or a Default in the payment or delivery of the consideration due upon conversion, the Trustee shall be protected in withholding such notice if and so long as the Trustee's board of directors, an executive committee or a committee of Responsible Officers of the Trustee (in its sole discretion) in good faith determines that the withholding of such notice is in the interests of the Holders.

Section 6.11. *Undertaking to Pay Costs*. All parties to this Indenture agree, and each Holder of any Note by its acceptance thereof shall be deemed to have agreed, that any court may, in its discretion, require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit and that such court may in its discretion assess costs, including attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; *provided* that the provisions of this Section 6.11 (to the extent permitted by law) shall not apply to any suit instituted by or against the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Notes at the time outstanding determined in accordance with Section 8.04, or to any suit instituted by any Holder for the enforcement of the payment of the principal of or accrued and unpaid interest on any Note (including, but not limited to, the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price with respect to the Notes being repurchased as provided in this Indenture) on or after the due date expressed or provided for in such Note or to any suit for the enforcement of the right to convert any Note in accordance with the provisions of Article 14.

ARTICLE 7
CONCERNING THE TRUSTEE

Section 7.01. *Duties and Responsibilities of Trustee*. The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In the case of an Event of Default, of which the Trustee has actual written notice pursuant to clause (i) below, has occurred that has not been cured or waived, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs; *provided* that if a Default or an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any of the Holders unless such Holders have instructed the Trustee in writing and offered to the Trustee indemnity, pre-funding and/or security satisfactory to it against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(a) prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default that may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee, in each of its capacities, shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of gross negligence and willful misconduct on the part of the Trustee, the Trustee may conclusively and without liability rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions or other documents furnished to the Trustee and conforming to the requirements of this Indenture; but, in the case of any such certificates or opinions or other documents that by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts, statements, opinions or conclusions stated therein);

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be determined in a non-appealable decision in a court of competent jurisdiction that the Trustee was grossly negligent in ascertaining the pertinent facts;

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of the requisite percentage of the aggregate principal amount of the Notes at the time outstanding determined as provided in Section 8.04 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture;

(d) whether or not therein provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Section;

(e) the Trustee shall not be liable in respect of any payment (as to the correctness of amount, entitlement to receive or any other matters relating to payment) or notice effected by the Company or any Paying Agent or any records maintained by any co-Note Registrar with respect to the Notes;

(f) if any party fails to deliver a notice relating to an event the fact of which, pursuant to this Indenture, requires notice to be sent to the Trustee, the Trustee may conclusively and without liability rely on its failure to receive such notice as reason to act as if no such event occurred;

(g) [Reserved];

(h) in the event that the Trustee or any of its affiliates is also acting as Note Registrar, Paying Agent, Conversion Agent, Bid Solicitation Agent or Transfer Agent hereunder, the rights, immunities, privileges, disclaimers from liability and protections (including the right to compensation and indemnity and the rights to resign) afforded to the Trustee pursuant to this Article 7 shall also be afforded to such agents and any other Person employed to act hereunder;

(i) the Trustee shall have no duty to inquire, no duty to determine and no duty to monitor as to the performance of the Company's covenants in this Indenture or the financial performance of the Company; the Trustee shall be entitled to assume, until it has received written notice in accordance with this Indenture, that the Company is properly performing its duties hereunder and that no Default or Event of Default or other event which would require repayment of the Notes has occurred. Neither the Trustee nor any Agent shall be charged with knowledge of any Default or Event of Default with respect to the Notes, unless either (1) in the case of the Trustee, a Responsible Officer shall have actual knowledge of such Default or Event of Default or (2) a Responsible Officer has received express written notice of such Default or Event of Default which references this Indenture, the Notes and the Company;

(j) the Trustee shall be under no obligation to enforce any of the provisions of this Indenture unless it is instructed in writing by the requisite Holders and is provided with security, pre-funding and/or indemnity satisfactory to it against any loss, liability or expense that might be incurred by it in compliance with such request or direction;

(k) notwithstanding any other provision of this Indenture, the Trustee, the Conversion Agent and the Paying Agent shall be entitled to make a deduction or withholding from any payment which it makes under the Notes for or on account of any tax, if and only to the extent so

required by applicable law, in which event the Trustee, the Conversion Agent and the Paying Agent shall make such payment after such deduction or withholding has been made and shall timely remit such taxes to the relevant authority within the time allowed for the amount so deducted or withheld;

(l) in connection with the exercise by it of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorization or determination), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and in particular, but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities or discretions for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any country, state or territory; and

(m) none of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 7.02. *Reliance on Documents, Opinions, Etc.* Except as otherwise provided in Section 7.01:

(a) the Trustee may conclusively and without liability rely and shall be fully protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, Note, coupon or other paper or document (whether in its original or electronic form) believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any Board Resolution may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;

(c) the Trustee may consult with counsel or other professional advisors of its selection and require an Opinion of Counsel or other advice (at the Company's expense) and any advice (including an Opinion of Counsel) of such counsel or other professional advisors shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the expense of the Company and shall incur no liability of any kind by reason of such inquiry or investigation;

(e) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, delegates, custodians, nominees or attorneys and the Trustee shall not be responsible for supervising or monitoring, or for any misconduct or negligence on the part of any agent, delegate, representative, custodian, nominee or attorney appointed by it with due care hereunder;

(f) the permissive rights of the Trustee enumerated herein shall not be construed as duties;

(g) under no circumstances and notwithstanding any contrary provision included herein, neither the Trustee, the Paying Agent, the Conversion Agent, the Note Registrar nor any other Agent shall be responsible or liable for special, indirect, punitive, or consequential damages or loss of any kind whatsoever (including, but not limited to, loss of profit) whether or not foreseeable and irrespective of whether any of them have been advised of the likelihood of such loss or damage and regardless of the form of action; this provision shall remain in full force and effect notwithstanding the discharge of the Notes, the termination of this Indenture or the resignation, replacement or removal of the Trustee, the Paying Agent, the Conversion Agent, the Note Registrar or any other Agent;

(h) the Trustee, the Paying Agent, the Conversion Agent, the Note Registrar and any other Agent may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction or, to the extent applicable, of New York and may without liability to do anything which is, in its reasonable opinion, necessary to comply with any such law, directive or regulations; furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or New York or if, in its opinion based on such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or in New York or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

(i) the Trustee and the Agents may request that the Company deliver Officer's Certificates setting forth the names of individuals and their titles and specimen signatures of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificates may be signed by any Person authorized to sign an Officer's Certificate, as the case may be, including any Person specified as so authorized in any such certificate previously delivered and not superseded; and

(j) none of the Trustee nor the Agents shall have any contractual obligation under this Indenture to monitor, assist with or ensure any filing of the requisite information and documents with the National Development and Reform Commission of the PRC or its local counterparts (the "NDRC"), compliance with any other obligations of the Company to comply with all applicable PRC laws and regulations in relation to any such filing, or any other filing required by the NDRC or obligation promulgated thereunder from time to time including all obligations under the Administrative Rules for the Rules and Registration of Medium-to Long-Term Foreign Debt of Enterprises（企業中長期外債審核登記管理辦法 which took effect on 10 February 2023 (the "NDRC New Rules") and its guidance rules in connection therewith as issued by the

NDRC, and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time (the "NDRC Circular") on or before the relevant deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with any NDRC filing or any translation or certification thereof or to give notice to the Holders confirming the submission of any NDRC filing or compliance with applicable PRC laws and regulations in relation to any required NDRC filing promulgated thereunder from time to time including all obligations under the NDRC New Rules and NDRC Circular, and shall not be liable to the Holders or the Company for not doing so.

Section 7.03. *No Responsibility for Recitals, Etc.* The recitals, statements, warranties and representations contained herein and in the Notes (except in the Trustee's certificate of authentication) shall be taken as the statements of the Company, and neither the Trustee nor any Agent assumes any responsibility for the correctness of the same. The Trustee makes no representations as to the accuracy or correctness of the same or the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of this Indenture or of the Notes. The Trustee shall not be accountable for the use or application by the Company of any Notes or the proceeds of any Notes authenticated and delivered by the Trustee in conformity with the provisions of this Indenture. Notwithstanding the generality of the foregoing, each Holder shall be solely responsible for making its own independent appraisal of, and investigation into, the financial condition, creditworthiness, condition, affairs, status and nature of the Company, and the Trustee shall not at any time have any responsibility for the same and each Holder shall not rely on the Trustee in respect thereof.

Section 7.04. *Trustee, Paying Agents, Conversion Agents, Bid Solicitation Agent or Note Registrar May Own Notes.* The Trustee, any Paying Agent, any Conversion Agent, Bid Solicitation Agent (if other than the Company or any Affiliate thereof) or Note Registrar, in its individual or any other capacity, may engage in business and contractual relationships with the Company or its Affiliates and may become the owner or pledgee of Notes with the same rights it would have if it were not the Trustee, Paying Agent, Conversion Agent, Bid Solicitation Agent or Note Registrar, and nothing herein shall obligate any of them to account for any profits earned from any business or transactional relationship.

Section 7.05. *Monies and ADSs to Be Held in Trust*. All monies and ADSs received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received. Money and ADSs held by the Trustee in trust or by the Paying Agent or Conversion Agent hereunder need not be segregated from other funds except to the extent required by law. None of the Trustee, the Paying Agent nor the Conversion Agent shall be under any duty to invest, or any liability for interest on any money received by it hereunder. Any funds held by the Paying Agent or the Conversion Agent are held as a banker and shall not be subject to the applicable client money rules.

Section 7.06. *Compensation and Expenses of Trustee*. (a) The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, compensation for all services rendered by it hereunder in any capacity (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) as mutually agreed to in writing between the Trustee and the Company, and the Company will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances properly

incurred or made by the Trustee in accordance with any of the provisions of this Indenture in any capacity thereunder (including the compensation and the properly incurred expenses and disbursements of its agents and counsel and of all Persons not regularly in its employ) except any such expense, disbursement or advance as shall have been caused by its gross negligence or willful misconduct as determined in a non-appealable decision in a court of competent jurisdiction. The Company also covenants to indemnify the Trustee (which for the purposes of this Section 7.06 shall be deemed to include its delegates, officers, directors, agents, counsel, employees, successors and assigns) in any capacity under this Indenture and any other document or transaction entered into in connection herewith, and to hold it harmless against, any loss, claim (provided that the Company need not pay for settlement of any such claim made without prior notice), damage, liability or expense (including, reasonable legal fees and expenses) (whether arising from third party claims or claims by or against the Company) incurred without gross negligence or willful misconduct on the part of the Trustee, its officers, directors, agents, counsels, employees, successors or assigns, as the case may be, as determined in a non-appealable decision of a court of competent jurisdiction and arising out of or in connection with the acceptance or administration of this Indenture or in any other capacity hereunder, including the costs and expenses of enforcing this Indenture and defending themselves against any claim of liability (including, without limitation, any and all reasonable attorney's fees and properly incurred expenses) in the process of enforcing this indemnity. The obligations of the Company under this Section 7.06 to compensate or indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall be secured by a senior claim to which the Notes are hereby made subordinate on all money or property held or collected by the Trustee, except, subject to the effect of Section 6.05, funds held in trust herewith for the benefit of the Holders of particular Notes. The Trustee's right to receive payment of any amounts due under this Section 7.06 shall not be subordinate to any other liability or indebtedness of the Company. The indemnity under this Section 7.06(a) is payable upon demand by the Trustee. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld, conditioned or delayed. The indemnification provided in this Section 7.06(a) shall extend to the officers, directors, agents and employees of the Trustee. Subject to Section 7.02(e), any negligence or misconduct of any agent, delegate, attorney or representative, in each case, of the Trustee, shall not affect indemnification of the Trustee.

Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee and its agents incur expenses or render services after an Event of Default specified in Section 6.01(i) or Section 6.01(j) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any bankruptcy, insolvency or similar laws. If a Default or Event of Default shall have occurred or if the Trustee finds it expedient or necessary or is requested by the Company and/or the Holders to undertake duties which are of an exceptional nature or otherwise outside the scope of the Trustee's normal duties under this Indenture, the Company will pay such additional remuneration calculated by reference to the Trustee's normal hourly rates in force at such time.

The obligations of the Company under this Section 7.06(a) shall survive the satisfaction and discharge of this Indenture and payment of the Notes, the termination of this Indenture and the resignation, replacement or removal or the Trustee.

(b) The Paying Agent, the Transfer Agent the Conversion Agent and the Note Registrar shall each be entitled to the compensation to be agreed upon in writing with the Company for all services rendered by it under this Indenture, and the Company agrees promptly to pay such compensation and to reimburse each of the Paying Agent, the Transfer Agent, the Conversion Agent and the Note Registrar for its out-of-pocket expenses (including fees and properly incurred expenses of counsel) incurred by it in connection with the services rendered by it under this Indenture. The Company hereby agrees to indemnify the Paying Agent, the Transfer Agent, the Conversion Agent and the Note Registrar and their respective officers, directors, agents and employees and any successors thereto for, and to hold it harmless against, any loss, liability or expense (including fees and properly incurred expenses of counsel) incurred without gross negligence or willful misconduct on its part, as determined in a non-appealable decision of a court of competent jurisdiction, arising out of or in connection with its acting as the Paying Agent, the Transfer Agent, the Conversion Agent and the Note Registrar hereunder. The obligations of the Company under this paragraph (b) shall survive the payment of the Notes, the termination of the Indenture and the resignation or removal of the Paying Agent, the Transfer Agent, the Conversion Agent and the Note Registrar.

Section 7.07. *Officers' Certificate as Evidence.* Except as otherwise provided in Section 7.01, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such Officers' Certificate shall be full warrant to the Trustee for any action taken or omitted by it under the provisions of this Indenture upon the faith thereof.

Section 7.08. *Eligibility of Trustee.* There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America and any state thereof or Hong Kong that is authorized under such laws to exercise corporate trust power, that is subject to supervision or examination by federal or state authorities and that shall have a combined capital and surplus of at least US$50,000,000. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 7.09. *Resignation or Removal of Trustee*. (a) The Trustee may at any time resign by giving 60 days written notice of such resignation to the Company and by delivering notice thereof to the Holders at their addresses as they shall appear on the Note Register. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 60 days after the sending of such notice of resignation to the Company, the resigning Trustee may appoint a successor trustee on behalf of and at the expense of the Company or it may, upon ten Business Days' notice to the Company and the Holders, petition any court of competent

jurisdiction for the appointment of a successor trustee, or any Holder who has been a bona fide holder of a Note or Notes for at least six months may, subject to the provisions of Section 6.11, on behalf of himself or herself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) the Trustee shall cease to be eligible in accordance with the provisions of Section 7.08 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(ii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in either case, the Company may by a Board Resolution remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 6.11, any Holder who has been a bona fide holder of a Note or Notes for at least six months may, on behalf of himself or herself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The Holders of more than 50% of the aggregate principal amount of the Notes at the time outstanding, as determined in accordance with Section 8.04, may at any time remove the Trustee by giving at least 30 days written notice to the Trustee, and nominate a successor trustee that shall be deemed appointed as successor trustee unless within ten days after notice to the Company of such nomination the Company objects thereto, in which case the Trustee so removed (at the expense of the Company) or any Holder, upon the terms and conditions and otherwise as in Section 7.09(a) provided, may petition any court of competent jurisdiction for an appointment of a successor trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 7.09 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 7.10.

Section 7.10. *Acceptance by Successor Trustee.* Any successor trustee appointed as provided in Section 7.09 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the written request of the Company or of the

successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due to it pursuant to the provisions of Section 7.06, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a senior claim to which the Notes are hereby made subordinate on all money or property held or collected by such trustee as such, except for funds held in trust for the benefit of Holders of particular Notes, to secure any amounts then due to it pursuant to the provisions of Section 7.06.

No successor trustee shall accept appointment as provided in this Section 7.10 unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Section 7.08.

Upon acceptance of appointment by a successor trustee as provided in this Section 7.10, each of the Company and the successor trustee, at the written direction and at the expense of the Company shall deliver notice of the succession of such trustee hereunder to the Holders at their addresses as they shall appear on the Note Register. If the Company fails to send such notice within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be delivered at the expense of the Company.

Section 7.11. *Succession by Merger, Etc.* Any corporation or other entity into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or other entity resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or other entity succeeding to all or substantially all of the corporate trust business of the Trustee (including the administration of this Indenture), shall be the successor to the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto; *provided* that in the case of any corporation or other entity succeeding to all or substantially all of the corporate trust business of the Trustee such corporation or other entity shall be eligible under the provisions of Section 7.08.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor trustee hereunder or in the name of the successor trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have; *provided*, *however*, that the right to adopt the certificate of authentication of any predecessor trustee or to authenticate Notes in the name of any predecessor trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 7.12. *Trustee's Application for Instructions from the Company.* Any application by the Trustee for written instructions from the Company (other than with regard to any action proposed to be taken or omitted to be taken by the Trustee that affects the rights of the Holders of the Notes under this Indenture) may, at the option of the Trustee, set forth in writing any

action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three Business Days after the date of such application delivered pursuant to Section 17.03), unless, prior to taking any such action (or the effective date in the case of any omission), the Trustee shall have received written instructions in accordance with this Indenture in response to such application specifying the action to be taken or omitted.

ARTICLE 8
CONCERNING THE HOLDERS

Section 8.01. *Action by Holders.* Whenever in this Indenture it is provided that the Holders of a specified percentage of the aggregate principal amount of the Notes may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action, the Holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Holders in person or by agent or proxy appointed in writing, or (b) by the record of the Holders voting in favor thereof at any meeting of Holders duly called and held in accordance with the provisions of Article 9, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Holders. Whenever the Company or the Trustee solicits the taking of any action by the Holders of the Notes, the Company or the Trustee may fix, but shall not be required to, in advance of such solicitation, a date as the record date for determining Holders entitled to take such action. The record date if one is selected shall be not more than fifteen days prior to the date of commencement of solicitation of such action.

Section 8.02. *Proof of Execution by Holders.* Subject to the provisions of Section 7.01, Section 7.02 and Section 9.05, proof of the execution of any instrument by a Holder or its agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Notes shall be proved by the Note Register or by a certificate of the Note Registrar. The record of any Holders' meeting shall be proved in the manner provided in Section 9.06.

Section 8.03. *Who Are Deemed Absolute Owners.* The Company, the Trustee, any Paying Agent, any Conversion Agent and any Note Registrar may deem the Person in whose name a Note shall be registered upon the Note Register to be, and may treat it as, the absolute owner of such Note (whether or not such Note shall be overdue and notwithstanding any notation of ownership or other writing thereon made by any Person other than the Company or any Note Registrar) for the purpose of receiving payment of or on account of the principal of and (subject to Section 2.03) accrued and unpaid interest on such Note, for the purpose of conversion of such Note and for all other purposes; and neither the Company nor the Trustee nor any Paying Agent nor any Conversion Agent nor any Transfer Agent nor any Note Registrar shall be affected by any notice to the contrary. All such payments or deliveries so made to any Holder for the time being, or upon its order, shall be valid, and, to the extent of the sums or ADSs so paid or delivered, effectual to satisfy and discharge the liability for monies payable or ADSs deliverable upon any such Note. Notwithstanding anything to the contrary in this Indenture or the Notes

following an Event of Default, any owner of a beneficial interest in a Global Note may directly enforce against the Company, without the consent, solicitation, proxy, authorization or any other action of the Depositary or any other Person, such owner's right to exchange such beneficial interest for a Note in certificated form in accordance with the provisions of this Indenture.

Section 8.04. *Company-Owned Notes Disregarded.* In determining whether the Holders of the requisite aggregate principal amount of Notes have concurred in any direction, consent, waiver or other action under this Indenture, Notes that are owned by the Company, by any Subsidiary thereof or by any Affiliate of the Company or any Subsidiary thereof shall be disregarded and deemed not to be outstanding for the purpose of any such determination; *provided* that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent, waiver or other action only Notes in respect of which a Responsible Officer is notified in writing shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as outstanding for the purposes of this Section 8.04 if the pledgee shall establish its right to so act with respect to such Notes and that the pledgee is not the Company, a Subsidiary thereof or an Affiliate of the Company or a Subsidiary thereof. Within five days of acquisition of the Notes by any of the above described persons or entities, the Company shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Notes, if any, known by the Company to be owned or held by or for the account of any of the above described Persons; and, subject to Section 7.01, the Trustee shall be entitled, without liability, to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Notes not listed therein are outstanding for the purpose of any such determination.

Section 8.05. *Revocation of Consents; Future Holders Bound.* At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the Holders of the percentage of the aggregate principal amount of the Notes specified in this Indenture in connection with such action, any Holder of a Note that is shown by the evidence to be included in the Notes the Holders of which have consented to such action may, by filing written notice with the Trustee at its Corporate Trust Office and upon proof of holding as provided in Section 8.02, revoke such action so far as concerns such Note. Except as aforesaid, any such action taken by the Holder of any Note shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Note and of any Notes issued in exchange or substitution therefor or upon registration of transfer thereof, irrespective of whether any notation in regard thereto is made upon such Note or any Note issued in exchange or substitution therefor or upon registration of transfer thereof.

ARTICLE 9
HOLDERS' MEETINGS

Section 9.01. *Purpose of Meetings.* A meeting of Holders may be called at any time and from time to time pursuant to the provisions of this Article 9 for any of the following purposes:

(a) to give any notice to the Company or to the Trustee or to give any directions to the Trustee permitted under this Indenture, or to consent to the waiving of any Default or Event of Default hereunder and its consequences, or to take any other action authorized to be taken by Holders pursuant to any of the provisions of Article 6;

(b) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article 7;

(c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 10.02; or

(d) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Notes under any other provision of this Indenture or under applicable law.

Section 9.02. *Call of Meetings by Trustee.* The Trustee may (in its sole and absolute discretion and without any obligation) at any time call a meeting of Holders to take any action specified in Section 9.01, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Holders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting and the establishment of any record date pursuant to Section 8.01, shall be delivered to Holders of such Notes at their addresses as they shall appear on the Note Register. Such notice shall also be delivered to the Company. Such notices shall be sent not less than 20 nor more than 90 days prior to the date fixed for the meeting.

Any meeting of Holders shall be valid without notice if the Holders of all Notes then outstanding are present in person or by proxy or if notice is waived before or after the meeting by the Holders of all Notes then outstanding, and if the Company and the Trustee are either present by duly authorized representatives or have, before or after the meeting, waived notice.

Section 9.03. *Call of Meetings by Company or Holders.* In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least 10% of the aggregate principal amount of the Notes then outstanding, shall have requested the Company to call a meeting of Holders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Company shall not have sent the notice of such meeting within 20 days after receipt of such request, then the Trustee or such Holders may determine the time and the place for such meeting and may call such meeting to take any action authorized in Section 9.01, by delivering notice thereof as provided in Section 9.02.

Section 9.04. *Qualifications for Voting.* To be entitled to vote at any meeting of Holders a Person shall (a) be a Holder of one or more Notes on the record date pertaining to such meeting or (b) be a Person appointed by an instrument in writing as proxy by a Holder of one or more Notes on the record date pertaining to such meeting. The only Persons who shall be entitled to be present or to speak at any meeting of Holders shall be the Persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 9.05. *Regulations.* Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders, in regard to proof of the holding of Notes and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of

proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders as provided in Section 9.03, in which case the Company or the Holders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority in principal amount of the Notes represented at the meeting and entitled to vote at the meeting.

Subject to the provisions of Section 8.04, at any meeting of Holders each Holder or proxyholder shall be entitled to one vote for each US$1,000 principal amount of Notes held or represented by him or her; *provided*, *however*, that no vote shall be cast or counted at any meeting in respect of any Note challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Notes held by it or instruments in writing as aforesaid duly designating it as the proxy to vote on behalf of other Holders. Any meeting of Holders duly called pursuant to the provisions of Section 9.02 or Section 9.03 may be adjourned from time to time by the Holders of a majority of the aggregate principal amount of Notes represented at the meeting, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting of Holders of the Notes, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

Section 9.06. *Voting.* The vote upon any resolution submitted to any meeting of Holders shall be by written ballot on which shall be subscribed the signatures of the Holders or of their representatives by proxy and the outstanding principal amount of the Notes held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Holders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more Persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was sent as provided in Section 9.02. The record shall show the principal amount of the Notes voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 9.07. *No Delay of Rights by Meeting.* Nothing contained in this Article 9 shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Holders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Holders under any of the provisions of this Indenture or of the Notes.

ARTICLE 10
SUPPLEMENTAL INDENTURES

Section 10.01. *Supplemental Indentures Without Consent of Holders.* The Company, when authorized by the resolutions of the Board of Directors, and the Trustee, at the Company's expense and direction, may from time to time and at any time enter into an indenture or indentures supplemental hereto or to the Notes for one or more of the following purposes:

(a) to cure any ambiguity, omission, defect or inconsistency;

(b) to provide for the assumption by a Successor Company of the obligations of the Company under this Indenture and the Notes pursuant to Article 11;

(c) to add guarantees or any credit enhancements of similar nature with respect to the Notes;

(d) to secure the Notes;

(e) to add to the covenants or Events of Defaults of the Company for the benefit of the Holders or surrender any right or power conferred upon the Company;

(f) upon the occurrence of any transaction or event described in Section 14.07(a), to (i) provide that the Notes are convertible into Reference Property, subject to Section 14.02, and (ii) effect the related changes to the terms of the Notes described under Section 14.07(a), in each case, in accordance with Section 14.07;

(g) to make any change that does not adversely affect the rights of any Holder;

(h) to provide for or confirm the issuance of additional Notes pursuant to the terms of this Indenture;

(i) to comply with the rules of any applicable securities depositary, including the DTC;

(j) to evidence and provide for the acceptance of the appointment of a successor trustee in accordance with this Indenture;

(k) to increase the Conversion Rate of the Notes;

(l) to conform the provisions of this Indenture or the Notes to the "Description of the Notes" section of the Offering Memorandum;

(m) to irrevocably elect a Settlement Method and/or a Specified Dollar Amount, or eliminate the Company's right to elect a Settlement Method; *provided* that such irrevocable election can in no event result in a Specified Dollar Amount of less than US$1,000 per US$1,000 principal amount of Notes applying to the conversion of any Note; or

(n) to make changes as contemplated under Section 14.08.

Upon the written request of the Company, the Trustee shall join with the Company in the execution of such supplemental indenture unless (i) the Trustee has not received an Officers' Certificate and an Opinion of Counsel satisfactory to it pursuant to Section 10.05, or (ii) such supplemental indenture affects the Trustee's own rights, duties, privileges, liablities or immunities under this Indenture or otherwise, in which case the Trustee may in its sole and absolute discretion, but shall not be obliged to, enter into such supplemental indenture is authorized and permitted by the terms of this Indenture and not contrary to law.

Any amendment or supplement authorized by the provisions of this Section 10.01 may be executed by the Company and the Trustee without the consent of the Holders of any of the Notes at the time outstanding, notwithstanding any of the provisions of Section 10.02.

Section 10.02. *Supplemental Indentures with Consent of Holders.* With the consent (evidenced as provided in Article 8) of the Holders of more than 50% of the aggregate principal amount of the Notes then outstanding (determined in accordance with Article 8 and including, without limitation, consents obtained in connection with a repurchase of, or tender or exchange offer for, Notes), the Company, when authorized by the resolutions of the Board of Directors, and the Trustee, at the Company's expense, may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture (including the Notes) or any supplemental indenture or of modifying in any manner the rights of the Holders; *provided*, *however*, that, without the consent of each Holder of an outstanding Note affected, no such supplemental indenture shall, among other things:

(a) reduce the amount of Notes whose Holders must consent to an amendment or waiver;

(b) reduce the rate of or change the stated time for payment of interest on any Note;

(c) reduce the principal of or extend the Maturity Date of any Note;

(d) make any change that adversely affects the conversion rights of any Notes;

(e) reduce the Repurchase Price, the Fundamental Change Repurchase Price or the Redemption Price of any Note or amend or modify in any manner adverse to the Holders the Company's obligation to make such payments, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise;

(f) make any Note payable in a currency other than U.S. dollars;

(g) change the ranking of the Notes;

(h) impair the right of any Holder to receive payment of principal and interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Note;

(i) change the Company's obligation to pay Additional Amounts on any Note; or

(j) make any change in this Article 10 that requires each Holder's consent or in the waiver provisions in Section 6.02 or Section 6.09.

Upon the written request of the Company, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid and subject to Section 10.05, the Trustee shall join with the Company in the execution of such supplemental indenture unless (i) the Trustee has not received an Officers' Certificate and an Opinion of Counsel satisfactory to it pursuant to Section 10.05, or (ii) such supplemental indenture affects the Trustee's own rights, duties, privileges, liabilities or immunities under this Indenture or otherwise, in which case the Trustee may in its sole and absolute discretion, but shall not be obligated to, enter into such supplemental indenture.

Holders do not need under this Section 10.02 to approve the particular form of any proposed supplemental indenture. It shall be sufficient if such Holders approve the substance thereof. After any supplemental indenture becomes effective under Section 10.01 or Section 10.02, the Company shall deliver to the Holders (with a copy to the Trustee) a notice briefly describing such supplemental indenture. However, the failure to give such notice to all the Holders, or any defect in the notice, will not impair or affect the validity of the supplemental indenture.

Section 10.03. *Effect of Supplemental Indentures.* Upon the execution of any supplemental indenture pursuant to the provisions of this Article 10, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties, privileges, liabilities and immunities under this Indenture of the Trustee, the Company and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.04. *Notation on Notes.* Notes authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article 10 may, at the Company's expense, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Notes so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may, at the Company's expense, be prepared and executed by the Company, authenticated upon receipt of a Company Order by the Trustee and delivered in exchange for the Notes then outstanding, upon surrender of such Notes then outstanding.

Section 10.05. *Evidence of Compliance of Supplemental Indenture to Be Furnished Trustee.* In addition to the documents required by Section 17.06, prior to the execution of any

amendment or supplement pursuant to this Article 10, the Trustee shall receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant hereto complies with the requirements of this Article 10 and is permitted or authorized by this Indenture, that all conditions precedent thereto have been satisfied, and that the supplemental indenture or amendment is the valid and binding obligation of the Company enforceable in accordance with its terms, subject to customary assumptions, qualifications and exceptions.

ARTICLE 11
CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE

Section 11.01. *Company May Consolidate, Etc. on Certain Terms.* Subject to the provisions of Section 11.02, the Company shall not consolidate with, merge with or into, or sell, convey, transfer or lease all or substantially all of its properties and assets to another Person, unless:

(a) the resulting, surviving or transferee Person (the "**Successor Company**"), if not the Company, shall be a corporation organized and existing under the laws of the United States of America, any State thereof, the District of Columbia, the Cayman Islands, the British Virgin Islands, Bermuda or Hong Kong and the Successor Company (if not the Company) shall expressly assume, by supplemental indenture, all of the obligations of the Company under the Notes and this Indenture (including, for the avoidance of doubt, the obligation to pay Additional Amounts pursuant to Section 4.07); and

(b) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing under this Indenture.

For purposes of this Section 11.01, the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of one or more Subsidiaries of the Company to another Person, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Company to another Person.

Section 11.02. *Successor Corporation to Be Substituted.* In case of any such consolidation, merger, sale, conveyance, transfer or lease and upon the assumption by the Successor Company, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of and accrued and unpaid interest on all of the Notes (including, for the avoidance of doubt, any Additional Amounts), the due and punctual delivery or payment, as the case may be, of any consideration due upon conversion of the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Company, such Successor Company (if not the Company) shall succeed to and, except in the case of a lease of all or substantially all of the Company's properties and assets, shall be substituted for the Company, with the same effect as if it had been named herein as the party of the first part. Such Successor Company thereupon may cause to be signed, and may issue either in its own name or in the name of the Company any or all of the Notes issuable hereunder which theretofore shall not have been

signed by the Company and delivered to the Trustee; and, upon the order of such Successor Company instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver, or cause to be authenticated and delivered, any Notes that previously shall have been signed and delivered by the Officers of the Company to the Trustee for authentication, and any Notes that such Successor Company thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Notes so issued shall in all respects have the same legal rank and benefit under this Indenture as the Notes theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Notes had been issued at the date of the execution hereof. In the event of any such consolidation, merger, sale, conveyance or transfer (but not in the case of a lease), upon compliance with this Article 11, the Person named as the "Company" in the first paragraph of this Indenture (or any successor that shall thereafter have become such in the manner prescribed in this Article 11) may be dissolved, wound up and liquidated at any time thereafter and, except in the case of a lease, such Person shall be released from its liabilities as obligor and maker of the Notes and from its obligations under this Indenture and the Notes.

In case of any such consolidation, merger, sale, conveyance, transfer or lease, such changes in phraseology and form (but not in substance) may be made in the Notes thereafter to be issued as may be appropriate.

Section 11.03. *Opinion of Counsel to Be Given to Trustee.* No consolidation, merger, sale, conveyance, transfer or lease shall be effective unless the Trustee shall receive and be entitled to rely on an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, conveyance, transfer or lease and any such assumption and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, complies with the provisions of this Article 11, that all conditions precedent thereto have been satisfied and that the Notes and such supplemental indenture is the valid and binding obligation of the Successor Company, enforceable against it in accordance with its

terms, subject to customary assumptions, qualifications, and exceptions.

ARTICLE 12
Immunity of Incorporators, Stockholders, Officers and Directors

Section 12.01. *Indenture and Notes Solely Corporate Obligations.* No recourse for the payment of the principal of or accrued and unpaid interest on any Note, nor for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture or in any supplemental indenture or in any Note, nor because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, employee, agent, Officer or director or Subsidiary, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Notes.

ARTICLE 13
INTENTIONALLY OMITTED

ARTICLE 14
CONVERSION OF NOTES

Section 14.01. *Conversion Privilege.* (a) Subject to and upon compliance with the provisions of this Article 14, each Holder of a Note shall have the right, at such Holder's option, to convert all or any portion (if the portion to be converted is US$1,000 principal amount or an integral multiple thereof) of such Note (i) subject to satisfaction of the conditions described in Section 14.01(b), at any time prior to the close of business on the Business Day immediately preceding the 50th Scheduled Trading Day before the Maturity Date under the circumstances and during the period set forth in Section 14.01(b), and (ii) regardless of the conditions described in Section 14.01(b), on or after the 50th Scheduled Trading Day before the Maturity Date until the close of business on the third Scheduled Trading Day immediately preceding the Maturity Date, in each case, at an initial conversion rate of 16.7475 ADSs (subject to adjustment as provided in this Article 14, the "**Conversion Rate**") per US$1,000 principal amount of Notes (subject to, and in accordance with, the settlement provisions of Section 14.02, the "**Conversion Obligation**"). For the avoidance of doubt, "Conversion Rate" as of a particular date without setting forth a particular time on such date shall mean the Conversion Rate immediately after the close of business on such date.

(b)

(i) Prior to the close of business on the Business Day immediately preceding the 50th Scheduled Trading Day before the Maturity Date, a Holder may surrender all or any portion of its Notes for conversion at any time during the five Business Day period immediately after any ten consecutive Trading Day period (the "**Measurement Period**") in which the Trading Price per US$1,000 principal amount of Notes, as determined following a written request by a Holder in accordance with this subsection (b)(i), for each Trading Day of the Measurement Period was less than 98% of the product of the Last Reported Sale Price of the ADSs on each such Trading Day and the Conversion Rate on each such Trading Day. The Trading Prices shall be determined by the Bid Solicitation Agent pursuant to this subsection (b)(i) and the definition of Trading Price set forth in this Indenture. The Company shall provide written notice to the Bid Solicitation Agent (if other than the Company) of the three independent nationally recognized securities dealers selected by the Company pursuant to the definition of Trading Price, along with appropriate contact information for each. The Bid Solicitation Agent (if other than the Company) shall have no obligation to determine the Trading Price per US$1,000 principal amount of Notes unless the Company has requested such determination in writing, and the Company shall have no obligation to make such request (or, if the Company is acting as Bid Solicitation Agent, the Company shall have no obligation to determine the Trading Price per US$1,000 principal amount of Notes) unless a Holder of at least US$2,000,000 aggregate principal amount of notes provides the Company with reasonable evidence that the Trading Price per US$1,000 principal amount of Notes on any Trading Day would be less than 98% of the product of the Last Reported Sale Price of the ADSs on such Trading Day and the Conversion Rate on such Trading Day, at

which time the Company shall instruct the Bid Solicitation Agent (if other than the Company) in writing to determine, or if the Company is acting as Bid Solicitation Agent, the Company shall determine, the Trading Price per US$1,000 principal amount of Notes beginning on the next Trading Day and on each successive Trading Day until the Trading Price per US$1,000 principal amount of Notes is greater than or equal to 98% of the product of the Last Reported Sale Price of the ADSs and the Conversion Rate. At such time as the Company directs the Bid Solicitation Agent in writing to solicit bid quotations, the Company will provide the Bid Solicitation Agent with the names and contact details of the three independent nationally recognized securities dealers the Company selects, and the Company will direct those securities dealers to provide bids to the Bid Solicitation Agent. If (x) the Company is not acting as Bid Solicitation Agent, and the Company does not, when the Company is required to, instruct the Bid Solicitation Agent to determine the Trading Price per US$1,000 principal amount of Notes when obligated as provided in the preceding sentence, or if the Company instructs the Bid Solicitation Agent in writing to obtain bids and the Bid Solicitation Agent fails to make such determination, or (y) the Company is acting as Bid Solicitation Agent and the Company fails to make such determination when obligated as provided in the preceding sentence, then, in either case, the Trading Price per US$1,000 principal amount of Notes shall be deemed to be less than 98% of the product of the Last Reported Sale Price of the ADSs and the Conversion Rate on each Trading Day of such failure. If the Trading Price condition set forth above has been met, the Company shall so notify the Holders, the Trustee and the Conversion Agent (if other than the Trustee) in writing. If, at any time after the Trading Price condition set forth above has been met, the Trading Price per US$1,000 principal amount of Notes is greater than or equal to 98% of the product of the Last Reported Sale Price of the ADSs and the Conversion Rate for such date, the Company shall so notify in writing the Holders, the Trustee and the Conversion Agent (if other than the Trustee), and thereafter neither the Company nor the Bid Solicitation Agent (if other than the Company) shall be required to solicit bids again until a new Holder request is made as provided above. Neither the Trustee nor any of the Agents shall have any duty to appoint or monitor the Bid Solicitation Agent, or any duty to determine or verify whether any of the conditions to conversion have been satisfied.

(ii) If the Company elects to:

(A) issue to all or substantially all holders of the Ordinary Shares (directly or in the form of ADSs) any rights, options or warrants (other than rights issued pursuant to a stockholder rights plan, so long as such rights have not separated from the Ordinary Shares and are not exercisable until the occurrence of a triggering event, except that such rights will be deemed to be distributed under this Section 14.01(b)(ii)(A) upon their separation from the Ordinary Shares or upon the occurrence of such triggering event) entitling them, for a period of not more than 45 calendar days after the announcement date of such issuance, to subscribe for or purchase Ordinary Shares (directly or in the form of ADSs) at a price per share that is less than the average of the Last Reported Sale Prices of the ADSs, *divided by* the number of Ordinary Shares then represented by one ADS, for the 10 consecutive Trading Day period ending on, and including, the

Trading Day immediately preceding the date of announcement of such issuance; or

(B) distribute to all or substantially all holders of the Ordinary Shares (directly or in the form of ADSs) the Company's assets, securities or rights to purchase securities of the Company, which distribution has a per share value, as determined by the Board of Directors, exceeding 10% of (i) the Last Reported Sale Price of the ADSs on the Trading Day preceding the date of announcement for such distribution, *divided by* (ii) the number of Ordinary Shares then represented by one ADS,

then, in either case, the Company shall notify all Holders of the Notes, the Trustee and the Conversion Agent (if other than the Trustee) in writing at least 50 Scheduled Trading Days prior to the Ex-Dividend Date for such issuance or distribution. Once the Company has given such notice, a Holder may surrender all or any portion of its Notes for conversion at any time from, and including, the date the Company provides such notice until the earlier of (1) the close of business on the Scheduled Trading Day immediately preceding the Ex-Dividend Date for such issuance or distribution and (2) the Company's announcement that such issuance or distribution will not take place (such period, the "**Distribution Conversion Period**"), in each case, even if the Notes are not otherwise convertible at such time.

(iii) If (1) a transaction or event that constitutes a Fundamental Change or a Make-Whole Fundamental Change occurs prior to the close of business on the Business Day immediately preceding the 50th Scheduled Trading Day before the Maturity Date, regardless of whether a Holder has the right to require the Company to repurchase the Notes pursuant to Section 15.02, or (2) if the Company is a party to a consolidation, merger, binding share exchange, or transfer or lease of all or substantially all of its assets that occurs prior to the close of business on the Business Day immediately preceding the 50th Scheduled Trading Day before the Maturity Date, in each case, pursuant to which the ADSs would be converted into cash, securities or other assets, all or any portion of a Holder's Notes may be surrendered for conversion at any time from or after the actual effective date of such transaction until 35 Business Days after the actual effective date of such transaction or, if such transaction also constitutes a Fundamental Change, until the related Fundamental Change Repurchase Date. The Company shall notify Holders, the Trustee and the Conversion Agent (if other than the Trustee) in writing as promptly as practicable following the date the Company publicly announces such transaction. If the Company does not provide such notice by the effective date of such transaction, then the last day on which the Notes are convertible shall be extended by the number of Business Days from, and including, the effective date thereof to, but excluding, the date the Company provides the notice.

(iv) Prior to the close of business on the Business Day immediately preceding the 50th Scheduled Trading Day before the Maturity Date, a Holder may surrender all or any portion of its Notes for conversion at any time during any calendar quarter commencing after the calendar quarter ending on June 30, 2025 (and only during such calendar quarter), if the Last Reported Sale Price of the ADSs for at least 20 Trading

Days (whether or not consecutive) during the period of 30 consecutive Trading Days ending on, and including, the last Trading Day of the immediately preceding calendar quarter is greater than or equal to 130% of the Conversion Price on each applicable Trading Day. The Company shall determine at the beginning of each calendar quarter commencing after June 30, 2025 whether the Notes may be surrendered for conversion in accordance with this clause (iv) and shall notify the Holders, the Trustee and the Conversion Agent (if other than the Trustee) in writing if the Notes become convertible in accordance with this clause (iv).

(v) If the Company calls any or all of the Notes for a redemption pursuant to Article 16 prior to the 50th Scheduled Trading Day immediately prior to the Maturity Date, then a Holder may surrender any or all of its Notes for conversion at any time prior to the close of business on the second Scheduled Trading Day prior to the related Redemption Date, even if the Notes are not otherwise convertible at such time. After that time, the right to convert such Notes on account of the Company's delivery of the Redemption Notice shall expire, unless the Company defaults in the payment of the Redemption Price, in which case a Holder may convert any or all of its Notes called for redemption until the Redemption Price has been paid or duly provided for.

If the Company calls the Notes for Redemption, a Holder may convert all or any portion of such Holder's Notes called for Redemption from, and including, the date of the related Redemption Notice until the close of business on the second Scheduled Trading Day immediately preceding the related Redemption Date (any such period, a "**Redemption Period**"), unless the Company fails to pay the related Redemption Price (in which case a Holder may convert such Holder's Notes called for Redemption until the related Redemption Price has been paid or duly provided for).

Section 14.02. *Conversion Procedure; Settlement Upon Conversion.*

(a) Subject to this Section 14.02, Section 14.03(b) and Section 14.07(a), upon conversion of any Note, the Company shall pay or deliver, as the case may be, to the converting Holder, in respect of each US$1,000 principal amount of Notes being converted, in cash only ("**Cash Settlement**") or cash per US$1,000 principal amount of the Notes being converted and pay or deliver, as the case may be, cash, and, if applicable, ADSs, in each case at the Company's election, in respect of the remainder, if any, of its Conversion Obligation in excess of the US$1,000 principal amount of the Notes being converted, together with cash, if applicable, in lieu of delivering any fractional ADS ("**Fractional ADS**") in accordance with subsection (j) of this Section 14.02 ("**Combination Settlement**"), at its election, subject to the Holder's election to receive Ordinary Shares in lieu of such ADSs, as set forth in this Section 14.02.

(i) All conversions for which the relevant Conversion Date occurs after the Company's issuance of a Redemption Notice with respect to the Notes and prior to the close of business on the second Scheduled Trading Day prior to the related Redemption Date, and all conversions for which the relevant Conversion Date occurs on or after the 50th Scheduled Trading Day immediately preceding the Maturity Date will be settled using the same Settlement Method.

(ii) Except for any conversions for which the relevant Conversion Date occurs after the Company's issuance of a Redemption Notice with respect to the Notes but prior to the related Redemption Date, and any conversions for which the relevant Conversion Date occurs on or after the 50th Scheduled Trading Day immediately preceding the Maturity Date, the Company shall use the same Settlement Method for all conversions with the same Conversion Date, but the Company shall not have any obligation to use the same Settlement Method with respect to conversions with different Conversion Dates.

(iii) If the Company elects a Settlement Method, the Company will deliver a written notice to Holders so converting, the Trustee and the Conversion Agent (if other than the Trustee) of the Settlement Method so elected no later than the close of business on the Trading Day immediately following the related Conversion Date (or in the case of any conversions for which the relevant Conversion Date occurs (i) during the related Redemption Period, in the relevant Redemption Notice or (ii) on or after the 50th Scheduled Trading Day before the Maturity Date, no later than the 50th Scheduled Trading Day before the Maturity Date) (in each case, the "**Settlement Method Election Deadline**"). If the Company does not timely elect a Settlement Method as described in this Section 14.01(b)(iii), the Company will be deemed to have elected Combination Settlement with a Specified Dollar Amount of US$1,000 per US$1,000 principal amount of Notes (such settlement method shall be the "**Default Settlement Method**" initially elected by the Company).

(iv) By written notice to Holders, the Trustee and the Conversion Agent (if other than the Trustee), the Company may, prior to the 50th Scheduled Trading Day immediately preceding the Maturity Date, at its option, change the Default Settlement Method or elect to irrevocably fix the Settlement Method to any Settlement Method that the Company is then permitted to elect in each case, that will apply to all Note conversions with a Conversion Date that is on or after the date the Company sends such notice. If the Company changes the Default Settlement Method or elects to irrevocably fix the Settlement Method, in either case, to Combination Settlement with an ability to continue to set the Specified Dollar Amount per US$1,000 principal amount of Notes at or above a specified amount, the Company shall, after the date of such change or election, as the case may be, notify Holders converting their Notes, the Trustee and the Conversion Agent in writing of such Specified Dollar Amount in respect of the relevant conversion or conversions no later than the relevant Settlement Method Election Deadline for such conversion or conversions, or, if the Company does not timely notify the Holders, the Trustee and the Conversion Agent of the Specified Dollar Amount, such Specified Dollar Amount shall be the specific amount set forth in the change or election notice. If the Company changes the Default Settlement Method or irrevocably fixes the Settlement Method, then the Company shall concurrently with providing notice to all Holders, the Trustee and the Conversion Agent (if other than the Trustee) either post the Default Settlement Method or fixed Settlement Method, as applicable, on the Company's website or disclose the same in a current report on Form 6-K (or any successor form) that is filed with or furnished to the Commission. Notwithstanding the foregoing, no such change in the Default Settlement Method or irrevocable election will affect any Settlement Method theretofore elected (or deemed to be elected) with respect to any Conversion Date pursuant to this Section 14.02. For the avoidance of doubt, such change or election (as the

case may be), if made, will be effective without the need to amend this Indenture or the Notes, including pursuant to Section 10.01(n). However, the Company may nonetheless choose to execute such an amendment at the Company's option.

(v) Subject to Section 14.03 and Section 14.04, the cash or a combination of cash and ADSs, as applicable, in respect of any conversion of Notes (the "**Settlement Amount**") shall be computed as follows:

(A) if the Company elects (or is deemed to have elected) to satisfy its Conversion Obligation in respect of such conversion by Cash Settlement, the Company shall pay to the converting Holder in respect of each US$1,000 principal amount of Notes being converted cash in an amount equal to the sum of the Daily Conversion Values for each of the 40 consecutive Trading Days during the related Observation Period; and

(B) if the Company elects (or is deemed to have elected) to satisfy its Conversion Obligation in respect of such conversion by Combination Settlement, the Company shall pay or deliver, as the case may be, in respect of each US$1,000 principal amount of Notes being converted, a Settlement Amount equal to the sum of the Daily Settlement Amounts for each of the 40 consecutive Trading Days during the related Observation Period (and cash in lieu of any Fractional ADSs).

(vi) The Daily Settlement Amounts (if applicable) and the Daily Conversion Values (if applicable) shall be determined by the Company promptly following the last day of the Observation Period. Promptly after such determination of the Daily Settlement Amounts or the Daily Conversion Values, as the case may be, and the amount of cash payable in lieu of delivering any Fractional ADS, the Company shall notify the Trustee and the Conversion Agent in writing of the Daily Settlement Amounts or the Daily Conversion Values, as the case may be, and the amount of cash payable in lieu of delivering Fractional ADSs. The Trustee and the Conversion Agent (if other than the Trustee) shall have no responsibility for any such determination or the distribution of such cash payable in lieu of Fractional ADSs.

(vii) When converting the Notes, the Holders may elect to receive Ordinary Shares listed on the Hong Kong Stock Exchange in lieu of any ADSs deliverable upon conversion by specifying in the relevant Notice of Conversion such election, *provided* that such election shall apply to all (but not part) of the ADSs deliverable upon conversion and the Holders make the Non-affiliate Representation in the Notice of Conversion. If a Holder elects to receive Ordinary Shares in lieu of any ADSs deliverable upon conversion, and the Company elects (or is deemed to have elected) to settle the relevant Conversion Obligation by Combination Settlement, in addition to any cash payment otherwise due upon such conversion pursuant to this Section 14.02, the Company shall register in the Hong Kong Share Register the Person or Persons designated in the Notice of Conversion as holder of such number of Ordinary Shares equal to, in the case of a Combination Settlement, for each of the 40 consecutive Trading Days during the related Observation Period, the number of ADSs deliverable upon

conversion as described in the definition of "Daily Settlement Amount" (without taking into account any Fractional ADS) in respect of such Trading Day multiplied by the number of Ordinary Shares then represented by one ADS as of the same time as the applicable Conversion Rate for such Trading Day. If the Holder is unable to make the Non-affiliate Representation as of the Conversion Date, the Holder may not elect to receive Ordinary Shares in lieu of any ADSs deliverable upon conversion. If the Holder has requested to receive Ordinary Shares in the Notice of Conversion and made the Non-affiliate Representation, to the extent permitted under applicable law and the rules and procedures of CCASS, the Company shall take all necessary action to enable the Ordinary Shares, if any, deliverable to such Holder, in settlement upon conversion to be delivered to such Holder's designated Hong Kong stock account in CCASS for so long as the Ordinary Shares are listed on the Hong Kong Stock Exchange; *provided* that, if such Holder elects in the Notice of Conversion to receive Ordinary Shares outside of CCASS if the restrictive legend on the Notes has not been removed prior to the Conversion Date, the Company shall make share certificate or certificates representing such number of Ordinary Shares available for collection at the office of the Hong Kong Share Registrar or, if so requested in the relevant Notice of Conversion, cause the Hong Kong Share Registrar to mail (at the risk, and, if sent at the Holder's request otherwise than by ordinary mail, at the expense, of the Person to whom such certificate or certificates are sent) such certificate or certificates to the Person and at the place specified in the Notice of Conversion.

(viii) Any ADSs deliverable upon conversion of the Notes and any Ordinary Shares represented thereby will, prior to the Resale Restriction Termination Date, bear a restrictive legend as set forth in Section 2.05(d). Any Ordinary Shares deliverable in lieu of any ADSs will be, prior to the Resale Restriction Termination Date, subject to certain transfer restrictions as set forth in Section 2.05(d) and as imposed by the Hong Kong Share Registrar, and cannot be deposited into CCASS until such restrictions are removed. After removal of such restrictions on transfer and resale, any Ordinary Shares deliverable upon conversion of the Notes, if any, will be fully fungible with the Ordinary Shares listed on the Hong Kong Stock Exchange. The Company further covenants that it, at its cost, will obtain approval to list, subject to official notice of issuance upon conversion of the Notes, such Ordinary Shares on the Hong Kong Stock Exchange and register the Person or Persons designated in the Notice of Conversion in the Hong Kong Share Register as the holder of the Ordinary Shares in order to facilitate their listing and trading on the Hong Kong Stock Exchange.

(ix) Pursuant to the terms of the Deposit Agreement and the Restricted Issuance Agreement, the ADS Depositary will accept the surrender of any Restricted Conversion ADSs (as defined in the Restricted Issuance Agreement) issued upon conversion of the Notes for the purpose of Restricted ADS cancellation and withdrawal of the Ordinary Shares represented thereby, subject to receipt by the ADS Depositary of (x) the applicable Withdrawal Certification in the form set out in the Restricted Issuance Agreement, and (y) the applicable fees for cancellation of Restricted ADSs and withdrawal of the Ordinary Shares. Restricted ADS cancellations are permitted, but only for withdrawal of the Ordinary Shares registered on the Principal Share Register and are subject to Withdrawal Certification requirements set out in the Restricted Issuance

Agreement. Upon cancellation of Restricted ADSs, the ADS Depositary will arrange for delivery of the corresponding Ordinary Shares to the Holder's order only on the Principal Share Register.

(b) Subject to Section 14.02(e), before any Holder of a Note shall be entitled to convert a Note as set forth above, such Holder shall (i) in the case of a Global Note, unless such Holder intends to elect to receive Ordinary Shares in lieu of any ADSs deliverable upon conversion if applicable, comply with the procedures of the Depositary in effect at that time, the procedures agreed between the Company and the ADS Depositary with respect to any ADSs issued upon conversion of the Notes prior to the Resale Restriction Termination Date (including, without limitation, delivery of the notice as set forth in the Form of Notice of Conversion (or an electronic copy thereof) (a "**Notice of Conversion**") as attached hereto and of delivery orders) and (2) if required, pay funds equal to interest payable on the next Interest Payment Date to which such Holder is not entitled as set forth in Section 14.02(h), and (ii) in the case of a Physical Note (1) complete and manually sign the Notice of Conversion on the back of the Note, or an electronic copy of the Notice of Conversion, including (x) if applicable, and provided that such Holder makes to the Company the Non-affiliate Representation, its election to receive Ordinary Shares in lieu of any ADSs deliverable upon conversion and (y) if such Holder prefers to receive the Ordinary Shares through the CCASS after the Resale Restriction Termination Date, the Holder's stock account in CCASS; (2) deliver the duly completed irrevocable Notice of Conversion to the Conversion Agent at the office of the Conversion Agent, the Company and, unless the Holder has elected to receive Ordinary Shares in lieu of ADSs, the ADS Depositary, and state in writing therein the principal amount of Notes to be converted and the name or names (with addresses) in which such Holder wishes the certificate or certificates for any ADSs to be delivered upon settlement of the Conversion Obligation to be registered, and, including (x) if applicable, provided that the Holder makes to the Company the Non-affiliate Representation, the Holder's election to receiving Ordinary Shares in lieu of any ADSs deliverable upon conversion and, (y) if the Holder prefers to receive the Ordinary Shares through CCASS after the Resale Restriction Termination Date, its Hong Kong stock account in CCASS, and the name or names (with addresses) in which such Holder wishes the certificate or certificates for any Ordinary Shares to be delivered upon settlement of the Conversion Obligation to be registered, (3) if required, furnish appropriate endorsements and transfer documents and (4) if required, pay funds equal to interest payable on the next Interest Payment Date to which such Holder is not entitled as set forth in Section 14.02(h). The Trustee (and if different, the Conversion Agent) shall notify the Company of any conversion pursuant to this Article 14 on the Conversion Date for such conversion. No Notice of Conversion with respect to any Notes may be delivered and no Notes may be surrendered by a Holder for conversion thereof if such Holder has also delivered a Repurchase Notice or Fundamental Change Repurchase Notice to the Company in respect of such Notes and not validly withdrawn such Repurchase Notice or Fundamental Change Repurchase Notice in accordance with Section 15.03, except to the extent that the Company fails to pay the Repurchase Price or Fundamental Change Repurchase Price, as applicable. A Notice of Conversion shall be deposited in duplicate at the office of any Conversion Agent on any Business Day from 9:00 a.m. to 3:00 p.m. at the location of the Conversion Agent to which such Notice of Conversion is delivered. Any Notice of Conversion and any Physical Note (if issued) deposited outside the hours specified or on a day that is not a Business Day at the location of the Conversion Agent shall for all purposes be deemed to have been deposited with that Conversion Agent between 9:00 a.m. and 3:00 p.m. on the next Business Day.

By converting a beneficial interest in a Global Note into ADSs, the Holder is deemed to represent to the Company and the ADS Depositary that such Holder is not an "affiliate" (as defined in Rule 144) of the Company and has not been an "affiliate" of the Company during the three months immediately preceding the Conversion Date (such representation, the "**Non-affiliate Representation**").

Subject to the terms of the legends (if any) on the Notes, if a Holder holds a beneficial interest in a Global Note and (provided that the Holder makes to the Company the Non-affiliate Representation) such Holder intends to elect to receive Ordinary Shares in lieu of any ADSs deliverable upon conversion, to convert such Holder must (1) complete and manually sign the Notice of Conversion, including, (x) if applicable and provided that the Holder makes to the Company the Non-affiliate Representation, the Holder's election to receive Ordinary Shares in lieu of any ADSs deliverable upon conversion and (y) if the Holder prefers to receive the Ordinary Shares through the CCASS after the Resale Restriction Termination Date, the Holder's stock account in CCASS, (2) deliver the duly completed Notice of Conversion, which is irrevocable, to the Conversion Agent and the Company and deliver the Notes being converted to the Trustee through the "Deposit/Withdrawal of Custodian" (DWAC) service of the DTC or by another transfer method as may be directed by the Trustee; (3) if required, furnish appropriate endorsements and transfer documents; and (4) if required, pay funds equal to interest payable on the next Interest Payment Date to which the Holder is not entitled.

If more than one Note shall be surrendered for conversion at one time by the same Holder, the Conversion Obligation with respect to such Notes shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof to the extent permitted thereby) so surrendered. None of the Trustee or any Agent shall have any responsibility whatsoever with respect to the issuance and delivery of the ADSs to Holders who elect to convert their Notes.

(c) A Note shall be deemed to have been converted immediately prior to the close of business on the date that the Holder has complied with the requirements set forth in subsection (b) above (the "**Conversion Date**"). The Company shall pay or deliver the consideration due in respect of the Conversion Obligation on the third Business Day immediately following the last Trading Day of the relevant Observation Period, except in the following cases: (i) as set forth in Section 14.03(b) and Section 14.07(a) and (ii) if a Conversion Date occurs during a Redemption Period, the Company will make such payment or delivery on the related Redemption Date. Notwithstanding the foregoing, if a Holder elects to receive Ordinary Shares in lieu of any ADSs deliverable upon conversion, the Company shall deliver the Ordinary Shares due in respect of conversion on the fifth Business Day immediately following the last Trading Day of the relevant Observation Period (in the case of Combination Settlement). For purposes of this subsection (c) and also with respect to any delivery of Conversion Consideration due upon a conversion with a Conversion Date prior to the 50th Scheduled Trading Day before the Maturity Date which is not subject to any of the exceptions listed in clauses (i) and (ii) above, a "Business Day" shall exclude days on which banking institutions in Hong Kong are authorized or obligated by law or executive order to close. The Company shall issue or cause to be issued, and deliver to the Conversion Agent or to such Holder, or such Holder's nominee or nominees, certificates or a book-entry transfer through the Depositary for the full number of ADSs to which such Holder shall be entitled in satisfaction of the Company's Conversion Obligation.

(d) In case any Note shall be surrendered for partial conversion, the Company shall execute and instruct the Trustee by a Company Order to authenticate and deliver to or upon the written order of the Holder of the Note so surrendered a new Note or Notes in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Note, without payment of any service charge by the converting Holder but, if required by the Company or Trustee, with payment of a sum sufficient to cover any transfer tax or similar governmental charge required by law or that may be imposed in connection therewith as a result of the name of the Holder of the new Notes issued upon such conversion being different from the name of the Holder of the old Notes surrendered for such conversion.

(e) If a Holder submits a Note for conversion, the Company shall pay any documentary, stamp, issue, transfer or similar tax (including any penalties and interest related thereto) due on the delivery of the ADSs upon conversion of the Notes (including due on the issuance of the Ordinary Shares underlying the ADSs or deliverable in lieu of such ADSs), except to the extent the tax is due because the Holder requests such ADSs (or such Ordinary Shares) to be issued in a name other than the Holder's name, in which case the Holder shall pay that tax to such extent. The Company may refuse to deliver the certificates representing the ADSs (or the Ordinary Shares) being issued in a name other than the Holder's name until the Company or the ADS Depositary receives a sum sufficient to pay any tax that is due by such Holder in accordance with the immediately preceding sentence. The Company shall pay the ADS Depositary's fees for issuance of the ADSs (if any) deliverable upon conversion and, in the circumstances set forth in Section 14.02(a)(ix), the cancellation fee applicable pursuant to the terms of the Deposit Agreement upon withdrawal of the ADSs received upon conversion. The Company shall pay all the charges of the Hong Kong Share Registrar in connection with issuance of any and all Ordinary Shares deliverable upon conversion (whether underlying the ADSs deliverable upon conversion, if any, or deliverable in lieu of such ADSs).

(f) Except as provided in Section 14.04, no adjustment shall be made for dividends on any ADSs delivered upon the conversion of any Note as provided in this Article 14.

(g) Upon the conversion of an interest in a Global Note, the Trustee shall make a notation on such Global Note as to the reduction in the principal amount represented thereby. The Company shall notify the Trustee in writing of any conversion of Notes effected through any Conversion Agent other than the Trustee.

(h) Upon conversion, a Holder shall not receive any separate cash payment for accrued and unpaid interest, if any, except as set forth below and the Company will not adjust the Conversion Rate for any accrued and unpaid interest on the Notes. The Company's settlement of the Conversion Obligation shall be deemed to satisfy in full its obligation to pay the principal amount of the Note and accrued and unpaid interest, if any, to, but not including, the relevant Conversion Date. As a result, accrued and unpaid interest, if any, to, but not including, the relevant Conversion Date shall be deemed to be paid in full rather than cancelled, extinguished or forfeited. Upon a conversion of Notes into a combination of cash and ADSs (or Ordinary Shares in lieu thereof), accrued and unpaid interest, if any, will be deemed to be paid first out of the cash paid upon such conversion. Notwithstanding the foregoing, if Notes are converted after the close of business on a Regular Record Date and prior to the open of business on the immediately following Interest Payment Date, Holders of such Notes as of the close of business

on such Regular Record Date will receive the full amount of interest, if any, payable on such Notes on the corresponding Interest Payment Date notwithstanding the conversion. Notes surrendered for conversion during the period from the close of business on any Regular Record Date to the open of business on the immediately following Interest Payment Date must be accompanied by funds equal to the amount of interest payable on the Notes so converted (regardless of whether the converting Holder was the holder of record on the corresponding Regular Record Date); *provided* that no such payment shall be required (1) for conversions following the Regular Record Date immediately preceding the Maturity Date; (2) if the Company has specified a Redemption Date that is after a Regular Record Date and on or prior to the Scheduled Trading Day immediately succeeding the corresponding Interest Payment Date (or, if such Interest Payment Date is not a Business Day, the second Scheduled Trading Day immediately succeeding the first Business Day following such Interest Payment Date); (3) if the Company has specified a Fundamental Change Repurchase Date that is after a Regular Record Date and on or prior to the Scheduled Trading Day immediately succeeding the corresponding Interest Payment Date (or, if such Interest Payment Date is not a Business Day, the second Scheduled Trading Day immediately succeeding the first Business Day following such Interest Payment Date); or (4) to the extent of any Defaulted Amounts, if any Defaulted Amounts exist at the time of conversion with respect to such Note.

(i) The Person in whose name the certificate for any ADSs (or Ordinary Shares in lieu thereof) shall be delivered upon conversion is registered shall be treated by the Company as a holder of record of such ADSs (or Ordinary Shares) as of the close of business on the last Trading Day of the relevant Observation Period (if the Company elects to satisfy the related Conversion Obligation by Combination Settlement), as the case may be. Upon a conversion of Notes, such Person shall no longer be a Holder of such Notes surrendered for conversion.

(j) Regardless of whether a Holder elects to receive Ordinary Shares in lieu of any ADSs deliverable upon conversion, the Company shall not issue any Fractional ADS upon conversion of the Notes and shall instead pay cash in lieu of any Fractional ADS deliverable upon conversion based on the Daily VWAP for the last Trading Day of the relevant Observation Period (in the case of Combination Settlement).

Section 14.03. *Increased Conversion Rate Applicable to Certain Notes Surrendered in Connection with Make-Whole Fundamental Changes.* (a) If a Make-Whole Fundamental Change occurs prior to the Maturity Date and a Holder elects to convert its Notes in connection with such Make-Whole Fundamental Change, the Company shall, under the circumstances described below, increase the Conversion Rate for the Notes so surrendered for conversion by a number of additional ADSs (the "**Additional ADSs**"), as described below. A conversion of Notes shall be deemed for these purposes to be "in connection with" such Make-Whole Fundamental Change if the relevant Notice of Conversion is received by the Conversion Agent from, and including, the Effective Date of the Make-Whole Fundamental Change up to, and including, the second Scheduled Trading Day immediately prior to the related Fundamental Change Repurchase Date (or, in the case of a Make-Whole Fundamental Change that would have been a Fundamental Change but for the *proviso* in clause (b) of the definition thereof, the 35th Trading Day immediately following the Effective Date of such Make-Whole Fundamental Change). The Company shall provide written notification to Holders and the Trustee and the Conversion Agent (if other than the Trustee) of the Effective Date of any Make-Whole

Fundamental Change and issue a press release announcing such Effective Date no later than five Business Days after such Effective Date. Neither the Trustee nor the Paying Agent nor the Conversion Agent shall be required to take any steps to ascertain whether Make-Whole Fundamental Change or any event which could lead to the occurrence of a Make-Whole Fundamental Change has occurred and shall not be liable to any person for any failure to do so.

(b) Upon surrender of Notes for conversion in connection with a Make-Whole Fundamental Change, the Company shall, at its option, satisfy the related Conversion Obligation by Cash Settlement or Combination Settlement in accordance with Section 14.02; *provided*, *however*, that if, at the effective time of a Make-Whole Fundamental Change described in clause (b) of the definition of Fundamental Change, the Reference Property following such Make-Whole Fundamental Change is composed entirely of cash, for any conversion of Notes following the Effective Date of such Make-Whole Fundamental Change, the Conversion Obligation shall be calculated based solely on the ADS Price for the transaction and shall be deemed to be an amount of cash per US$1,000 principal amount of converted Notes equal to the Conversion Rate (including any adjustment for Additional ADSs), *multiplied by* such ADS Price. In such event, the Conversion Obligation will be determined and paid to Holders in cash on the third Business Day following the Conversion Date.

(c) The number of Additional ADSs, if any, by which the Conversion Rate shall be increased, shall be determined by reference to the table below, based on the date on which the Make-Whole Fundamental Change occurs or becomes effective (the "**Effective Date**") and the price (the "**ADS Price**") paid (or deemed to be paid) per ADS in the Make-Whole Fundamental Change. If the holders of the ADSs receive in exchange for their ADSs only cash in a Make-Whole Fundamental Change described in clause (b) of the definition of Fundamental Change, the ADS Price shall be the cash amount paid per ADS. Otherwise, the ADS Price shall be the average of the Last Reported Sale Prices of the ADSs over the five Trading Day period ending on, and including, the Trading Day immediately preceding the Effective Date of the Make-Whole Fundamental Change.

(d) The ADS Prices set forth in the column headings of the table below shall be adjusted as of any date on which the Conversion Rate of the Notes is otherwise adjusted. The adjusted ADS Prices shall equal the ADS Prices applicable immediately prior to such adjustment, *multiplied by* a fraction, the numerator of which is the Conversion Rate immediately prior to such adjustment giving rise to the ADS Price adjustment and the denominator of which is the Conversion Rate as so adjusted. The number of Additional ADSs set forth in the table below shall be adjusted in the same manner and at the same time as the Conversion Rate as set forth in Section 14.04.

(e) The following table sets forth the number of Additional ADSs to be received per US$1,000 principal amount of Notes pursuant to this Section 14.03 for each ADS Price and Effective Date set forth below:

Effective Date	ADS price										
	$44.23	$50.00	$55.00	$59.71	$80.00	$100.00	$125.00	$150.00	$175.00	$200.00	$225.00
March 27, 2025	5.8615	4.4200	3.5047	2.8419	1.2379	0.5829	0.2303	0.0829	0.0214	0.0011	0.0000
April 1, 2026	5.8615	4.4200	3.5047	2.7970	1.1374	0.5009	0.1798	0.0557	0.0097	0.0000	0.0000
April 1, 2027	5.8615	4.4082	3.3405	2.5971	0.9535	0.3802	0.1162	0.0262	0.0009	0.0000	0.0000
April 1, 2028	5.8615	3.8718	2.8893	2.2035	0.7134	0.2385	0.0515	0.0037	0.0000	0.0000	0.0000
April 1, 2029	5.8615	3.6376	2.5224	1.7774	0.3816	0.0763	0.0029	0.0000	0.0000	0.0000	0.0000
April 1, 2030	5.8615	3.2525	1.4343	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The exact ADS Prices and Effective Dates may not be set forth in the table above, in which case:

(i) if the ADS Price is between two ADS Prices in the table above or the Effective Date is between two Effective Dates in the table, the number of Additional ADSs shall be determined by a straight-line interpolation between the number of Additional ADSs set forth for the higher and lower ADS Prices and the earlier and later Effective Dates, as applicable, based on a 365-day year;

(ii) if the ADS Price is greater than US$225 per ADS (subject to adjustment in the same manner as the ADS Prices set forth in the column headings of the table above pursuant to subsection (d) above), no Additional ADSs shall be added to the Conversion Rate; and

(iii) if the ADS Price is less than US$44.23 per ADS (subject to adjustment in the same manner as the ADS Prices set forth in the column headings of the table above pursuant to subsection (d) above), no Additional ADSs shall be added to the Conversion Rate.

Notwithstanding the foregoing, in no event shall the Conversion Rate per US$1,000 principal amount of Notes exceed 22.6090 ADSs, subject to adjustment in the same manner as the Conversion Rate pursuant to Section 14.04.

(f) Nothing in this Section 14.03 shall prevent an adjustment to the Conversion Rate pursuant to Section 14.04.

(g) If the Holder elects to convert its Notes in connection with a Redemption Notice pursuant to Article 16, the Conversion Rate shall be increased by a number of Additional ADSs determined pursuant to this Section 14.03(g). The Company shall settle conversions of Notes as described in Section 14.02.

A conversion shall be deemed to be "in connection with" a Redemption Notice pursuant to Article 16 if the relevant Notice of Conversion is received by the Conversion Agent during the period from, and including, the date the Company provides the related Redemption Notice to Holders until the close of business on the second Scheduled Trading Day immediately

preceding the related Redemption Date (or, if the Company fails to pay the Redemption Price, such later date on which the Company pays the Redemption Price). In the event that a conversion of Notes called for redemption in connection with Article 16 would also be deemed to be in connection with a Make-Whole Fundamental Change, a Holder of the Notes to be converted will be entitled to a single increase to the Conversion Rate with respect to the first to occur of the applicable Redemption Notice or the effective date of the applicable Make-Whole Fundamental Change, and any later event will be deemed not to have occurred for purposes of this Section 14.03.

Simultaneously with providing such Redemption Notice to the Holders of the Notes, the Trustee and the Conversion Agent (if other than the Trustee), the Company shall publish a notice containing this information in a newspaper of general circulation in The City of New York or publish the information on the Company's website or through such other public medium as the Company may use at that time.

The number of Additional ADSs by which the Conversion Rate will be increased in the event the Company elects to redeem the Notes pursuant to Article 16 will be determined by reference to the table in clause (e) above based on the Redemption Reference Date and the Redemption Reference Price (each as defined below), but determined for purposes of this Section 14.03(g) as if (x) the Holder had elected to convert its Notes in connection with a Make-Whole Fundamental Change, (y) the applicable "Redemption Reference Date" were the "Effective Date" as specified in clause (c) above and (z) the applicable "Redemption Reference Price" were the "ADS price" as specified in clause (c) above. For this purpose, the date on which the Company delivers notice of redemption is the "**Redemption Reference Date,**" and the average of the Last Reported Sale Prices of the ADSs over the five Trading Day immediately preceding the date the Company delivers such notice of redemption is the "**Redemption Reference Price**."

In the event that a conversion during the Redemption Period would also be deemed to be a conversion in connection with a Make-Whole Fundamental Change, a Holder of the Notes to be converted will be entitled to a single increase to the Conversion Rate with respect to the first to occur of the earliest date of the applicable Redemption Notice and the Effective Date of any applicable Make-Whole Fundamental Change, and the later event(s) will be deemed not to have occurred for purposes of this Section with respect to such conversion.

Section 14.04. *Adjustment of Conversion Rate.* If the number of Ordinary Shares represented by the ADSs is changed after the date of this Indenture for any reason other than one or more of the events described in this Section 14.04, the Company shall make an appropriate adjustment to the Conversion Rate such that the number of Ordinary Shares represented by the ADSs upon which conversion of the Notes is based remains the same.

Notwithstanding the adjustment provisions described in this Section 14.04, if the Company distributes to holders of the Ordinary Shares any cash, rights, options, warrants, shares of Capital Stock or similar equity interest, evidences of indebtedness or other assets or property of the Company (but excluding Expiring Rights) and a corresponding distribution is not made to holders of the ADSs, but, instead, the ADSs shall represent, in addition to Ordinary Shares, such cash, rights, options, warrants, shares of Capital Stock or similar equity interest, evidences of

indebtedness or other assets or property of the Company, then an adjustment to the Conversion Rate described in this Section 14.04 shall not be made until and unless a corresponding distribution (if any) is made to holders of the ADSs, and such adjustment to the Conversion Rate shall be based on the distribution made to the holders of the ADSs and not on the distribution made to the holders of the Ordinary Shares. However, in the event that the Company issues or distributes to all holders of the Ordinary Shares any Expiring Rights, notwithstanding the immediately preceding sentence, the Company shall adjust the Conversion Rate pursuant to Section 14.04(b) (in the case of Expiring Rights described in clause (b) below entitling holders of the Ordinary Shares for a period of not more than 45 calendar days after the announcement date of such issuance to subscribe for or purchase Ordinary Shares or ADSs) or Section 14.04(c) (in the case of all other Expiring Rights).

For the avoidance of doubt, if any event described in this Section 14.04 results in a change to the number of Ordinary Shares represented by the ADSs, then such a change shall be deemed to satisfy the Company's obligation to effect the relevant adjustment to the Conversion Rate on account of such an event to the extent to which such change reflects what a corresponding change to the Conversion Rate would have been on account of such an event.

The Conversion Rate shall be adjusted from time to time by the Company if any of the following events occurs, except that the Company shall not make any adjustments to the Conversion Rate if Holders of the Notes participate (other than in the case of (x) a share split or share combination or (y) a tender or exchange offer), at the same time and upon the same terms as holders of the ADSs and solely as a result of holding the Notes, in any of the transactions described in this Section 14.04, without having to convert their Notes, as if they held a number of ADSs equal to the Conversion Rate, *multiplied by* the principal amount (expressed in thousands) of Notes held by such Holder. Neither the Trustee, the Conversion Agent nor any of the other Agents shall have any responsibility to monitor or verify the accuracy of any calculation of any adjustment to the Conversion Rate and all of which shall be conclusive and binding on the Holders, absent manifest error. Notice of such adjustment to the Conversion Rate shall be given by the Company promptly in writing to the Holders, the Trustee, the Paying Agent and the Conversion Agent and shall be conclusive and binding on the Holders, absent manifest error.

(a) If the Company exclusively issues Ordinary Shares as a dividend or distribution on the Ordinary Shares, or if the Company effects a share split or share combination, the Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for the ADSs of such dividend or distribution, or immediately prior to the open of business on the Effective Date of such share split or share combination, as applicable;

CR_1 = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date or Effective Date, as applicable;

OS_0 = the number of Ordinary Shares outstanding immediately prior to the open of business on such Ex-Dividend Date or Effective Date, as applicable (before giving effect to any such dividend, distribution, share split or combination); and

OS_1 = the number of Ordinary Shares outstanding immediately after giving effect to such dividend, distribution, share split or share combination.

Any adjustment made under this Section 14.04(a) shall become effective immediately after the open of business on the Ex-Dividend Date for the ADSs for such dividend or distribution, or immediately after the open of business on the Effective Date for such share split or share combination, as applicable. If any dividend or distribution of the type described in this Section 14.04(a) is declared but not so paid or made, the Conversion Rate shall be immediately readjusted, effective as of the date the Board of Directors determines not to pay such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(b) If the Company issues to all or substantially all holders of the Ordinary Shares (directly or in the form of ADSs) any rights, options or warrants entitling them, for a period of not more than 45 calendar days after the announcement date of such issuance, to subscribe for or purchase Ordinary Shares (directly or in the form of ADSs) at a price per Ordinary Share that is less than the average of the Last Reported Sale Prices of the Ordinary Shares or the ADSs, as the case may be (*divided by*, in the case of the ADSs, the number of Ordinary Shares then represented by one ADS), for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of such issuance, the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for the ADSs for such issuance;

CR_1 = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date;

OS_0 = the number of Ordinary Shares outstanding immediately prior to the open of business on such Ex-Dividend Date;

X = the total number of Ordinary Shares (directly or in the form of ADSs) deliverable pursuant to such rights, options or warrants; and

Y = the number of Ordinary Shares equal to (i) the aggregate price payable to exercise such rights, options or warrants, *divided by* (ii) the quotient of (a) the average of the Last Reported Sale Prices of the ADSs over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of the issuance of such rights, options or warrants *divided by* (b) the number of Ordinary Shares then represented by one ADS.

Any increase made under this Section 14.04(b) shall be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the open of business on the Ex-Dividend Date for the ADSs for such issuance. To the extent that Ordinary Shares or ADSs are not delivered after the expiration of such rights, options or warrants, the Conversion Rate shall be decreased to the Conversion Rate that would then be in effect had the increase with respect to the issuance of such rights, options or warrants been made on the basis of delivery of only the number of Ordinary Shares actually delivered (directly or in the form of ADSs). To the extent such rights, options or warrants are not so issued, the Conversion Rate shall be decreased, effective as of the date the Board of Directors determines not to issue such rights, options or warrants, to the Conversion Rate that would then be in effect had the increase to the Conversion Rate for such issuance been made on the basis of only the rights, options or warrants, if any, actually issued.

For purposes of this Section 14.04(b) and for the purpose of Section 14.01(b)(ii), in determining whether any rights, options or warrants entitle the Holders to subscribe for or purchase Ordinary Shares (directly or in the form of ADSs) at a price per Ordinary Share that is less than such average of the Last Reported Sale Prices of the Ordinary Shares or the ADSs, as the case may be (*divided by*, in the case of the ADSs, the number of Ordinary Shares then represented by one ADS), for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement for such issuance, and in determining the aggregate offering price of such Ordinary Shares or ADSs, there shall be taken into account any consideration received by the Company for such rights, options or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) If the Company distributes shares of its Capital Stock, evidences of its indebtedness, other assets or property of the Company or rights, options or warrants to acquire its Capital Stock or other securities, to all or substantially all holders of the Ordinary Shares (directly or in the form of ADSs), excluding (i) rights issued or otherwise distributed pursuant to a stockholder rights plan as described in Section 14.12, (ii) dividends, distributions or issuances as to which an adjustment was effected pursuant to Section 14.04(a) or Section 14.04(b), (iii) dividends or distributions paid exclusively in cash as to which an adjustment was effected pursuant to Section 14.04(d), (iv) distributions of Reference Property in exchange for or upon conversion of the Company's Ordinary Shares in a transaction set forth in Section 14.07, (v) Spin-Offs as to which the provisions set forth below in this Section 14.04(c) shall apply (any of such shares of Capital Stock, evidences of indebtedness, other assets or property or rights, options or warrants to acquire Capital Stock or other securities of the Company, the "**Distributed Property**") and (vi) a tender offer or an exchange offer of the Ordinary Shares as to which the provisions set forth in Section 14.04(e) shall apply, then the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for the ADSs for such distribution;

CR_1 = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date;

SP_0 = the average of the Last Reported Sale Prices of the ADSs (*divided by* the number of Ordinary Shares then represented by one ADS) over the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex-Dividend Date for such distribution; and

FMV = the fair market value (as determined by the Board of Directors) of the Distributed Property with respect to each outstanding Ordinary Share (directly or in the form of ADSs) on the Ex-Dividend Date for the ADSs for such distribution.

Any increase made under the portion of this Section 14.04(c) above shall become effective immediately after the open of business on the Ex-Dividend Date for the ADSs for such distribution. If such distribution is not so paid or made in full, the Conversion Rate shall be decreased to the Conversion Rate that would then be in effect had the adjustment been made on the basis of only the distribution, if any, actually paid or made. Notwithstanding the foregoing, if "FMV" (as defined above) is equal to or greater than "SP_0" (as defined above), in lieu of the foregoing increase, each Holder of a Note shall receive, in respect of each US$1,000 principal amount thereof, at the same time and upon the same terms as holders of the ADSs, the amount and kind of Distributed Property such Holder would have received if such Holder owned a number of ADSs equal to the Conversion Rate in effect on the Record Date for the ADSs for the distribution.

With respect to an adjustment pursuant to this Section 14.04(c), where there has been a payment of a dividend or other distribution on the Ordinary Shares (directly or in the form of ADSs) of shares of Capital Stock of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit of the Company (other than solely pursuant to (x) the distribution of Reference Property in exchange for or upon conversion of Ordinary Shares in a transaction set forth in Section 14.07 or (y) a tender offer or an exchange offer for the Ordinary Shares as to which the provisions set forth in Section 14.04(e) shall apply), that are, or, when issued, will be, listed or admitted for trading on a U.S. national securities exchange (a "**Spin-Off**"), the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the end of the Valuation Period;

CR_1 = the Conversion Rate in effect immediately after the end of the Valuation Period;

FMV_0 = the average of the Last Reported Sale Prices of the Capital Stock or similar equity interest distributed to holders of the Ordinary Shares (directly or in the form of ADSs) applicable to one Ordinary Share (determined by reference to the definition of Last Reported Sale Price as set forth in Section 1.01 as if references therein to the ADSs were to such Capital Stock or similar equity interest) over the first 10 consecutive Trading Day period after, and including, the Ex-Dividend Date of the Spin-Off (the "**Valuation Period**"); and

MP_0 = the average of the Last Reported Sale Prices of the ADSs (*divided by* the number of Ordinary Shares then represented by one ADS) over the Valuation Period.

The adjustment to the Conversion Rate under the preceding paragraph shall occur immediately after the close of business on the last Trading Day of the Valuation Period; *provided* that, for any Trading Day that falls within the relevant Observation Period for such conversion and within the Valuation Period, the reference to "10" in the portion of this Section 14.04(c) shall be deemed replaced with such lesser number of Trading Days as have elapsed between (and including, in each case) the Ex-Dividend Date for such Spin-Off and such Trading Day in determining the Conversion Rate as of such Trading Day.

If any distribution in a Spin-Off is declared but not paid or made, the Conversion Rate shall be decreased to be the Conversion Rate that would then be in effect had the adjustment been made on the basis of only such amount of such distribution actually paid or made, effective as of the date on which the Board of Directors determines not to consummate such Spin-Off.

For purposes of this Section 14.04(c) (and subject in all respect to Section 14.12), rights, options or warrants distributed by the Company to all holders of the Ordinary Shares (directly or in the form of ADSs) entitling them to subscribe for or purchase shares of the Company's Capital Stock, including Ordinary Shares (either initially or under certain circumstances), which rights, options or warrants, until the occurrence of a specified event or events ("**Trigger Event**"): (i) are deemed to be transferred with such Ordinary Shares (directly or in the form of ADSs); (ii) are not exercisable; and (iii) are also issued in respect of future issuances of the Ordinary Shares (directly or in the form of ADSs), shall be deemed not to have been distributed for purposes of this Section 14.04(c) (and no adjustment to the Conversion Rate under this Section 14.04(c) will be required) until the occurrence of the earliest Trigger Event, whereupon such rights, options or warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 14.04(c). If any such right, option or warrant, including any such existing rights, options or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights, options or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Ex-Dividend Date with respect to new rights, options or warrants with such rights (in which case the existing rights, options or warrants shall be deemed to terminate and expire on such date without exercise by any of the holders thereof). In addition, in the event of

any distribution (or deemed distribution) of rights, options or warrants, or any Trigger Event or other event (of the type described in the immediately preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 14.04(c) was made, (1) in the case of any such rights, options or warrants that shall all have been redeemed or purchased without exercise by any holders thereof, upon such final redemption or purchase (x) the Conversion Rate shall be readjusted as if such rights, options or warrants had not been issued and (y) the Conversion Rate shall then again be readjusted to give effect to such distribution, deemed distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per Ordinary Share redemption or purchase price received by a holder or holders of Ordinary Shares (directly or in the form of ADSs) with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants), made to all holders of Ordinary Shares (directly or in the form of ADSs) as of the date of such redemption or purchase, and (2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights, options and warrants had not been issued.

For purposes of Section 14.04(a), Section 14.04(b) and this Section 14.04(c), if any dividend or distribution to which this Section 14.04(c) is applicable also includes one or both of:

(A) a dividend or distribution of Ordinary Shares (directly or in the form of ADSs) to which Section 14.04(a) is applicable (the "**Clause A Distribution**"); or

(B) a dividend or distribution of rights, options or warrants to which Section 14.04(b) is applicable (the "**Clause B Distribution**"),

then (1) such dividend or distribution, other than the Clause A Distribution and the Clause B Distribution, shall be deemed to be a dividend or distribution to which this Section 14.04(c) is applicable (the "**Clause C Distribution**") and any Conversion Rate adjustment required by this Section 14.04(c) with respect to such Clause C Distribution shall then be made, and (2) the Clause A Distribution and Clause B Distribution shall be deemed to immediately follow the Clause C Distribution and any Conversion Rate adjustment required by Section 14.04(a) and Section 14.04(b) with respect thereto shall then be made, except that, if determined by the Company (I) the "Ex-Dividend Date" of the Clause A Distribution and the Clause B Distribution shall be deemed to be the Ex-Dividend Date of the Clause C Distribution and (II) any Ordinary Shares (directly or in the form of ADSs) included in the Clause A Distribution or Clause B Distribution shall be deemed not to be "outstanding immediately prior to the open of business on such Ex-Dividend Date or Effective Date, as applicable" within the meaning of Section 14.04(a) or "outstanding immediately prior to the open of business on such Ex-Dividend Date" within the meaning of Section 14.04(b).

(d) If any cash dividend or distribution is made to all or substantially all holders of the Ordinary Shares (directly or in the form of ADSs), the Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for the ADSs for such dividend or distribution;

CR_1 = the Conversion Rate in effect immediately after the open of business on the Ex-Dividend Date for such dividend or distribution;

SP_0 = the Last Reported Sale Price of the ADSs (*divided by* the number of Ordinary Shares then represented by one ADS) on the Trading Day immediately preceding the Ex-Dividend Date for such dividend or distribution; and

C = the amount in cash per Ordinary Share the Company distributes to all or substantially all holders of the Ordinary Shares (directly or in the form of ADSs) (for the avoidance of doubt, without giving effect to any applicable fees and expenses payable to, or withheld by, the ADS Depositary with respect to such distribution).

Any increase pursuant to this Section 14.04(d) shall become effective immediately after the open of business on the Ex-Dividend Date for the ADSs for such dividend or distribution. If such dividend or distribution is not so paid, the Conversion Rate shall be decreased, effective as of the date the Board of Directors determines not to make or pay such dividend or distribution, to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. Notwithstanding the foregoing, if "C" (as defined above) is equal to or greater than "SP_0" (as defined above), in lieu of the foregoing increase, each Holder of a Note shall receive, for each US$1,000 principal amount of Notes, at the same time and upon the same terms as holders of the ADSs, the amount of cash that such Holder would have received if such Holder owned a number of ADSs equal to the Conversion Rate on the Record Date for the ADSs for such cash dividend or distribution.

(e) If the Company or any of its Subsidiaries makes a payment in respect of a tender or exchange offer for the Ordinary Shares (directly or in the form of ADSs), to the extent that the Tender / Exchange Offer Consideration (as defined below) per Ordinary Share exceeds the average of the Last Reported Sale Prices of the ADSs (*divided by* the number of Ordinary Shares then represented by one ADS) over the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires, the Conversion Rate shall be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{AC + (SP_1 \times OS_1)}{OS_0 \times SP_1}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;

CR_1 = the Conversion Rate in effect immediately after the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;

AC = the aggregate value of all cash and any other consideration (as determined by the Board of Directors) in good faith and as of the time of such tender or exchange offer expires (the "**Tender / Exchange Offer Consideration**") paid or payable for Ordinary Shares or ADSs, as the case may be, purchased in such tender or exchange offer;

OS_0 = the number of Ordinary Shares outstanding immediately prior to the date such tender or exchange offer expires (prior to giving effect to the purchase of all Ordinary Shares or ADSs, as the case may be, accepted for purchase or exchange in such tender or exchange offer);

OS_1 = the number of Ordinary Shares outstanding immediately after the date such tender or exchange offer expires (after giving effect to the purchase of all Ordinary Shares or ADSs, as the case may be, accepted for purchase or exchange in such tender or exchange offer); and

SP_1 = the average of the Last Reported Sale Prices of the ADSs (*divided by* the number of Ordinary Shares then represented by one ADS) over the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires.

The adjustment to the Conversion Rate under this Section 14.04(e) shall occur at the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires; *provided* for any Trading Day that falls within the relevant Observation Period for such conversion and within the 10 Trading Days immediately following, and including, the Trading Day next succeeding the expiration date of any tender or exchange offer, references in the portion of this Section 14.04(e) with respect to the 10th Trading Day or 10 consecutive Trading Days shall be deemed replaced with such lesser number of Trading Days as have elapsed from, and including, the trading day next succeeding the expiration date of such tender or exchange offer to, and including, such Trading Day in determining the Conversion Rate as of such Trading Day. For the avoidance of doubt, no adjustment under this Section 14.04(e) will be made if such adjustment would result in a decrease in the Conversion Rate (other than, for the avoidance of doubt, any readjustment described in the immediately succeeding paragraph).

To the extent such tender or exchange offer is announced but not consummated (including as a result of the Company being precluded from consummating such tender or exchange offer under applicable law), or any purchases or exchanges of the Ordinary Shares (directly or in the form of ADSs) in such tender or exchange offer are rescinded, the Conversion Rate will be readjusted to the Conversion Rate that would then be in effect had the adjustment been made on the basis of only the purchases or exchanges of the Ordinary Shares (directly or in the form of ADSs), if any, actually made, and not rescinded, in such tender or exchange offer.

Notwithstanding this Section 14.04 or any other provision of this Indenture or the Notes, if any Conversion Rate adjustment becomes effective on any Ex-Dividend Date, and a Holder that has converted its Notes on or after such Ex-Dividend Date and on or prior to the related Record Date would be treated as the record holder of the ADSs (or Ordinary Shares if such Holder elects to receive Ordinary Shares in lieu of any ADSs deliverable upon conversion) as of the related Conversion Date as described under Section 14.02(i) based on an adjusted Conversion Rate for such Ex-Dividend Date, then, notwithstanding the Conversion Rate adjustment provisions in this Section 14.04, the Conversion Rate adjustment relating to such Ex-Dividend Date shall not be made for such converting Holder. Instead, such Holder shall be treated as if such Holder were the record owner of the ADSs (or Ordinary Shares if such Holder elects to receive Ordinary Shares in lieu of any ADSs deliverable upon Conversion) on an unadjusted basis and participate in the related dividend, distribution or other event giving rise to such adjustment.

(f) [Reserved]

(g) Except as stated herein, the Company shall not adjust the Conversion Rate for the issuance of Ordinary Shares or ADSs or any securities convertible into or exchangeable for Ordinary Shares or ADSs or the right to purchase Ordinary Shares or ADSs or such convertible or exchangeable securities.

(h) With respect to any dividend, distribution or other transaction or event in which holders of the ADSs (or other applicable security) have the right to receive any cash, securities or other property or in which the ADSs (or other applicable security) are exchanged for or converted into any combination of cash, securities or other property, if the record date for the Ordinary Shares does not fall on the same day as the Record Date for the ADSs, and a Holder elects to receive Ordinary Shares in lieu of any ADSs deliverable upon conversion, the Company will make adjustments that the Board of Directors determines in good faith are appropriate to entitle such holders to receive such cash, securities or other property.

(i) In addition to those adjustments required by clauses (a), (b), (c), (d) and (e) of this Section 14.04, and to the extent permitted by applicable law and subject to the applicable rules of The Nasdaq Global Select Market and any other securities exchange on which any of the Company's securities are then listed, the Company from time to time may increase the Conversion Rate by any amount for a period of at least 20 Business Days if the Board of Directors determines that such increase would be in the Company's best interest, and the Company may (but is not required to) increase the Conversion Rate to avoid or diminish any income tax to holders of the Ordinary Shares or the ADSs or rights to purchase Ordinary Shares or ADSs in connection with a dividend or distribution of Ordinary Shares or ADSs (or rights to acquire Ordinary Shares or ADSs) or similar event.

(j) Notwithstanding anything to the contrary in this Article 14, the Conversion Rate shall not be adjusted:

(i) upon the issuance of any Ordinary Shares or ADSs pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the

Company's securities and the investment of additional optional amounts in Ordinary Shares or ADSs under any plan;

(ii) upon the issuance of any Ordinary Shares or ADSs or options or rights to purchase those Ordinary Shares or ADSs pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Company or any of the Company's Subsidiaries;

(iii) upon the repurchase of any Ordinary Shares pursuant to an open-market share purchase program or other buy-back transaction, including derivative transactions or any other buy-back transaction that is not a tender offer or exchange offer of the kind described in clause (e) of this Section 14.04 above;

(iv) upon the issuance of any Ordinary Shares or ADSs pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in clause (ii) of this subsection and outstanding as of the date the Notes were first issued (other than an adjustment pursuant to the provisions described in Section 14.04(c) in connection with the separation of rights under the Company's existing stockholder rights plan);

(v) solely for a change in the par value of the Ordinary Shares or ADSs; or

(vi) for accrued and unpaid interest, if any.

(k) All calculations and other determinations under this Article 14 shall be made by the Company and shall be made to the nearest one-ten thousandth (1/10,000) of an ADS.

(l) Whenever the Conversion Rate is adjusted as herein provided, the Company shall promptly deliver to the Trustee (and the Conversion Agent if not the Trustee) an Officers' Certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment, and such Officer's Certificate shall be conclusive evidence of the accuracy of such adjustment absent manifest error. Unless and until a Responsible Officer of the Trustee (and the Conversion Agent if not the Trustee) shall have received such Officers' Certificate, the Trustee (and the Conversion Agent if not the Trustee) shall not be deemed to have knowledge of any adjustment of the Conversion Rate and may assume without inquiry that the last Conversion Rate of which it has knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the date on which each adjustment becomes effective and shall deliver such notice of such adjustment of the Conversion Rate to each Holder at its last address appearing on the Note Register of this Indenture. Failure to deliver such notice shall not affect the legality or validity of any such adjustment. Neither the Trustee nor any Conversion Agent shall be under any duty or responsibility with respect to any such certificate or the information and calculations contained therein.

(m) For purposes of this Section 14.04, the number of Ordinary Shares at any time outstanding shall not include Ordinary Shares held in the treasury of the Company (directly or in the form of ADSs) so long as the Company does not pay any dividend or make any distribution on Ordinary Shares held in the treasury of the Company (directly or in the form of ADSs), but

shall include Ordinary Shares issuable in respect of scrip certificates issued in lieu of fractions of Ordinary Shares.

(n) For purposes of this Section 14.04, the "effective date" means the first date on which the ADSs trade on the applicable exchange or in the applicable market, regular way, reflecting the relevant share split or share combination, as applicable.

(o) The Trustee and the Agents are under no obligation to perform, monitor or verify the calculations required pursuant to this Section 14.04 and shall be entitled to rely conclusively and without liability upon the accuracy of the Company's and/or the Bid Solicitation Agent's calculations without independent verification. Neither the Trustee nor the Conversion Agent shall be under any duty (i) to monitor or ascertain whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Rate or (ii) to make any calculation (or verification thereof) in connection with the Conversion Rate, with respect to the notice of adjustment of the Conversion Rate, with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the such adjustment. None of the Trustee or the Conversion Agent will be responsible to Holders for any loss arising from any failure by the Company and/or the Bid Solicitation Agent to perform, monitor or verify the calculations required pursuant to this Section 14.04. The Trustee and the Conversion Agent may assume, unless notified in writing to the contrary, that no event or circumstance has occurred which may require an adjustment to be made to the Conversion Rate pursuant to this Section 14.04. Neither the Trustee nor any Agents shall have any responsibility whatsoever with respect to the issuance and delivery of the ADSs or Ordinary Shares to the converting Holder.

Section 14.05. *Adjustments of Prices.* Whenever any provision of this Indenture requires the Company to calculate the Last Reported Sale Prices, the Daily VWAPs, the Daily Conversion Value, the Daily Settlement Amounts or the ADS Price for purposes of a Make-Whole Fundamental Change or the Redemption Reference Price for purposes of a Cleanup Redemption or a Tax Redemption over a span of multiple days, the Board of Directors shall make appropriate adjustments in good faith to each to account for any adjustment to the Conversion Rate that becomes effective pursuant to Section 14.04, or any event requiring an adjustment to the Conversion Rate pursuant to Section 14.04 where the Ex-Dividend Date, Effective Date or expiration date, as the case may be, of the event occurs, at any time during the period when such Last Reported Sale Prices, Daily VWAPs, Daily Conversion Values, Daily Settlement Amounts or ADS Prices or Redemption Reference Prices are to be calculated.

Section 14.06. *Ordinary Shares to Be Fully Paid.* The Company shall provide, free from preemptive rights, out of its authorized but unissued Ordinary Shares or Ordinary Shares held in treasury, a sufficient number of Ordinary Shares that corresponds to the number of ADSs due upon conversion of the Notes from time to time as such Notes are presented for conversion (assuming that at the time of computation of such number of Ordinary Shares, all such Notes would be converted by a single Holder and that Combination Settlement were applicable).

Section 14.07. *Effect of Recapitalizations, Reclassifications and Changes of the Ordinary Shares.*

(a) In the case of:

(i) any recapitalization, reclassification or change of the ADSs or the Ordinary Shares (other than changes resulting from a subdivision or combination and changes in the par value or from par value to no par value (or vice versa)),

(ii) any consolidation, merger, combination or similar transaction involving the Company,

(iii) any sale, lease or other transfer to a third party of the consolidated assets of the Company and the Company's Subsidiaries substantially as an entirety, or

(iv) any statutory share exchange,

in each case, as a result of which the ADSs or the Ordinary Shares would be converted into, or exchanged for, stock, other securities, other property or assets (including cash or any combination thereof) (any such event, a "**Merger Event**"), then, prior to or at the effective time of such Merger Event, the Company or the successor or purchasing Person, as the case may be, shall execute with the Trustee a supplemental indenture permitted under Section 10.01(f) providing that, at and after the effective time of such Merger Event, the right to convert each US$1,000 principal amount of Notes shall be changed into a right to convert such principal amount of Notes into the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) that a holder of a number of ADSs equal to the Conversion Rate immediately prior to such Merger Event would have owned or been entitled to receive (the "**Reference Property**") upon such Merger Event; *provided*, *however*, that at and after the effective time of the Merger Event, (i) the Company will continue to have the right to determine the form of consideration to be paid or delivered, as the case may be, upon conversion of the Notes in accordance with Section 14.02 and (ii) (x) any amount payable in cash upon conversion of the Notes in accordance with Section 14.02 will continue to be payable in cash, (y) any ADSs (or Ordinary Shares in lieu thereof) that would have been required to be delivered upon conversion of the Notes in accordance with Section 14.02 shall instead be deliverable in the amount and type of Reference Property that a holder of that number of ADSs would have been entitled to receive in such Merger Event (such amount and type of Reference Property per one ADS, without giving effect to any arrangement not to issue or deliver a fractional portion of any Reference Property, a "**Reference Property Unit**") and (z) the Daily VWAP will be calculated based on the value of a Reference Property Unit that a holder of one ADS would have received in such Merger Event.

If the Merger Event causes the ADSs or the Ordinary Shares to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of holder election), then (i) the Reference Property into which the Notes will be convertible shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of ADSs that affirmatively make such an election, and (ii) the Reference Property Unit for purposes of the immediately preceding paragraph shall refer to the consideration referred to in clause (i) attributable to one ADS. The Company shall provide written notice to Holders, the Trustee and the Conversion Agent (if other than the Trustee) of such weighted average as soon as practicable after such determination is made. For purposes of

provisions under Article 16, each reference to any number of Ordinary Shares in such provisions (or any related definitions) shall instead be deemed to be a reference to the same number of Reference Property Units. For purposes of the "Record Date" definition, the term "Ordinary Shares" shall be deemed to refer to any class of securities forming part of the Reference Property. The "Last Reported Sale Price" of any Reference Property Unit or a portion thereof, as applicable, shall be determined by the Company in good faith and in a commercially reasonable manner (or, in the case of cash denominated in U.S. dollars, the face amount thereof). If the holders of Ordinary Shares receive only cash in such transaction, then for all conversions with a Conversion Date that occurs on or after the effective date of such transaction, the consideration due upon conversion of each US$1,000 principal amount of Notes shall be solely cash in an amount equal to the Conversion Rate in effect on the Conversion Date (as may be increased as described under Section 14.03(g)), multiplied by the price paid per Ordinary Share in such transaction and multiplied by the number of Ordinary Shares represented by one ADS as of the closing of such transaction. The Company will provide written notification of such transaction to Holders, the Trustee and the Conversion Agent (if other than the Trustee) no later than the second Business Day after the effective date of such transaction (unless such transaction constitutes a Make-Whole Fundamental Change, in which case the notice period as set forth under Section 14.03(a) shall apply instead to such transaction).

Such supplemental indenture described in the second immediately preceding paragraph shall (i) provide for anti-dilution and other adjustments that shall be as nearly equivalent as is practicable to the adjustments provided for in this Article 14 (it being understood that no such adjustments shall be required with respect to any portion of the Reference Property that does not consist of shares of Common Equity (however evidenced) or depositary receipts in respect thereof) and (ii) contain such other provisions that the Board of Directors determines in good faith are appropriate to preserve the economic interest of the Holders and to give effect to the provision described in this Section 14.07. If, in the case of any Merger Event, the Reference Property includes shares of stock, securities or other property or assets (including cash or any combination thereof) of a Person other than the Company or the successor or purchasing Person, as the case may be, in such Merger Event, then such other Person shall also execute such supplemental indenture, and such supplemental indenture shall contain such additional provisions to protect the interests of the Holders of the Notes, including the right of Holders to require the Company to repurchase their Notes upon a Fundamental Change pursuant to Section 15.02 and the right of Holders to require the Company to repurchase their Notes on the Repurchase Date pursuant to Section 15.01, as the Board of Directors shall in good faith consider necessary by reason of the foregoing. The Company shall, as soon as reasonably practicable after the effective date of such Merger Event, post such supplemental indenture on the Company's website or disclose the same in a current report on Form 6-K (or any successor form) that is filed with or furnished to the Commission.

(b) [Reserved]

(c) The Company shall not become a party to any Merger Event unless its terms are consistent with this Section 14.07. None of the foregoing provisions shall affect the right of a Holder to convert its Notes into cash or a combination of cash and ADSs (or Ordinary Shares in lieu thereof), as applicable, as set forth in Section 14.01 and Section 14.02 prior to the effective date of such Merger Event.

(d) The above provisions of this Section shall similarly apply to successive Merger Events.

Section 14.08. *Amendment upon ADS Delisting or Unavailability of ADS Facility.* (a) If (i) a Fundamental Change described in clause (d) of the definition thereof has occurred and the Ordinary Shares are listed and traded on a Permitted Exchange on the effective date of such Fundamental Change, or (ii) the Ordinary Shares cease to be represented by American depositary shares issued under a depositary receipt program sponsored by the Company and the Ordinary Shares at that time are listed and traded on any U.S. Exchange or Permitted Exchange (each, an "**Amendment Event**"), then, on and after the effective date of an Amendment Event, Section 14.07 shall be deemed to apply *mutatis mutandis* as if the Reference Property for the Notes were the Ordinary Shares and other property, if any, represented by the ADSs on the effective date of such Amendment Event; provided that the supplemental indenture required therein to reflect the replacement of the ADSs with the Ordinary Shares and other property, if any, shall be executed no later than five Business Days after the effective date of such Amendment Event and, in addition to the amendments described under Section 14.07, the supplemental indenture shall provide that:

(i) each reference herein to the ADSs related to the terms of the Notes shall be replaced by a reference to the number of Ordinary Shares and other property, if any, represented by the ADSs on the effective date of such Amendment Event;

(ii) all references to the "Last Reported Sale Price," "Daily VWAP" and "Trading Day" of the ADSs shall be replaced by the "Last Reported Sale Price," "Daily VWAP" and "Trading Day" of the Ordinary Shares, respectively, as customarily defined for securities traded on the Relevant Exchange;

(iii) if a Fundamental Change described in clause (d) of the definition thereof has occurred, references to "any of The New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (or any of their respective successors)" in the definition of "Fundamental Change" shall be replaced by such Relevant Exchange (or its successor);

(iv) other appropriate adjustments, including adjustments to the Conversion Rate and anti-dilution adjustment as contemplated by Section 14.04, shall be made to reflect such Amendment Event; and

(v) other provisions that the Board of Directors reasonably determines are appropriate shall be made to preserve the economic interests of the Holders and to give effect to the provisions described above.

(b) In making any amendment to the terms or definitions relating to trading and listing of Ordinary Shares, including, but not limited to, "Last Reported Sale Price," "Daily VWAP," "Trading Day" and "Fundamental Change," the relevant exchange on which Ordinary Shares are listed are traded for purpose of such terms and definition (the "**Relevant Exchange**") will be deemed to be:

(i) if the Ordinary Shares at that time are listed on an U.S. Exchange, such U.S. Exchange;

(ii) if the Ordinary Shares at that time are not listed on any U.S. Exchange but are listed on a Permitted Exchange, such Permitted Exchange; provided that if the Ordinary Shares at that time are listed on more than one Permitted Exchanges, the Permitted Exchange that is the primary stock exchange for the Ordinary Shares, provided further that if the Ordinary Shares at that time are listed on more than one Permitted Exchange that is a primary stock exchange for the Ordinary Shares, the primary stock exchange where there is highest trading volume of the Ordinary Shares at the time of the amendment.

(c) In making such amendments, where currency translations between U.S. dollars and any other currency are required, the exchange rate in effect on the date of determination as the Board of Directors determines in good faith will apply.

(d) For the avoidance of doubt, such amendments described under this Section 14.08 shall not affect the right of Holders to require the Company to repurchase their Notes upon a Fundamental Change in accordance with Section 15.02.

(e) The Company shall notify Holders and the Conversion Agent (if other than the Trustee) in writing as promptly as reasonably practicable following the date the Company executes such supplemental indenture as contemplated by this Section 14.08 and shall substantially concurrently with such notice either post such supplemental indenture on the Company's website or disclose the same in a current report on Form 6-K (or any successor form) that is filed with or furnished to the Commission.

Section 14.09. *Certain Covenants*. (a) The Company covenants that all ADSs delivered upon conversion of Notes, and all Ordinary Shares represented by such ADSs, will be fully paid and non-assessable by the Company and free from all taxes, liens and charges with respect to the issue thereof.

(b) The Company covenants that, if any ADSs to be provided for the purpose of conversion of Notes hereunder, or any Ordinary Shares represented by such ADSs, require registration with or approval of any governmental authority under any federal or state law before such ADSs may be validly issued upon conversion, the Company will, to the extent then permitted by the rules and interpretations of the Commission, secure such registration or approval, as the case may be.

(c) The Company further covenants that if at any time the ADSs shall be listed on any national securities exchange or automated quotation system, the Company will list and keep listed, so long as the ADSs shall be so listed on such exchange or automated quotation system, any ADSs deliverable upon conversion of the Notes.

(d) The Company further covenants to take all actions and obtain all approvals and registrations required with respect to (i) the conversion of the Notes into ADSs and the issuance, and deposit into the ADS facility, of the Ordinary Shares represented by such ADSs and (ii) issuance and delivery of Ordinary Shares in lieu of any ADSs deliverable upon conversion at a

Holder's election. The Company also undertakes to maintain, as long as any Notes are outstanding, the effectiveness of a registration statement on Form F-6 relating to the ADSs and an adequate number of ADSs for issuance thereunder and an adequate number of Ordinary Shares such that ADSs and Ordinary Shares can be delivered upon conversion of the Notes, if any, in accordance with the terms of this Indenture, the Notes and the Deposit Agreement upon conversion of the Notes. In addition, the Company further covenants to provide Holders with a reasonably detailed description of the mechanics for the delivery of ADSs upon conversion of Notes as set forth in the Deposit Agreement upon request.

(e) The Company has reserved and shall keep available at all times a sufficient number of Ordinary Shares for the purpose of enabling the Company to satisfy its obligation to deliver Ordinary Shares (including in the form of ADSs) upon conversion of the Notes.

Section 14.10. *Responsibility of Trustee.*

(a) The parties agree that all notices to the Trustee or the Conversion Agent under this Article 14 shall be in writing. Neither the Trustee nor any Agent shall be responsible for determining or verifying whether any event contemplated by Section 14.01 has occurred that makes the Notes eligible for conversion or no longer eligible therefor until the Company has delivered to the Trustee and the Conversion Agent, the notices referred to in Section 14.01 with respect to the commencement or termination of such conversion rights. Neither the Trustee nor any other Agent shall have any obligation to (i) perform, monitor or verify the calculations (or the method employed) required pursuant to this Article 14and shall be entitled to rely conclusively and without liability upon the accuracy of the Company's and/or the Bid Solicitation Agent's calculations without independent verification, (ii) determine or verify whether the Notes may be surrendered for conversion pursuant to this Indenture or (iii) notify the Company or the Depositary or any of the Holders if the Notes have become convertible pursuant to the terms of this Indenture. None of the Trustee or the Conversion Agent will be responsible to Holders for any loss arising from any failure by the Company and/or the Bid Solicitation Agent to perform, monitor or verify the calculations required pursuant to this Article 14.

(b) The Trustee and any other Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any ADSs, or of any securities, property or cash that may at any time be issued or delivered upon the conversion of any Note; and the Trustee and any other Conversion Agent make no representations with respect thereto. Neither the Trustee nor any Conversion Agent shall be responsible for any failure of the Company to issue, transfer or deliver any ADSs or stock certificates or other securities or property or cash upon the surrender of any Note for the purpose of conversion, the accuracy or inaccuracy of any mathematical calculation or formulae under this Indenture, whether by the Company or any Person so authorized by the Company for such purpose under this Indenture or the failure by the Company to comply with any of the duties, responsibilities or covenants of the Company contained in this Article.

(c) Without limiting the generality of the foregoing, neither the Trustee nor any Conversion Agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 14.07 relating either to the kind or amount of ADSs or securities or property (including cash)

receivable by Holders upon the conversion of their Notes after any event referred to in such Section 14.07 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 7.01, may accept (without any independent investigation) as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

Section 14.11. *Notice to Holders Prior to Certain Actions.* In case of any:

(a) action by the Company or one of its Subsidiaries that would require an adjustment in the Conversion Rate pursuant to Section 14.04 or Section 14.12;

(b) Merger Event; or

(c) voluntary or involuntary dissolution, liquidation or winding-up of the Company or any of its Subsidiaries;

then, in each case (unless notice of such event is otherwise required pursuant to another provision of this Indenture), the Company shall cause to be filed with the Trustee and the Conversion Agent (if other than the Trustee) and to be delivered to each Holder at its address appearing on the Note Register, as promptly as possible but in any event at least 20 days prior to the applicable date hereinafter specified, a notice stating (i) the date on which a record is to be taken for the purpose of such action by the Company or one of its Subsidiaries or, if a record is not to be taken, the date as of which the holders of Ordinary Shares or ADSs, as the case may be, of record are to be determined for the purposes of such action by the Company or one of its Subsidiaries, or (ii) the date on which such Merger Event, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Ordinary Shares or ADSs, as the case may be, of record shall be entitled to exchange their Ordinary Shares or ADSs, as the case may be, for securities or other property deliverable upon such Merger Event, dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such action by the Company or one of its Subsidiaries, Merger Event, dissolution, liquidation or winding-up.

Section 14.12. *Stockholder Rights Plans.* If, at the time of any conversion, the Company has a stockholder rights plan in effect upon conversion of the Notes, holders of each ADS (or Ordinary Shares in lieu thereof) delivered upon such conversion, if any, shall be entitled to receive (either directly or in respect of the Ordinary Shares underlying, delivered in lieu of, such ADSs) the appropriate number of rights, if any, and the certificates representing the ADSs delivered upon such conversion shall bear such legends, if any, in each case as may be provided by the terms of any such stockholder rights plan, as the same may be amended from time to time. However, if, prior to any conversion, the rights have separated from the Ordinary Shares underlying, or delivered in lieu of, the ADSs in accordance with the provisions of the applicable stockholder rights plan, the Conversion Rate shall be adjusted at the time of separation as if the Company distributed to all or substantially all holders of the Ordinary Shares Distributed Property as provided in Section 14.04(c), subject to readjustment in the event of the expiration, termination or redemption of such rights.

Section 14.13. *Exchange In Lieu Of Conversion*. (a) When a Holder surrenders its Notes for conversion, the Company may, at its election (an "**Exchange Election**"), direct the Conversion Agent in writing to deliver, on or prior to the Business Day immediately following the Conversion Date, such Notes to one or more financial institutions designated by the Company (each, a "**Designated Financial Institution**") for exchange in lieu of conversion. In order to accept any Notes surrendered for conversion, the Designated Financial Institution(s) must agree to timely pay, deliver and/or cause to deliver, as the case may be, in exchange for such Notes, the cash, or a combination of cash and ADSs (or Ordinary Shares in lieu thereof), as applicable, that would otherwise be due upon conversion pursuant to Section 14.02 (the "**Conversion Consideration**"). If the Company makes an Exchange Election, the Company shall, by the close of business on the Business Day following the relevant Conversion Date, notify in writing the Trustee, the Conversion Agent (if other than the Trustee) and the Holder surrendering Notes for conversion that the Company has made the Exchange Election and the Company shall promptly notify the Designated Financial Institution(s) of the relevant deadline for delivery of the Conversion Consideration and the type of Conversion Consideration to be paid and/or delivered, as the case may be.

(b) Any Notes exchanged by the Designated Financial Institution(s) shall remain outstanding, subject to applicable procedures of the Depositary. If the Designated Financial Institution(s) agree(s) to accept any Notes for exchange but does not timely pay, deliver and/or cause to deliver, as the case may be, the related Conversion Consideration, or if such Designated Financial Institution(s) does not accept the Notes for exchange, the Company shall pay and/or deliver, as the case may be, the relevant Conversion Consideration, as, and at the time, required pursuant to this Indenture as if the Company had not made the Exchange Election.

(c) The Company's designation of any Designated Financial Institution(s) to which the Notes may be submitted for exchange does not require such Designated Financial Institution(s) to accept any Notes.

(d) The Company will cooperate with the Conversion Agent to cause such Notes to be delivered to the Designated Financial Institution(s) and the Conversion Agent will be entitled to receive and conclusively rely upon the Company's instructions in connection with effecting any Exchange Election and will have no liability in respect of such Exchange Election outside of its control.

ARTICLE 15
Repurchase of Notes at Option of Holders

Section 15.01. *Repurchase at Option of Holders*

(a) Each Holder shall have the right, at such Holder's option, to require the Company to repurchase for cash on April 3, 2028 (the "**Repurchase Date**"), all of such Holder's Notes, or any portion thereof that is an integral multiple of US$1,000 principal amount, at a repurchase price (the "**Repurchase Price**") that is equal to 100% of the principal amount of the Notes to be repurchased, *plus* accrued and unpaid interest to, but excluding, the Repurchase Date; *provided* that any such accrued and unpaid interest shall be paid not to the Holders submitting the Notes for repurchase on the Repurchase Date but instead to the Holders of such Notes at the close of

business on the Regular Record Date immediately preceding the Repurchase Date. Not later than 20 Business Days prior to the Repurchase Date, the Company shall deliver a notice (the "**Company Notice**") to the Trustee or other Agent appointed for such purpose, to the Paying Agent, to the Conversion Agent if other than the Trustee and to each Holder at its address shown in the Note Register of the Note Registrar (and to beneficial owners as required by applicable law). The Company Notice shall include a Form of Repurchase Notice to be completed by a holder and shall state:

(i) the last date on which a Holder may exercise its repurchase right pursuant to this Section 15.01 (the "**Repurchase Expiration Time**");

(ii) the Repurchase Price;

(iii) the Repurchase Date;

(iv) the name and address of the Trustee, the Paying Agent and the Conversion Agent, or any agent appointed for the repurchase, if applicable;

(v) that the Notes with respect to which a Repurchase Notice has been delivered by a Holder may be converted only if the Holder withdraws the Repurchase Notice in accordance with the terms of this Indenture;

(vi) that the Holder shall have the right to withdraw any Notes surrendered prior to the Repurchase Expiration Time; and

(vii) the procedures a Holder must follow to exercise its repurchase rights under this Section 15.01 and a brief description of those rights.

At the Company's prior written request, the Trustee shall give such notice in the Company's name and at the Company's expense; *provided*, *however*, that, in all cases, the text of such Company Notice shall be prepared by the Company.

Simultaneously with providing the Company Notice, the Company shall publish a notice containing the information included in the Company Notice in a newspaper of general circulation in The City of New York or publish such information on the Company's website or through such other public medium as the Company may use at that time.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Holders' repurchase rights or affect the validity of the proceedings for the repurchase of the Notes pursuant to this Section 15.01.

Repurchases of Notes under this Section 15.01 shall be made, at the option of the Holder thereof, upon:

(A) delivery to the Company and the Trustee (or any other Agent appointed for such purpose) by the Holder of a duly completed notice (the "**Repurchase Notice**") in the form set forth in Attachment 3 to the Form of Note attached hereto as Exhibit A, if the Notes are Physical Notes, or in compliance

with the Depositary's procedures for surrendering interests in global notes, if the Notes are Global Notes, in each case during the period beginning at any time from the open of business on the date that is 20 Business Days prior to the Repurchase Date until the close of business on the second Scheduled Trading Day immediately preceding the Repurchase Date; and

(B) delivery of the Notes, if the Notes are Physical Notes, to the Trustee at any time after delivery of the Repurchase Notice (together with all necessary endorsements) at the Corporate Trust Office of the Paying Agent or other Agent appointed for such purpose, or book-entry transfer of the Notes, if the Notes are Global Notes, in compliance with the procedures of the Depositary, in each case such delivery being a condition to receipt by the Holder of the Repurchase Price therefor.

Each Repurchase Notice shall state:

(A) in the case of Physical Notes, the certificate numbers of the Notes to be delivered for repurchase;

(B) the portion of the principal amount of the Notes to be repurchased, which must be US$1,000 or an integral multiple thereof; and

(C) that the Notes are to be repurchased by the Company pursuant to the applicable provisions of the Notes and this Indenture;

provided, *however*, that if the Notes are Global Notes, the Repurchase Notice must comply with appropriate Depositary procedures.

Notwithstanding anything herein to the contrary, any Holder delivering to the Company and the Trustee (or any other Agent appointed for such purpose) the Repurchase Notice contemplated by this Section 15.01 shall have the right to withdraw, in whole or in part, such Repurchase Notice at any time prior to the close of business on the second Scheduled Trading Day immediately preceding the Repurchase Date by delivery of a duly completed written notice of withdrawal to the Agent appointed for such purpose in accordance with Section 15.03.

The Trustee shall promptly notify the Company of the receipt by it of any Repurchase Notice or written notice of withdrawal thereof.

No Repurchase Notice with respect to any Notes may be delivered and no Note may be surrendered for repurchase pursuant to this Section 15.01 by a Holder thereof to the extent such Holder has also delivered a Fundamental Change Repurchase Notice with respect to such Note in accordance with Section 15.02 and not validly withdrawn such Fundamental Change Repurchase Notice in accordance with Section 15.03.

(b) Notwithstanding the foregoing, no Notes may be repurchased by the Company at the option of the Holders on the Repurchase Date if the principal amount of the Notes has been accelerated, and such acceleration has not been rescinded, on or prior to such Repurchase Date (except in the case of an acceleration resulting from a default by the Company in the payment of

the Repurchase Price with respect to such Notes). The Agent appointed for such purpose will promptly return to the respective Holders thereof any Physical Notes held by it during the acceleration of the Notes (except in the case of an acceleration resulting from a default by the Company in the payment of the Repurchase Price with respect to such Notes), or any instructions for book-entry transfer of the Notes in compliance with the procedures of the Depositary shall be deemed to have been cancelled, and, upon such return or cancellation, as the case may be, the Repurchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 15.02. *Repurchase at Option of Holders Upon a Fundamental Change.* (a) If a Fundamental Change occurs at any time prior to the Maturity Date, each Holder shall have the right, at such Holder's option, to require the Company to repurchase for cash all of such Holder's Notes, or any portion thereof that is equal to US$1,000 or an integral multiple of US$1,000, on the Business Day (the "**Fundamental Change Repurchase Date**") notified in writing by the Company to the Holders of the Notes, the Trustee, the Paying Agent or other Agent appointed for such purpose as set forth in Section 15.02(c) that is not less than 20 Business Days or more than 35 Business Days following the date of the Fundamental Change Company Notice at a repurchase price equal to 100% of the principal amount thereof, *plus* accrued and unpaid interest thereon to, but excluding, the Fundamental Change Repurchase Date (the "**Fundamental Change Repurchase Price**"), unless the Fundamental Change Repurchase Date falls after a Regular Record Date but on or prior to the Interest Payment Date to which such Regular Record Date relates, in which case the Company shall instead pay on the Interest Payment Date the full amount of accrued and unpaid interest to Holders of record as of such Regular Record Date, and the Fundamental Change Repurchase Price shall be equal to 100% of the principal amount of Notes to be repurchased pursuant to this Article 15. The Trustee, the Conversion Agent, Paying Agent or any other Agent appointed for such purpose shall have no responsibility to determine, calculate or verify the Fundamental Change Repurchase Price. The Trustee, the Conversion Agent, the Paying Agent or any other Agent appointed for such purpose shall not be required to take any steps to ascertain whether a Fundamental Change or any event which could lead to the occurrence of a Fundamental Change has occurred and shall not be liable to any person for any failure to do so.

(b) Repurchases of Notes under this Section 15.02 shall be made, at the option of the Holder thereof, upon:

(i) delivery to the Paying Agent (or any other Agent appointed for such purpose) by a Holder of a duly completed notice (the "**Fundamental Change Repurchase Notice**") in the form set forth in Attachment 2 to the Form of Note attached hereto as Exhibit A, if the Notes are Physical Notes, or in compliance with the Depositary's procedures for surrendering interests in global notes, if the Notes are Global Notes, in each case on or before the close of business on the second Scheduled Trading Day immediately preceding the Fundamental Change Repurchase Date; and

(ii) delivery of the Notes, if the Notes are Physical Notes, to the Paying Agent (or any other Agent appointed for such purpose) at any time after delivery of the Fundamental Change Repurchase Notice (together with all necessary endorsements for transfer) at the Corporate Trust Office, or book-entry transfer of the Notes, if the Notes are Global Notes, in compliance with the procedures of the Depositary, in each case such

delivery being a condition to receipt by the Holder of the Fundamental Change Repurchase Price therefor.

The Fundamental Change Repurchase Notice in respect of any Notes to be repurchased shall state:

(i) in the case of Physical Notes, the certificate numbers of the Notes to be delivered for repurchase;

(ii) the portion of the principal amount of Notes to be repurchased, which must be US$1,000 or an integral multiple thereof; and

(iii) that the Notes are to be repurchased by the Company pursuant to the applicable provisions of the Notes and this Indenture;

provided, *however*, that if the Notes are Global Notes, the Fundamental Change Repurchase Notice must comply with appropriate Depositary procedures.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent (or any other Agent appointed for such purpose) the Fundamental Change Repurchase Notice contemplated by this Section 15.02 shall have the right to withdraw, in whole or in part, such Fundamental Change Repurchase Notice at any time prior to the close of business on the second Scheduled Trading Day immediately preceding the Fundamental Change Repurchase Date by delivery of a written notice of withdrawal to the Company, the Trustee and the Paying Agent (or any other Agent appointed for such purpose) in accordance with Section 15.03.

The Trustee and the Paying Agent (or any other Agent appointed for such purpose) shall promptly notify the Company of the receipt by it of any Fundamental Change Repurchase Notice or written notice of withdrawal thereof.

No Fundamental Change Repurchase Notice with respect to any Notes may be delivered and no Note may be surrendered by a Holder for repurchase thereof if such Holder has also surrendered a Repurchase Notice in accordance with Section 15.01 and not validly withdrawn such Repurchase Notice in accordance with Section 15.03.

(c) On or before the 20th calendar day after the occurrence of the effective date of a Fundamental Change, the Company shall provide to all Holders, the Trustee, the Paying Agent and the Conversion Agent or any other Agent appointed for such purpose a written notice (the "**Fundamental Change Company Notice**") of the occurrence of the effective date of the Fundamental Change and of the repurchase right at the option of the Holders arising as a result thereof. In the case of Physical Notes, such notice shall be by first class mail or, in the case of Global Notes, such notice shall be delivered in accordance with the applicable procedures of the Depositary. Simultaneously with providing such notice, the Company shall publish a notice containing the information set forth in the Fundamental Change Company Notice in a newspaper of general circulation in The City of New York or publish such information on the Company's website or through such other public medium as the Company may use at that time. Each Fundamental Change Company Notice shall specify:

(i) the events causing the Fundamental Change and whether such transaction or event is also a Make-Whole Fundamental Change;

(ii) the effective date of the Fundamental Change;

(iii) the last date on which a Holder may exercise the repurchase right pursuant to this Article 15;

(iv) the Fundamental Change Repurchase Price;

(v) the Fundamental Change Repurchase Date;

(vi) the name and address of the Trustee, the Paying Agent and the Conversion Agent, or any other Agent appointed for the repurchase, if applicable;

(vii) if applicable, the Conversion Rate and any adjustments to the Conversion Rate as a result of such Fundamental Change if it is a Make-Whole Fundamental Change;

(viii) if applicable, that the Notes with respect to which a Repurchase Notice or a Fundamental Change Repurchase Notice has been delivered by a Holder may be converted only if the Holder withdraws the Repurchase Notice or the Fundamental Change Repurchase Notice in accordance with the terms of this Indenture; and

(ix) the procedures that Holders must follow to require the Company to repurchase their Notes.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Holders' repurchase rights or affect the validity of the proceedings for the repurchase of the Notes pursuant to this Section 15.02.

At the Company's request, the Trustee shall give such notice in the Company's name and at the Company's expense; *provided*, *however*, that, in all cases, the text of such Fundamental Change Company Notice shall be prepared by the Company and delivered to the Trustee no later than two Business Days (or such shorter period as is acceptable to the Trustee) prior to the date the Fundamental Change Company Notice is to be sent.

(d) Notwithstanding the foregoing, no Notes may be repurchased by the Company on any date at the option of the Holders upon a Fundamental Change if the principal amount of the Notes has been accelerated, and such acceleration has not been rescinded, on or prior to such date (except in the case of an acceleration resulting from a default by the Company in the payment of the Fundamental Change Repurchase Price with respect to such Notes). The Trustee or other Agent appointed for such purpose will promptly return to the respective Holders thereof any Physical Notes held by it during the acceleration of the Notes (except in the case of an acceleration resulting from a default by the Company in the payment of the Fundamental Change Repurchase Price with respect to such Notes), or any instructions for book-entry transfer of the Notes in compliance with the procedures of the Depositary shall be deemed to have been cancelled, and, upon such return or cancellation, as the case may be, the Fundamental Change Repurchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 15.03. *Withdrawal of Repurchase Notice or Fundamental Change Repurchase Notice.* (a) A Repurchase Notice or Fundamental Change Repurchase Notice may be withdrawn (in whole or in part) by means of a duly completed written notice of withdrawal delivered to the Corporate Trust Office and the Paying Agent (or any other Agent appointed for such purpose) in accordance with this Section 15.03 at any time prior to the close of business on the second Scheduled Trading Day immediately preceding the Repurchase Date or prior to the close of business on the second Scheduled Trading Day immediately preceding the Fundamental Change Repurchase Date, as the case may be, specifying:

(i) the principal amount of the Notes with respect to which such notice of withdrawal is being submitted, which portion must be US$1,000 or an integral multiple thereof,

(ii) if Physical Notes have been issued, the certificate number of the Note in respect of which such notice of withdrawal is being submitted, and

(iii) the principal amount, if any, of such Note that remains subject to the original Repurchase Notice or Fundamental Change Repurchase Notice, as the case may be, which portion must be in principal amounts of US$1,000 or an integral multiple of US$1,000;

provided, *however*, that if the Notes are Global Notes, the notice must comply with appropriate procedures of the Depositary.

Section 15.04. *Deposit of Repurchase Price or Fundamental Change Repurchase Price.* (a) The Company will deposit with the Paying Agent (or other Agent appointed for such purpose), or if the Company is acting as its own Paying Agent, set aside, segregate and hold in trust as provided in Section 4.04) on or prior to 10:00 a.m., New York City time, on the Repurchase Date or Fundamental Change Repurchase Date, as the case may be, an amount of money sufficient to repurchase all of the Notes to be repurchased at the appropriate Repurchase Price or Fundamental Change Repurchase Price. Subject to receipt of funds and/or Notes by the Trustee and the Paying Agent (or any other Agent appointed for such purpose), payment for Notes surrendered for repurchase (and not withdrawn in accordance with Section 15.03) will be made on the later of (i) the Repurchase Date or Fundamental Change Repurchase Date, as the case may be, (*provided* the Holder has satisfied the conditions in Section 15.01 or Section 15.02, as the case may be) and (ii) the time of book-entry transfer or the delivery of such Note to the Trustee (or other Paying Agent appointed by the Company) by the Holder thereof in the manner required by Section 15.01 or Section 15.02, as applicable, by a wire transfer of immediately available funds in the amount payable to the Holders of such Notes entitled thereto as they shall appear in the Note Register; *provided*, *however*, that payments to the Depositary shall be made of immediately available funds to the account of the Depositary or its nominee. The Paying Agent (or other Agent appointed for such purpose) shall, promptly after such payment and upon written demand by the Company, return to the Company any funds in excess of the Repurchase Price or Fundamental Change Repurchase Price, as the case may be.

(b) If by 10:00 a.m., New York City time, on the Repurchase Date or Fundamental Change Repurchase Date, as the case may be, the Paying Agent (or other Agent appointed for

such purpose) holds money sufficient to make payment on all the Notes or portions thereof that are to be repurchased on such Repurchase Date or Fundamental Change Repurchase Date, as the case may be, then, with respect to the Notes that have been properly surrendered for repurchase and not validly withdrawn, on such Repurchase Date or Fundamental Change Repurchase Date, as the case may be, (i) such Notes will cease to be outstanding, (ii) interest will cease to accrue on such Notes (whether or not book-entry transfer of the Notes has been made or the Notes have been delivered to the Note Registrar) and (iii) all other rights of the Holders of such Notes will terminate (other than the right to receive the Repurchase Price or Fundamental Change Repurchase Price, as the case may be, and the right of the Holder on the applicable Regular Record Date to receive previously accrued and unpaid interest, if any, upon delivery or transfer of the Notes to the extent not included in the Repurchase Price or Fundamental Change Repurchase Price, as the case may be).

(c) Upon surrender of a certificated Note that is to be repurchased in part pursuant to Section 15.01 or Section 15.02, the Company shall execute and instruct the Trustee, upon receipt of a Company Order, to authenticate and deliver to the Holder a new Note in an authorized denomination equal in principal amount to the unrepurchased portion of the Note surrendered.

Section 15.05. *Covenant to Comply with Applicable Laws Upon Repurchase of Notes*. In connection with any repurchase offer, the Company will, if required:

(a) comply with the provisions of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the Exchange Act;

(b) file a Schedule TO or other required schedule under the Exchange Act; and

(c) otherwise comply with (x) all applicable federal and state securities laws and (y) other laws and regulations applicable to the Company due to its Ordinary Shares being listed on a Permitted Exchange in connection with any offer by the Company to repurchase the Notes;

in each case, so as to permit the rights and obligations under this Article 15 to be exercised in the time and in the manner specified in this Article 15.

Notwithstanding anything to the contrary in this Indenture, the Company shall not be required to repurchase, or to make an offer to repurchase, the Notes upon a Fundamental Change if a third party makes such an offer in the same manner, at the same time, for the same or greater price and otherwise in compliance with the requirements for an offer made by the Company as set forth above in this Section 15.05, and such third party purchases all Notes properly surrendered and not validly withdrawn under its offer in the same manner, at the same time, for the same or greater price and otherwise in compliance with the requirements for an offer made by the Company as set forth above in this Section 15.05 (including the requirement to pay the Fundamental Change Repurchase Price on the later of the applicable Fundamental Change Repurchase Date and the time of book-entry transfer or delivery of the relevant Notes); *provided* that the Company will continue to be obligated to (i) deliver the applicable Fundamental Change notice to the holders (which Fundamental Change notice will state that such third party will make such an offer to purchase the Notes), (ii) comply with applicable securities laws as set forth in this Section 15.05 in connection with any such purchase and (iii) pay the applicable

Fundamental Change Repurchase Price on the later of the applicable Fundamental Change Repurchase Date and the time of book-entry transfer or delivery of the relevant Notes in the event such third party fails to make such payment in such amount at such time.

Notwithstanding anything to the contrary in this Indenture, to the extent that the provisions of any federal or state securities laws or other applicable laws or regulations adopted after the date on which the Notes are first issued conflict with the provisions of this Indenture relating to the Company's obligations to repurchase the Notes upon a Fundamental Change, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under such provisions of this Indenture by virtue of such conflict.

ARTICLE 16
REDEMPTION

Section 16.01. *Tax Redemption*. If the Company has, or on the next Interest Payment Date would, become obligated to pay to the Holder of any Note Additional Amounts that are more than a *de minimis* amount, as a result of:

(a) any change or amendment that is publicly announced and that becomes effective on or after March 25, 2025 (or, in the case of a jurisdiction that becomes a Relevant Taxing Jurisdiction after such date, after such later date) in the laws or any rules or regulations of a Relevant Taxing Jurisdiction; or

(b) any change that is publicly announced and that becomes effective on or after March 25, 2025 (or, in the case of a jurisdiction that becomes a Relevant Taxing Jurisdiction after such date, after such later date) in an interpretation, administration or application of such laws, rules or regulations by any legislative body, court, governmental agency, taxing authority or regulatory or administrative authority of such Relevant Taxing Jurisdiction (including the enactment of any legislation and the announcement or publication of any judicial decision or regulatory or administrative interpretation or determination);

(each, a "**Change in Tax Law**"), the Company may, at its option, redeem all but not part of the Notes (except in respect of certain Holders that elect otherwise as described below) at a "**Tax Redemption Price**" equal to 100% of the principal amount plus accrued and unpaid interest, if any, to, but not including the date on which the Notes are redeemed (the "**Tax Redemption Date**"), including, for the avoidance of doubt, any Additional Amounts then due or that will become due on the Tax Redemption Date with respect to such Redemption Price; *provided* that the Company may only redeem the Notes if: (i) the Company cannot avoid such obligations by taking commercially reasonable measures available to the Company (*provided* that changing the jurisdiction of incorporation of the Company shall be deemed not to be a commercially reasonable measure); and (ii) the Company delivers to the Trustee an opinion of outside legal counsel of recognized standing in the Relevant Taxing Jurisdiction and an Officers' Certificate attesting to such Change in Tax Law and obligation to pay Additional Amounts (such redemption, "**Tax Redemption**").

Notwithstanding anything to the contrary in this Article 16, neither the Company nor any successor Person may redeem any of the Notes in the case that Additional Amounts are payable in respect of PRC withholding tax and any other tax collected at a source at the Applicable PRC Rate or less solely as a result of the Company or its successor Person being considered a PRC tax resident under the PRC Enterprise Income Tax law.

If the Tax Redemption Date occurs after a Regular Record Date and on or prior to the corresponding Interest Payment Date, the Company shall pay the full amount of accrued and unpaid interest, if any, due on such Interest Payment Date to the record holder of the Notes on the Regular Record Date corresponding to such Interest Payment Date, and the Tax Redemption Price payable to the Holder who presents a Note for redemption shall be equal to 100% of the principal amount of such Note, including, for the avoidance of doubt, any Additional Amounts with respect to such Tax Redemption Price. The Company may not specify a Tax Redemption Date that falls on or after the 50th Scheduled Trading Day immediately preceding the Maturity Date. The Company shall, upon five Business Days' notice, notify the Trustee and the Paying Agent in writing of its election and the date on which such interest and any Additional Amounts with respect to such interest shall be paid at the time the Company provides notice of such redemption.

The Company shall give Holders of Notes (with a copy to the Trustee and, in the case of Global Notes, DTC) not less than 50 Scheduled Trading Days' but no more than 60 Scheduled Trading Days' notice (the "**Tax Redemption Notice**") prior to the Redemption Date. Simultaneously with providing such notice, which will include the Tax Redemption Price, the Tax Redemption Date and the Settlement Method that will apply to all conversions during the related Redemption Period and the applicable Conversion Rate determined pursuant to Section 14.03(g), the Company shall publish a notice containing this information in a newspaper of general circulation in The City of New York or publish the information on the Company's website or through such other public medium as the Company may use at that time. The Tax Redemption Date must be a Business Day and cannot fall after the Maturity Date.

At the Company's prior written request, the Trustee shall give the Tax Redemption Notice in the Company's name and at its expense; *provided*, *however*, that the Company shall have delivered to the Trustee not later than the close of business two Business Days prior to the date the Tax Redemption Notice is to be sent (unless a shorter period shall be satisfactory to the Trustee), an Officer's Certificate and a Company Order requesting that the Trustee give such Tax Redemption Notice together with the final form of the Tax Redemption Notice to be given setting forth the information to be stated therein as provided in the preceding paragraph. The Tax Redemption Notice, if given in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. In any case, failure to give such Tax Redemption Notice or any defect in the Tax Redemption Notice to the Holder of any Note designated for redemption as a whole or in part shall not affect the validity of the proceedings for the Tax Redemption of any other Note.

Upon receiving such notice of redemption, each Holder shall have the right to elect to not have its Notes redeemed, in which case the Company shall not be obligated to pay any Additional Amounts on any payment with respect to such Notes solely as a result of such Change in Tax Law that resulted in the obligation to pay such Additional Amounts (whether of interest or

payment upon required repurchase, maturity or otherwise) after the Tax Redemption Date (or, if the Company fails to pay the Tax Redemption Price on the Tax Redemption Date, such later date on which the Company pays the Tax Redemption Price). Subject to the applicable procedures of DTC, all future payments with respect to such Notes shall be subject to the deduction or withholding of such Relevant Taxing Jurisdiction and taxes required by law to be deducted or withheld as a result of such Change in Tax Law. In the case of Global Notes, in the absence of applicable DTC procedures for such required deduction or withholding or failure by the Company to notify DTC of the applicable withholding tax rate (if the amount of interest is reduced due to such required deduction or withholding), the Company acknowledges and agrees that the Paying Agent will be unable to facilitate payments to Holders. For the avoidance of doubt, following a Holder's election to not have its Notes redeemed, the Company shall promptly notify DTC of the applicable withholding tax rate if the amount of interest is reduced due to such required deduction or withholding. The Company will be solely responsible for determining the tax status of Holders, calculating, administering, reporting and/or remitting withholding taxes to the relevant tax authority, and the Trustee and Agents shall have no obligation or liability for such actions.

Subject to the applicable procedures of DTC in the case of Global Notes, a Holder electing to not have its Notes redeemed must deliver to the Company, with a copy to the Paying Agent, a written notice of election so as to be received by the Company and the Paying Agent prior to the close of business on the second Scheduled Trading Day immediately preceding the Tax Redemption Date; *provided* that, a Holder that complies with the requirements for conversion in Section 14.02(b) shall be deemed to have delivered a notice of its election to not have its Notes so redeemed. A Holder may withdraw any notice of election (other than such a deemed notice of election in connection with a conversion) by delivering to the Company and the Paying Agent a written notice of withdrawal prior to the close of business on the second Scheduled Trading Day immediately preceding the Tax Redemption Date (or, if the Company fails to pay the Tax Redemption Price on the Tax Redemption Date, such later date on which the Company pays the Tax Redemption Price). If no election is made or deemed to have been made, the Holder shall have its Notes redeemed without any further action.

Section 16.02. *Cleanup Redemption*. (a) The Company may redeem for cash all but not part of the Notes at any time, on a redemption date (the "**Cleanup Redemption Date**") before the 50th Scheduled Trading Day immediately preceding the Maturity Date, if less than 10% of the aggregate principal amount of Notes originally issued remains outstanding at such time (including, for the avoidance of doubt, all Notes previously surrendered to the Company pursuant to Section 14.13 (*Exchange In Lieu Of Conversion*) (such redemption, a "**Cleanup Redemption**")).

(b) In the case of any Cleanup Redemption, the Company shall give the Trustee, the Conversion Agent (if other than the Trustee) and each Holder of the Notes not less than 50 Scheduled Trading Days' but no more than 60 Scheduled Trading Days' written notice (a "**Cleanup Redemption Notice**") prior to the Cleanup Redemption Date, and the Redemption Price will be equal to 100% of the principal amount of the Notes to be redeemed (the "**Cleanup Redemption Price**"), plus accrued and unpaid interest, to, but excluding, the Cleanup Redemption Date (unless the Cleanup Redemption Date falls after a Regular Record Date but on or prior to the corresponding Interest Payment Date, in which case the Company shall pay on the

Interest Payment Date the full amount of accrued and unpaid interest, if any, to the holder of record as of the close of business on such Regular Record Date corresponding to such Interest Payment Date, and the Cleanup Redemption Price shall be equal to 100% of the principal amount of the Notes to be redeemed). The Cleanup Redemption Date must be a Business Day. The Company may not specify a Cleanup Redemption Date that falls on or after the 50th Scheduled Trading Day immediately preceding the Maturity Date. The Company shall send to each Holder a written Cleanup Redemption Notice containing certain information set forth in this Indenture, including:

(i) the Cleanup Redemption Date;

(ii) the Cleanup Redemption Price;

(iii) the Settlement Method that will apply to all conversions with a Conversion Date that occurs during the related Redemption Period and the applicable Conversion Rate determined pursuant to Section 14.03(g);

(iv) that on the Cleanup Redemption Date, the Cleanup Redemption Price will become due and payable for each Note to be redeemed, and that interest thereon, if any, shall cease to accrue on and after the Cleanup Redemption Date unless the Company defaults in the payment of the Cleanup Redemption Price;

(v) the place or places where the Notes subject to such redemption are to be surrendered for payment of the Cleanup Redemption Price;

(vi) that Holders may surrender Notes for conversion at any time prior to the close of business on the third Scheduled Trading Day prior to the Cleanup Redemption Date (unless the Company fails to pay the Cleanup Redemption Price, in which case a Holder may convert such Notes until the Cleanup Redemption Price has been paid or duly provided for);

(vii) the Conversion Rate and, if applicable, the number of Additional ADSs added to the Conversion Rate in accordance with Section 14.03(g); and

(viii) the CUSIP, ISIN or other similar numbers, if any, assigned to such Notes and that no representation is made as to the correctness or accuracy of the CUSIP or ISIN number listed in such notice or printed on the Notes.

Simultaneously with providing such notice of redemption, the Company shall publish a notice containing this information in a newspaper of general circulation in The City of New York or publish the information on the Company's website or through such other public medium as the Company may use at that time. The Redemption Date must be a Business Day.

A Cleanup Redemption Notice shall be irrevocable. At the Company's prior written request, the Trustee shall give the Cleanup Redemption Notice in the Company's name and at its expense; *provided*, *however*, that the Company shall have delivered to the Trustee not later than the close of business five Business Days prior to the date the Cleanup Redemption Notice is to be sent (unless a shorter period shall be satisfactory to the Trustee), an Officers' Certificate and a

Company Order requesting that the Trustee give such Cleanup Redemption Notice together with the Cleanup Redemption Notice to be given setting forth the information to be stated therein as provided in the preceding paragraph. The Cleanup Redemption Notice, if given in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. In any case, failure to give such Cleanup Redemption Notice or any defect in the Cleanup Redemption Notice to the Holder of any Note designated for redemption as a whole or in part shall not affect the validity of the proceedings for the Cleanup Redemption of any other Note.

Section 16.03. *Election to be redeemed*. If the Company has designated a Tax Redemption Date or a Cleanup Redemption, a Holder that complies with the requirements for conversion under Section 14.02(b) will be deemed to have delivered a notice of its election to not have its Notes so redeemed.

Section 16.04. *No redemption upon acceleration*. Notwithstanding anything to the contrary herein, no Notes may be redeemed if the principal amount of the Notes has been accelerated, and such acceleration has not been rescinded, on or prior to the relevant Redemption Date (except in the case of an acceleration resulting from a default by the Company in the payment of the related Redemption Price with respect to such Notes).

ARTICLE 17
MISCELLANEOUS PROVISIONS

Section 17.01. *Provisions Binding on Company's Successors.* All the covenants, stipulations, promises and agreements of the Company contained in this Indenture shall bind its successors and assigns whether so expressed or not.

Section 17.02. *Official Acts by Successor Corporation.* Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or Officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation or other entity that shall at the time be the lawful sole successor of the Company.

Section 17.03. *Addresses for Notices, Etc.* Any notice or demand that by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders on the Company shall be deemed to have been sufficiently given or made, for all purposes if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company with the Trustee) to Qifu Technology, Inc., 7/F Lujiazui Finance Plaza, No. 1217 Dongfang Road, Pudong New Area, Shanghai 200122, People's Republic of China, Attention: Project Quest, and sent electronically in a PDF format to email: Project-Quest2025@360shuke.com. Any notice, direction, request or demand hereunder to or upon the Trustee shall be given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed to Citibank, N.A. at 388 Greenwich Street, New York, New York 10013, United States of America, attention: Agency & Trust, or sent electronically in a PDF format to email: citi.cspag.debt@citi.com. Any notice, direction or request to any of the Agents shall be given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed to Citibank,

N.A. at 388 Greenwich Street, New York, New York 10013, United States of America, attention: Agency and Trust, or sent electronically in a PDF format to email: citi.cspag.debt@citi.com, with a copy to the Corporate Trust Office.

All notices and other communications under this Indenture shall be in writing in English.

So long as and to the extent that the Notes are represented by Global Notes and such Global Notes are held by DTC, notices to owners of beneficial interests in the Global Notes may be given by delivery of the relevant notice to DTC for communication by it to entitled account holders in accordance with DTC's applicable procedures.

The Company hereby acknowledges that it is fully aware of the risks associated with transmitting instructions via electronic methods (including facsimile), and being aware of these risks, authorizes the Trustee to accept and act upon any instruction sent to it or any Paying Agent, Transfer Agent, Conversion Agent or Note Registrar in the Company's name or in the name of one or more appropriate authorized signers of the Company via electronic methods (including facsimile). The Trustee shall be entitled to rely on Section 7.06 of this Indenture when accepting or acting upon any instructions, communications or documents transmitted via electronic methods, and shall not be liable in the event any transmission via electronic methods is not received, or is mutilated, illegible, interrupted, duplicated, incomplete, unauthorized or delayed for any reason, including (but not limited to) electronic or telecommunications failure.

Furthermore, notwithstanding the above, if any Trustee receives information or instructions delivered by electronic mail, other electronic method or other unsecured method of communication believed by it to be genuine and to have been sent by the proper person or persons, the Trustee or any Paying Agent, Transfer Agent, Conversion Agent or Note Registrar shall have (i) no duty or obligation to verify or confirm that the person who sent such instructions is in fact a person authorized to give instructions or directions on behalf of the Company and (ii) absent its or their gross negligence or willful misconduct, no liability for any losses, liabilities, costs or expenses incurred or sustained by any holder, the Company or any other person as a result of such reliance on or compliance with such information or instructions.

The Trustee, by notice to the Company, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication delivered or to be delivered to a Holder shall be mailed to it by first class mail, postage prepaid, at its address as it appears on the Note Register and shall be sufficiently given to it if so delivered within the time prescribed. Notwithstanding any other provision of this Indenture or any Note, where this Indenture or any Note provides for notice of any event (including any Fundamental Change Company Notice) to a Holder of a Global Note (whether by mail or otherwise), such notice shall be sufficiently given if given to the Depositary (or its designee) pursuant to the standing instructions from the Depositary or its designee, including by electronic mail in accordance with the Depositary's applicable procedures.

Failure to send or deliver a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice to Holders by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Section 17.04. *Governing Law; Jurisdiction.* THIS INDENTURE AND EACH NOTE, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS INDENTURE AND EACH NOTE, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS THEREOF).

The Company irrevocably consents and agrees, for the benefit of the Holders from time to time of the Notes and the Trustee, that any legal action, suit or proceeding against it with respect to obligations, liabilities or any other matter arising out of or in connection with this Indenture or the Notes may be brought in the courts of the State of New York or the courts of the United States located in the Borough of Manhattan, New York City, New York and, until amounts due and to become due in respect of the Notes have been paid, hereby irrevocably consents and submits to the non-exclusive jurisdiction of each such court *in personam*, generally and unconditionally with respect to any action, suit or proceeding for itself in respect of its properties, assets and revenues.

The Company irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with this Indenture brought in the courts of the State of New York or the courts of the United States located in the Borough of Manhattan, New York City, New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Section 17.05. *Submission to Jurisdiction; Service of Process.* The Company irrevocably appoints Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168 as its authorized agent in the Borough of Manhattan in The City of New York upon which process may be served in any such suit or proceeding, and agrees that service of process upon such agent, and written notice of said service to the Company by the person serving the same to Qifu Technology, Inc., 7/F Lujiazui Finance Plaza, No. 1217 Dongfang Road, Pudong New Area, Shanghai 200122, People's Republic of China, Attention: Project Quest shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company further agrees to take any and all action as may be necessary to maintain such designation and appointment of such agent in full force and effect for a period of six years from the date of this Indenture. If for any reason such agent shall cease to be such agent for service of process, the Company shall forthwith appoint a new agent of recognized standing for service of process in the State of New York and deliver to the Trustee a copy of the new agent's acceptance of that appointment within 10 Business Days of such acceptance. Nothing herein shall affect the right of the Trustee, any Agent or any Holder to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Company in any other court of competent jurisdiction. To the extent that the Company has or hereafter may acquire any sovereign or other immunity from jurisdiction of any court or from

any legal process with respect to itself or its property, the Company irrevocably waives such immunity in respect of its obligations hereunder or under any Note.

Section 17.06. *Evidence of Compliance with Conditions Precedent; Certificates and Opinions of Counsel to Trustee.* Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall, if requested by the Trustee, furnish to the Trustee an Officers' Certificate stating that such action is permitted by the terms of this Indenture.

Each Officers' Certificate provided for, by or on behalf of the Company in this Indenture and delivered to the Trustee with respect to compliance with this Indenture (other than the Officers' Certificates provided for in Section 4.09) shall include (a) a statement that the person making such certificate is familiar with the requested action and this Indenture; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statement contained in such certificate is based; (c) a statement that, in the judgment of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed judgment as to whether or not such action is permitted by this Indenture; and (d) a statement as to whether or not, in the judgment of such person, such action is permitted by this Indenture, and that all conditions precedent in this Indenture with respect to such action have been complied with.

Notwithstanding anything to the contrary in this Section 17.06, if any provision in this Indenture specifically provides that the Trustee shall or may receive an Opinion of Counsel in connection with any action to be taken by the Trustee or the Company hereunder, the Trustee shall be entitled to, or entitled to request, such Opinion of Counsel.

Section 17.07. *Legal Holidays.* In any case where any Interest Payment Date, Redemption Date, Fundamental Change Repurchase Date, Conversion Date, Repurchase Date or Maturity Date is not a Business Day, then any action to be taken on such date need not be taken on such date, but may be taken on the next succeeding Business Day with the same force and effect as if taken on such date, and no interest shall accrue in respect of the delay.

Section 17.08. *No Security Interest Created.* Nothing in this Indenture or in the Notes, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter enacted and in effect, in any jurisdiction.

Section 17.09. *Benefits of Indenture.* Nothing in this Indenture or in the Notes, expressed or implied, shall give to any Person, other than the Holders, the parties hereto, any Paying Agent, any Conversion Agent, any Transfer Agent, any Note Registrar and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 17.10. *Table of Contents, Headings, Etc.* The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 17.11. *Execution in Counterparts.* This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument. Signatures of the parties hereto (including signatures on the Notes) transmitted electronically (including by PDF) shall be deemed to be their original signatures for all purposes.

Section 17.12. *Severability.* In the event any provision of this Indenture or in the Notes shall be invalid, illegal or unenforceable, then (to the extent permitted by law) the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.

Section 17.13. *Waiver of Jury Trial.* EACH OF THE COMPANY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, AND EACH HOLDER, BY ITS ACCEPTANCE OF A NOTE OR A BENEFICIAL INTEREST IN A GLOBAL NOTE, AS APPLICABLE, SHALL BE DEEMED TO HAVE WAIVED, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 17.14. *Force Majeure.* In no event shall the Trustee or the Agents be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee or the Agents, as the case may be, shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 17.15. *Calculations*. Except as otherwise provided herein, the Company shall be responsible for making all calculations called for under the Notes or in connection with a conversion and in no instance shall the Trustee, the Conversion Agent or other Agents be responsible for such calculations. These calculations include, but are not limited to, determinations of the ADS price, Last Reported Sale Prices of the ADSs, the Daily VWAPs, the Daily Conversion Values, the Daily Settlement Amounts, accrued interest payable on the Notes, any Additional Interest or Additional Amounts payable on the Notes, the number of Additional ADSs to be added to the Conversion Rate upon a Make-Whole Fundamental Change or in connection with a Redemption Notice, if any, and the Conversion Rate of the Notes and any adjustments thereto. The Company shall make all these calculations in good faith and, absent manifest error, the Company's calculations shall be final and binding on Holders, the Trustee, the Paying Agent and the Conversion Agent. The Company shall provide a schedule of its calculations to each of the Trustee, the Paying Agent and the Conversion Agent (if other than the Trustee), and each of the Trustee, the Paying Agent and the Conversion Agent is entitled to rely conclusively and without liability upon the accuracy of the Company's calculations without independent verification. The Trustee will forward the Company's calculations to any Holder upon the prior written request of that Holder at the sole cost and expense of the Company.

Section 17.16. *Electronic Means*. The Trustee agrees to accept and act upon notice, instructions or directions pursuant to this Indenture sent by Electronic Means. If any party elects to deliver any notice, instructions or directions to the Trustee by e-mail or other similar unsecured electronic methods, the Trustee's understanding of such instructions shall be deemed controlling. The party providing electronic instructions agrees to assume all risks arising out of the use of Electronic Means to submit instructions and directions to the Trustee, including, without limitation, the risk of the Trustee acting on unauthorized instructions, and the risk or interception and misuse by third parties. In no event shall the Trustee and the Agents be liable for any losses, costs or expenses arising directly or indirectly from the Trustee or the Agents receiving any data from or transmitting any data to the Company and/or the Trustee (or any authorized person) or acting upon any notice, instruction or other communications via any Electronic Means notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. Neither the Trustee nor any Agent has duty or obligation to verify or confirm that the person who sent such instructions or directions is, in fact, a person authorized to give instructions or directions on behalf of the Company (or any authorized person). The Company and the Trustee agree that the security procedures, if any, to be followed in connection with a transmission of any such notice, instructions or other communications, provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

Section 17.17. *Patriot Act*. In order to comply with the laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including, without limitation, those relating to the funding of terrorist activities and money laundering, including Section 326 of the USA PATRIOT Act of the United States ("**Applicable Law**"), the Trustee is are required to obtain, verify, record and update certain information relating to individuals and entities which maintain a business relationship with the Trustee. Accordingly, each of the parties agree to provide to the Trustee, upon their request from time to time such identifying information and documentation as may be available for such party in order to enable the Trustee to comply with Applicable Law.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first written above.

QIFU TECHNOLOGY, INC.

By: /s/ Alex Xu
Name: Alex Xu
Title: Chief Financial Officer

Signature Page to Indenture

CITIBANK, N.A., as Trustee

By: /s/ Peter Lopez
Name: Peter Lopez
Title: Senior Trust Officer

Signature Page to Indenture

EXHIBIT A

[FORM OF FACE OF NOTE]

[INCLUDE FOLLOWING LEGEND IF A GLOBAL NOTE]

[THIS IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITARY OR A NOMINEE OF THE DEPOSITARY, WHICH MAY BE TREATED BY THE COMPANY, THE TRUSTEE AND ANY AGENT THEREOF AS THE OWNER AND HOLDER OF THIS NOTE FOR ALL PURPOSES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[INCLUDE FOLLOWING LEGEND IF A RESTRICTED SECURITY]

[THIS SECURITY, THE AMERICAN DEPOSITARY SHARES DELIVERABLE UPON CONVERSION OF THIS SECURITY, IF ANY, AND THE CLASS A ORDINARY SHARES REPRESENTED THEREBY OR DELIVERABLE IN LIEU THEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144 UNDER THE SECURITIES ACT OR CONTRACTUALLY RESTRICTED SECURITIES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF (OR THEREOF) OR OF A BENEFICIAL INTEREST HEREIN (OR THEREIN), THE ACQUIRER:

(1) REPRESENTS THAT IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT AND THAT IT AND ANY SUCH ACCOUNT IS NOT, AND HAS NOT BEEN FOR THE IMMEDIATELY PRECEDING THREE MONTHS, AN AFFILIATE OF QIFU TECHNOLOGY, INC. (THE "**COMPANY**"), AND

(2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY, THE

AMERICAN DEPOSITARY SHARES DELIVERABLE UPON CONVERSION OF THIS SECURITY, IF ANY, AND THE CLASS A ORDINARY SHARES REPRESENTED THEREBY OR DELIVERABLE IN LIEU THEREOF OR ANY BENEFICIAL INTEREST HEREIN OR THEREIN PRIOR TO THE DATE THAT IS THE LATER OF (X) ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THERETO AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW, EXCEPT:

(A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) TO A PERSON REASONABLY BELIEVED TO BE A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR

(D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE).

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(D) ABOVE, THE COMPANY, THE ADS DEPOSITARY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NO AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY OR PERSON THAT HAS BEEN AN AFFILIATE (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY DURING THE THREE IMMEDIATELY PRECEDING MONTHS MAY PURCHASE, OTHERWISE ACQUIRE OR OWN THIS NOTE, THE AMERICAN DEPOSITARY SHARES DELIVERABLE UPON CONVERSION HEREOF, IF ANY, AND THE CLASS A ORDINARY SHARES REPRESENTED THEREBY OR DELIVERABLE IN LIEU THEREOF, OR A BENEFICIAL INTEREST HEREIN OR THEREIN.]

QIFU TECHNOLOGY, INC.
0.50% Convertible Senior Notes due 2030

No. [_____] [Initially][1] US$_____

CUSIP No. 88557W AA9

Qifu Technology, Inc., a company duly organized and validly existing under the laws of the Cayman Islands (the "**Company**," which term includes any successor company or corporation or other entity under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to [CEDE & CO.][2] [_____][3], or registered assigns, the principal sum [as set forth in the "Schedule of Exchanges of Notes" attached hereto][4] [of US$[_____]][5], which amount, taken together with the principal amounts of all other outstanding Notes, shall not, unless permitted by the Indenture, exceed US$690,000,000 in aggregate at any time, in accordance with the rules and procedures of the Depositary, on April 1, 2030, and interest thereon as set forth below.

This Note shall bear interest at the rate of 0.50% per year from, and including, March 27, 2025, or from, and including, the most recent date on which interest had been paid or provided for to, but excluding, the next scheduled Interest Payment Date until April 1, 2030. Interest is payable semi-annually in arrears on each April 1 and October 1, commencing on October 1, 2025, to Holders of record at the close of business on preceding March 15 and September 15 (whether or not such day is a Business Day) respectively; provided, however, that if such Interest Payment Date is not a Business Day, then such payment need not be made on such Interest Payment Date but shall be made on the immediately succeeding Business Day, with the same force and effect as though made on the related Interest Payment Date and no additional interest shall accrue in respect of such delay. Additional Interest, if any, will be payable as set forth in Section 4.06(d), Section 4.06(e) and Section 6.03 of the within-mentioned Indenture, and any reference to interest on, or in respect of, any Note therein shall be deemed to include Additional Interest if, in such context, Additional Interest is, was or would be payable pursuant to any of such Section 4.06(d), Section 4.06(e) and Section 6.03, and any express mention of the payment of Additional Interest, if any, in any provision therein shall not be construed as excluding Additional Interest in those provisions thereof where such express mention is not made.

Any Defaulted Amounts shall accrue interest per annum at the rate per annum borne by the Notes *plus* one percent, subject to the enforceability thereof under applicable law, from, and including, the relevant payment date to, but excluding, the date on which such Defaulted Amounts shall have been paid by the Company, at its election, in accordance with Section 2.03(c) of the Indenture.

[1] Include if a Global Note.
[2] Include if a Global Note.
[3] Include if a Physical Note.
[4] Include if a Global Note.
[5] Include if a Physical Note.

The Company shall pay or cause the Paying Agent to pay (to the extent funded by the Company) the principal of and interest on this Note, so long as such Note is a Global Note, in immediately available funds to the Depositary or its nominee, as the case may be, as the registered Holder of such Note. As provided in and subject to the provisions of the Indenture, the Company shall pay the principal of any Notes (other than Notes that are Global Notes) by wire transfer at the Corporate Trust Office or agency designated by the Company for that purpose. The Company has initially designated the Trustee as its Paying Agent, Conversion Agent and Note Registrar in respect of the Notes and its agency in the Borough of Manhattan, The City of New York or such other corporate trust office in the contiguous United States of America designated in this Indenture, as a place where Notes may be presented for payment or for registration of transfer.

Reference is made to the further provisions of this Note set forth on the reverse hereof, including, without limitation, provisions giving the Holder of this Note the right to convert this Note into cash or a combination of cash and ADSs, as applicable, on the terms and subject to the limitations set forth in the Indenture. A Holder may elect to receive Ordinary Shares in lieu of any ADSs deliverable upon conversion. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note, and any claim, controversy or dispute arising under or related to this Note, shall be construed in accordance with and governed by the laws of the State of New York (without regard to the conflicts of laws provisions thereof).

In the case of any conflict between this Note and the Indenture, the provisions of the Indenture shall control and govern.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed manually or electronically by the Trustee under the Indenture.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed.

QIFU TECHNOLOGY, INC.

By: _____
Name:
Title:

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

CITIBANK, N.A.
as Trustee, certifies that this is one of the Notes described
in the within-named Indenture.

By: _____
Authorized Officer

[FORM OF REVERSE OF NOTE]

QIFU TECHNOLOGY, INC.
0.50% Convertible Senior Notes due 2030

This Note is one of a duly authorized issue of Notes of the Company, designated as its 0.50% Convertible Senior Notes due 2030 (the "**Notes**"), limited to the aggregate principal amount of US$690,000,000, subject to Section 2.10 of the Indenture, all issued or to be issued under and pursuant to an Indenture dated as of March 27, 2025 (the "**Indenture**"), between the Company and Citibank, N.A. (the "**Trustee**"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the Holders of the Notes. Additional Notes may be issued in an unlimited aggregate principal amount, subject to certain conditions specified in the Indenture. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

In the case certain Events of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of, and interest on, all Notes may be declared, by either the Trustee or Holders of at least 25% in aggregate principal amount of Notes then outstanding, and upon said declaration shall become, due and payable, in the manner, with the effect and subject to the conditions and certain exceptions set forth in the Indenture. In the case certain Events of Default relating to a bankruptcy (or similar proceeding) with respect to the Company or a Significant Subsidiary shall have occurred, the principal of, and interest on, all Notes shall automatically become immediately due and payable, as set forth in the Indenture.

Subject to the terms and conditions of the Indenture, the Company will make or cause the Paying Agent to make all payments and deliveries in respect of the principal amount on the Maturity Date, the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, as the case may be, to the Holder who surrenders a Note to the Trustee or to the Agent appoint for such purpose to collect such payments in respect of the Note. The Company will pay or cause the Paying Agent to pay (to the extent funded by the Company) cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts.

Subject to the terms and conditions of the Indenture, Additional Amounts will be paid in connection with any payments made and deliveries caused to be made by the Company or any successor to the Company under or with respect to the Indenture and the Notes, including, but not limited to, payments of principal (including, if applicable the Repurchase Price and the Fundamental Change Repurchase Price), and payments of interest, but excluding any payments or deliveries that are made upon conversion of the Notes, whether made in cash, ADSs, Ordinary Shares or other consideration, and including, for the avoidance of doubt, any payments of cash for any Fractional ADS or other consideration, to ensure that the net amount received by the beneficial owner of the Notes after any applicable withholding or deduction (and after deducting any taxes on the Additional Amounts) will equal the amount that would have been received by such beneficial owner had no such withholding or deduction been required.

The Indenture contains provisions permitting the Company and the Trustee in certain circumstances, without the consent of the Holders of the Notes, and in certain other circumstances, with the consent of the Holders of more than 50% of the aggregate principal amount of the Notes at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures modifying the terms of the Indenture and the Notes as described therein. It is also provided in the Indenture that, subject to certain exceptions, the Holders of more than 50% of the aggregate principal amount of the Notes at the time outstanding may on behalf of the Holders of all of the Notes waive any past Default or Event of Default under the Indenture and its consequences.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay or cause to be delivered, as the case may be, the principal (including the Redemption Price, the Repurchase Price and the Fundamental Change Repurchase Price, if applicable) of, accrued and unpaid interest on, and the consideration due upon conversion of, this Note at the place, at the respective times, at the rate and in the lawful money or ADSs (including Ordinary Shares in lieu thereof), as the case may be, herein prescribed.

The Notes are issuable in registered form without coupons in denominations of US$1,000 principal amount and integral multiples thereof. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations, without payment of any service charge but, if required by the Company or Trustee, with payment of a sum sufficient to cover any transfer or similar tax that may be imposed in connection therewith as a result of the name of the Holder of the new Notes issued upon such exchange of Notes being different from the name of the Holder of the old Notes surrendered for such exchange.

The Company may not redeem the Notes prior to the Maturity Date, except in the event of a Tax Redemption or a Cleanup Redemption, as the case may be, as described in Article 16 of the Indenture. No sinking fund is provided for the Notes, which means that the Company is not required to redeem or retire the notes periodically.

The Holder has the right, at such Holder’s option, to require the Company to repurchase for cash all of such Holder’s Notes or any portion thereof (in principal amounts of US$1,000 or integral multiples thereof) on the Repurchase Date at a price equal to the Repurchase Price.

Upon the occurrence of a Fundamental Change, the Holder has the right, at such Holder’s option, to require the Company to repurchase for cash all of such Holder’s Notes or any portion thereof (in principal amounts of US$1,000 or integral multiples thereof) on the Fundamental Change Repurchase Date at a price equal to the Fundamental Change Repurchase Price.

Subject to the provisions of the Indenture, the Holder hereof has the right, at its option, during certain periods and upon the occurrence of certain conditions specified in the Indenture, prior to the close of business on the third Scheduled Trading Day immediately preceding the Maturity Date, to convert any Notes or portion thereof that is US$1,000 principal amount of Notes or an integral multiple thereof, into cash, ADSs or a combination of cash and ADSs, as

applicable, at the Conversion Rate specified in the Indenture, as adjusted from time to time as provided in the Indenture.

The Holders may elect to receive Ordinary Shares in lieu of any ADSs deliverable upon conversion. Any Ordinary Shares deliverable in lieu of any ADSs will be, prior to the Resale Restriction Termination Date, subject to certain transfer restrictions as set forth in the Indenture and as imposed by the Hong Kong Share Registrar and will not be able to be deposited into CCASS until such restrictions are removed. Pursuant to the terms of the Deposit Agreement and the Restricted Issuance Agreement, the ADS Depositary will not accept the surrender of any restricted ADSs for the purpose of withdrawal of the Ordinary Shares represented thereby prior to the Resale Restriction Termination Date.

Terms used in this Note and defined in the Indenture are used herein as therein defined.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM = as tenants in common

UNIF GIFT MIN ACT = Uniform Gifts to Minors Act

CUST = Custodian

TEN ENT = as tenants by the entireties

JT TEN = joint tenants with right of survivorship and not as tenants in common

Additional abbreviations may also be used though not in the above list.

SCHEDULE A[6]

SCHEDULE OF EXCHANGES OF NOTES

QIFU TECHNOLOGY, INC.

0.50% Convertible Senior Notes due 2030

The initial principal amount of this Global Note is [_____] UNITED STATES DOLLARS (US$[_____]). The following increases or decreases in this Global Note have been made:

Date of exchange	Amount of decrease in principal amount of this Global Note	Amount of increase in principal amount of this Global Note	Principal amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee

ATTACHMENT 1

[FORM OF NOTICE OF CONVERSION]

To: Qifu Technology, Inc.

The Bank of New York Mellon, as Depositary for the ADSs

Citibank, N.A., as Conversion Agent

The undersigned [holder of this Note][7] [beneficial owner of Notes in the aggregate principal amount of [_____]][8] (bearing CUSIP: _____ and ISIN: _____)[9] hereby exercises the option to convert that Note or the portion thereof (that is US$1,000 principal amount or an integral multiple thereof) below designated, into cash or a combination of cash and ADSs (or any Ordinary Shares in lieu thereof), as applicable, in accordance with the terms of the Indenture referred to in this Note, and directs that any cash payable and/or ADSs (or any Ordinary Shares in lieu thereof) deliverable upon such conversion, together with any cash payable for any Fractional ADS, and any Notes representing any unconverted principal amount hereof, be issued and delivered to the holder hereof unless a different name has been indicated below. Terms defined in the Deposit Agreement, the Restricted ADS Letter Agreement or the Indenture referred to in this Notice are used herein as so defined. If any ADSs (or any Ordinary Shares in lieu thereof) or any portion of this Note not converted are to be issued in the name of a Person other than the undersigned, the undersigned will pay all documentary, stamp, issue, transfer or similar taxes (including any penalties and interest related thereto), if any, if required in accordance with Section 14.02(d) and Section 14.02(e) of the Indenture. Any amount required to be paid to the undersigned on account of interest accompanies this Notice. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture.

In connection with the conversion of [this Note, or the portion hereof below designated] [the Notes in the aggregate principal amount below designated], the undersigned acknowledges, represents to and agrees with the Company and the ADS Depositary that the undersigned and any person acquiring beneficial ownership of ADSs is not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Company and has not been an "affiliate" (as defined in Rule 144 under the Securities Act) of the Company during the three months immediately preceding the date hereof.

In the event that there is any ADS deliverable upon the conversion of this Note, the undersigned (please select one; if no election is made, the undersigned is deemed to elect NOT to receive any Ordinary Shares in lieu of such ADSs):

---

[7] Insert in case of a conversion of a certificated note.

[8] Insert if the holder is a beneficial owner of a Note in a global form and elects to settle the conversion in Ordinary Shares deliverable in lieu of any ADSs upon conversion.

[9] Converting noteholder to fill in the security identifiers of the series of Notes being converted.

☐ elects to receive Ordinary Shares in lieu of such ADS through CCASS (which election is only available if this Note is NOT a Restricted Security);

☐ elects to receive Ordinary Shares in lieu of such ADS in certificated form outside of CCASS; or

☐ does NOT elect to receive any Ordinary Shares in lieu of such ADS.

[The undersigned further certifies:

1. The undersigned acknowledges (and if the undersigned is acting for the account of another person, that person has confirmed that it acknowledges) that the Restricted Securities received upon conversion of this Note (or securities represented thereby) have not been and are not expected to be registered under the Securities Act.

2. The undersigned further certifies that either:

(a) The undersigned is, and at the time any ADSs (or any Ordinary Shares in lieu thereof) are delivered in conversion of its Notes will be, the holder of the ADSs and the Ordinary Shares represented thereby, and (i) the undersigned is not a U.S. person (as defined in Regulation S under the Securities Act) and is located outside the United States (within the meaning of Regulation S) and acquired, or have agreed to acquire and will have acquired, the Notes being converted and the ADSs (or any Ordinary Shares in lieu thereof) and the Ordinary Shares represented thereby being delivered in the conversion outside the United States and (ii) the undersigned is not in the business of buying and selling securities or, if the undersigned is in such business, the undersigned did not acquire the Notes being converted from the Company or any affiliate thereof in the initial distribution of the Notes.

OR

(b) The undersigned is a broker-dealer acting on behalf of its customer; its customer has confirmed to the undersigned that it is, and at the time any ADSs (or any Ordinary Shares in lieu thereof) are delivered in conversion of the said Notes will be, the holder of the ADSs (or any Ordinary Shares in lieu thereof) and the Ordinary Shares represented thereby, and (i) it is not a U.S. person (as defined in Regulation S under the Securities Act) and it is located outside the United States (within the meaning of Regulation S) and acquired, or have agreed to acquire and will have acquired, the Notes being converted and the ADSs (or any Ordinary Shares in lieu thereof) and the Ordinary Shares represented thereby being delivered in the conversion outside the United States and (ii) it is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Notes being converted from the Company or any affiliate thereof in the initial distribution of the Notes.

OR

(c) The undersigned is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) acting for its own account or for the account of one or more qualified institutional buyers and the undersigned is (or such account or accounts are) the sole beneficial

owner(s) of the ADSs (or any Ordinary Shares in lieu thereof) to be received upon conversion of the Notes.][10]

3. The undersigned acknowledges that the undersigned (and any such other account) may not continue to hold or retain any interest in Restricted Securities received upon conversion of this Note if the undersigned (or such other account) becomes an affiliate (as defined in Rule 144 under the Securities Act) of the Company.

[4. The undersigned agrees (and if the undersigned is acting for the account of another person, that person has confirmed that it agrees) that, prior to the Resale Restriction Termination Date, the undersigned (and such other account) will not offer, sell, pledge or otherwise transfer the Restricted Security (or securities represented by such Restricted Security or deliverable in lieu thereof) except in accordance with the restrictions set forth in that legend and any applicable securities laws of the United States and any state thereof or any transfer restriction as imposed by the Hong Kong Share Registrar, if applicable.][11]

[If the undersigned does NOT elect to receive Ordinary Shares deliverable in lieu of ADSs, the undersigned hereby instructs the ADS Depositary to register the ADSs (if any) in the name of:

1. Name of Beneficial Owner to receive ADSs (English): _____
2. Address of Beneficial Owner to receive ADSs (English): _____
3. Name of Registered Holder of the ADSs (English): _____
4. Number of ADSs to be issued: _____
5. Beneficial Owner's Tax ID Number: _____
6. Contact Name and Tel No/email address: _____

][12]

[If the undersigned does NOT elect to receive Ordinary Shares deliverable in lieu of ADSs, the undersigned instructs the Depositary to deliver the ADSs (if any) to the following account:

ADS Receiving Broker (* are mandatory fields):

a) DTC Broker Name*: _____
b) DTC Broker's Participant Account with DTC *: _____
c) DTC Broker Contact Name: _____

[10] Include if a Restricted Security.
[11] Include if a Restricted Security; not applicable if the holder is a beneficial owner of a Note in a global form and elects to settle the conversion in Ordinary Shares deliverable in lieu of any ADSs upon conversion.
[12] Include if the Note being converted is a Restricted Security. Restricted Conversion ADSs will not be DTC eligible.

d) DTC Broker Contact Tel No/email: _____

e) Beneficial Owner's Account # with DTC Broker*: _____

OR

e) Local Broker Name (have account with DTC Broker)*: _____

Local Broker Sub-Account # with DTC Broker*: _____

Local Broker Contact Name: _____

Local Broker Contact Tel No/email: _____

ADS Delivering Party:

Name: The Bank of New York Mellon
DTC Account: #[●][13]

[If the undersigned elects to receive the Ordinary Shares deliverable in lieu of the ADSs through CCASS*, the undersigned instructs the Company to deliver the Ordinary Shares to the following account:

a) CCASS Account: _____

*Delivery of Ordinary Shares is subject to applicable law and the rules and procedures of CCASS. Holders should contact their relevant CCASS custodian participant for information on the delivery procedures.] [14]

Wire Payment Instructions

[●]

For any ADS settlement inquiries, please contact The Bank of New York Mellon:

Tel: [●]

Email: [●]

[13] Include this bracketed language only if the Note being converted is not a Restricted Security.
[14] Include bracketed language if (i) the Note being converted is not a Restricted Security; and (ii) the Holder elects to receive Ordinary Shares in lieu of the ADSs deliverable upon conversion.

For any Ordinary Shares settlement inquiries, please contact:

Computershare Hong Kong Investor Services Limited

+852 2862 8555

Dated: _____

_____

Signature(s)

_____

Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if ADSs are to be issued, or Notes are to be delivered, other than to and in the name of the registered holder.

Fill in for registration of ADSs if to be issued, and Notes if to be delivered, other than to and in the name of the registered holder:

_____

(Name)

_____

(Street Address)

_____

(City, State and Zip Code)
Please print name and address

Principal amount to be converted (if less than all):
US$_____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

_____

Social Security or Other Taxpayer Identification Number

ATTACHMENT 2

[FORM OF FUNDAMENTAL CHANGE REPURCHASE NOTICE]

To: QIFU TECHNOLOGY, INC.

CITIBANK, N.A., as Trustee

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from Qifu Technology, Inc. (the "**Company**") as to the occurrence of a Fundamental Change with respect to the Company and specifying the Fundamental Change Repurchase Date and requests and instructs the Company to pay to the registered holder hereof in accordance with Section 15.02 of the Indenture referred to in this Note (1) the entire principal amount of this Note, or the portion thereof (that is US$1,000 principal amount or an integral multiple thereof) below designated, and (2) if such Fundamental Change Repurchase Date does not fall during the period after a Regular Record Date and on or prior to the corresponding Interest Payment Date, accrued and unpaid interest thereon to, but excluding, such Fundamental Change Repurchase Date. Capitalized terms used herein but not defined shall have meanings ascribed to such terms in the Indenture.

In the case of Physical Notes, the certificate numbers of the Notes to be repurchased are as set forth below:

Certificate Number(s): _____

Dated: _____

_____
Signature(s)

_____
Social Security or Other Taxpayer
Identification Number

Principal amount to be repaid (if less than all): US$_____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

ATTACHMENT 3

[FORM OF REPURCHASE NOTICE]

To: QIFU TECHNOLOGY, INC.

CITIBANK, N.A., as Trustee

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from Qifu Technology, Inc. (the "**Company**") regarding the right of Holders to elect to require the Company to repurchase the entire principal amount of this Note, or the portion thereof (that is US$1,000 principal amount or an integral multiple thereof) below designated, in accordance with the applicable provisions of the Indenture referred to in this Note, at the Repurchase Price to the registered Holder hereof.

In the case of certificated Notes, the certificate numbers of the Notes to be purchased are as set forth below:

Certificate Number(s): _____

Dated: _____

_____
Signature(s)

_____
Social Security or Other Taxpayer
Identification Number

Principal amount to be repaid (if less than all): US$____,000

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

ATTACHMENT 4

[FORM OF ASSIGNMENT AND TRANSFER]

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ (Please insert social security or Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with any transfer of the within Note occurring prior to the Resale Restriction Termination Date, as defined in the Indenture governing such Note, the undersigned confirms that such Note is being transferred:

☐ To Qifu Technology, Inc. or a subsidiary thereof; or

☐ Pursuant to a registration statement that has become or been declared effective under the Securities Act of 1933, as amended; or

☐ Pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or

☐ Outside the United States in accordance with Regulation S under the Securities Act of 1933, as amended; or

☐ Pursuant to and in compliance with Rule 144 under the Securities Act of 1933, as amended (if available).

Dated: _____

_____

_____
Signature(s)

_____
Signature Guarantee

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if Notes are to be delivered, other than to and in the name of the registered holder.

NOTICE: The signature on the assignment must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

EXHIBIT B

QIFU TECHNOLOGY, INC.

AUTHORIZATION CERTIFICATE

March 27, 2025

I, [*Insert Name of Signatory*][15], the [*Insert Title of Signatory*], acting on behalf of Qifu Technology, Inc. (the "***Company***") hereby certify that:

(A) the persons listed in Schedule I are (i) authorized Officers of the Company for purposes of the Indenture (the "***Indenture***") dated as of March 27, 2025 between the Company and Citibank, N.A., as trustee, in relation to the 0.50% Convertible Senior Notes due 2030 (the "***Notes***"), (ii) duly elected or appointed, qualified and acting as the holder of the respective office or offices set forth opposite their names and (iii) the duly authorized persons who executed or will execute the Indenture and the Notes issued pursuant to the Indenture by their manual or electronic signatures and were at the time of such execution, duly elected or appointed, qualified and acting as the holder of the offices set forth opposite their names;

(B) each of the individuals listed in Schedule I have the authority to receive call backs at the telephone numbers noted below upon request of Citibank, N.A. in connection with the Notes issued pursuant to the Indenture;

(C) each signature appearing in Schedule I is the true specimen of the genuine signature of such officer and such individuals; and

(D) attached hereto as Schedule II is a true, correct and complete specimen of the certificates representing the Notes.

[15] This should be a signatory other than the signatories listed as Authorized Officers on the next page.

IN WITNESS WHEREOF, I have hereunto executed and delivered this certificate on behalf of the Company as of the date indicated.

QIFU TECHNOLOGY, INC.

By: _____
Name:
Title:

SCHEDULE I

Name	Title, Fax No., Email	Signature	Tel No.

Exhibit 8.1

List of Significant Subsidiaries of Qfin Holdings, Inc. and the VIEs and the VIEs' Subsidiaries

Subsidiaries	**Place of Incorporation**
HK Qirui International Technology Limited	Hong Kong
Shanghai Qiyue Information Technology Co., Ltd.	Mainland China
Shanghai Qidi Information Technology Co., Ltd.	Mainland China
Beihai Qi'ang Information Technology Co., Ltd.	Mainland China

VIEs and the VIEs' subsidiaries	**Place of Incorporation**
Shanghai Qiyu Information Technology Co., Ltd.	Mainland China
Fuzhou Qifu Financing Guarantee Co., Ltd.	Mainland China
Fuzhou Qifu Online Microcredit Co., Ltd.	Mainland China
Beihai Yunhua Information Technology Co., Ltd.	Mainland China

Exhibit 12.1

Certification by the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Haisheng Wu, certify that:

1. I have reviewed this annual report on Form 20-F of Qfin Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the 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 27, 2026

By: /s/ Haisheng Wu
Name: Haisheng Wu
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, Alex Xu, certify that:

1. I have reviewed this annual report on Form 20-F of Qfin Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the 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 27, 2026

By: /s/ Alex Xu
Name: Alex Xu
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 Qfin Holdings, Inc. (the "Company") on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Haisheng Wu, 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 27, 2026

By: /s/ Haisheng Wu
Name: Haisheng Wu
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 Qfin Holdings, Inc. (the "Company") on Form 20-F for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alex Xu, 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 27, 2026

By: /s/ Alex Xu
Name: Alex Xu
Title: Chief Financial Officer

通商律師事務所
COMMERCE & FINANCE LAW OFFICES
中国北京建国门外大街 1 号国贸写字楼 2 座 12-14 层 100004
12-14th Floor, China World Office 2, No. 1 Jianguomenwai Avenue, Beijing 100004, China
电话 Tel: +86 10 6563 7181 传真 Fax: +86 10 6569 3838
电邮 Email: beijing@tongshang.com 网址 Web: www.tongshang.com

April 27, 2026

To: Qfin Holdings, Inc. (the "Company")

Building 1,
No. 98 Qingyijiang Road,
Putuo District,
Shanghai 200331,
People's Republic of China

Dear Mesdames/Sirs,

We consent to the references to our firm under the headings "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We are subject to uncertainties surrounding regulations and administrative measures of the loan facilitation business. If any of our business practices are deemed to be non-compliant with applicable laws and regulations, our business, financial condition and results of operations would be adversely affected", "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our business is subject to complex and evolving PRC laws and regulations regarding data privacy and cybersecurity, as such regulations and laws are newly promulgated, many of which are subject to further interpretation. Any changes in these laws and regulations have caused and could continue to cause changes to our business practices and increase costs of operations, and any security breaches or our actual or perceived failure to comply with such laws and regulations could result in claims, penalties, damages to our reputation and brand, declines in user growth or engagement, or otherwise harm our business, results of operations and financial condition","Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our access to sufficient and sustainable funding at reasonable costs cannot be assured. If we fail to maintain collaboration with our financial institution partners or to maintain sufficient capacity to facilitate loans to borrowers, our reputation, results of operations and financial condition may be materially and adversely affected", "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 VIEs 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 4. Information on the Company—B. Business Overview—Regulation—Regulation on Online Finance Services Industry—Regulations on online marketing of financial products" , "Item 4. Information on the Company—B. Business Overview—Regulation—Regulation on Online Finance Services Industry—Regulations on Financing Guarantee", "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders" and "Item 6. Directors, Senior Management and Employees—E. Share Ownership—Enforceability of Civil Liabilities" in Qfin Holdings, Inc.'s Annual Report on Form 20-F for the year ended December 31, 2025 (the "**Annual Report**"), which will be filed with the Securities and Exchange Commission (the

"**SEC**") in the month of April 2026. We also consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report. We further consent to the incorporation by reference of the summaries of our opinions under these captions into the Company's registration statements on Form S-8, as amended (File 333-231892 and 333-235488), which was initially filed on June 3, 2019 and December 13, 2019, respectively.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours Sincerely,

/s/ Commerce & Finance Law Offices

Commerce & Finance Law Offices

Exhibit 15.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-231892 and 333-235488 on Form S-8 of our reports dated April 27, 2026, relating to the financial statements of Qfin Holdings, Inc. and the effectiveness of Qfin Holdings, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 20-F for the year ended December 31, 2025.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, China

April 27, 2026

Exhibit 15.3

Our ref VSL/741985-000006/85927590v1

Qfin Holdings, Inc.
Building 1, No. 98 Qingyijiang Road
Putuo District, Shanghai 200333
People's republic of China

April 27, 2026

Dear Sirs

Qfin Holdings, Inc.

We have acted as legal advisers as to the laws of the Cayman Islands to Qfin Holdings, Inc., an exempted company incorporated in the Cayman Islands with limited liability (the "**Company**"), in connection with the filing by the Company with the United States Securities and Exchange Commission (the "**SEC**") of an annual report on Form 20-F for the year ended 31 December 2025 (the "**Annual Report**").

We hereby consent to the reference to our firm under the heading "Item 6. Directors, Senior Management and Employees—E. Share Ownership—Enforceability of Civil Liabilities" in the Annual Report, and we further consent to the incorporation by reference of the summary of our opinions under this heading into the Company's registration statements on Form S-8, as amended (File Nos. 333-231892 and 333-235488), which was initially filed on 3 June 2019 and 13 December, 2019, respectively.

We consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP
Maples and Calder (Hong Kong) LLP