

**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 March 31, 2021**

OR

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

For the transition period from _____ to _____

OR

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

Date of event requiring this shell company report

Commission file number: 001-38245

Xiaobai Maimai 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)

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
American depositary shares (one American depositary share representing three ordinary shares, par value US\$0.0001 per share)	HX	NASDAQ Global Market
Ordinary shares, par value US\$0.0001 per share*		NASDAQ Global Market

*Not for trading, but only in connection with the listing of the American depositary shares on the NASDAQ Global Market.

[Table of Contents](#)

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.

48,850,574 ordinary shares, par value US\$0.0001 per share, as of March 31, 2021.

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

Yes No

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

Yes No

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

Yes No

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

Yes No

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

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. Yes No

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

<u>INTRODUCTION</u>	2
<u>FORWARD-LOOKING INFORMATION</u>	3
<u>PART I</u>	4
<u>ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS</u>	4
<u>ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE</u>	4
<u>ITEM 3. KEY INFORMATION</u>	4
<u>ITEM 4. INFORMATION ON THE COMPANY</u>	52
<u>ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u>	80
<u>ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</u>	91
<u>ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS</u>	99
<u>ITEM 8. FINANCIAL INFORMATION</u>	102
<u>ITEM 9. THE OFFER AND LISTING</u>	103
<u>ITEM 10. ADDITIONAL INFORMATION</u>	104
<u>ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	115
<u>ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	116
<u>PART II</u>	118
<u>ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	118
<u>ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	118
<u>ITEM 15. CONTROLS AND PROCEDURES</u>	119
<u>ITEM 16. A. AUDIT COMMITTEE FINANCIAL EXPERT</u>	119
<u>PART III</u>	122
<u>ITEM 17. FINANCIAL STATEMENTS</u>	122
<u>ITEM 18. FINANCIAL STATEMENTS</u>	122
<u>ITEM 19. EXHIBITS</u>	122

INTRODUCTION

In this annual report on Form 20-F, unless otherwise indicated or the context otherwise requires, references to:

- “ADSs” are to our American depository shares, each of which represents three ordinary shares;
- “App” are to Xiaobai Maimai application;
- “big data” are to voluminous structured and unstructured data from multiple sources and in multiple formats;
- “CAGR” are to compound annual growth rate;
- “China” or the “PRC” are to the People’s Republic of China, excluding, for the purposes of this annual report on Form 20-F only, Hong Kong, Macau and Taiwan;
- “CSRC” are to China Securities Regulatory Commission;
- “GMV” or “Gross Merchandise Value” are to the value of confirmed orders of products and services on our platform, regardless of how, or whether, the buyer and seller settle the transaction;
- “Hexin Digital” are to Hexin Digital Technology Co., Ltd.;
- “Hexin E-commerce” are to Hexin E-Commerce Co. Ltd.;
- “Hexin Fengze” are to Hexin Fengze Asset Management (Beijing) Co., Ltd.;
- “Hexin Information” are to Hexin Information Services Co., Ltd.;
- “Hexin Financial Information” are to Hexin Financial Information Services (Beijing) Co., Ltd.;
- “Hexin Group” are to Hexin Information and Hexin Financial Information;
- “Hexin Jinke” are to Hexin Jinke Group Co., Ltd.;
- “Hexin Jiuding” are to Beijing Hexin Jiuding Technology Co., Ltd.
- “Wusu Company” are to Wusu Hexin Yongheng Commercial and Trading Co., Ltd. (formerly known as Wusu Hexin Internet Small Loan Co., Ltd.);
- “Hexin Yongheng” are to Beijing Hexin Yongheng Technology Development Co., Ltd.;
- “Hexindai” are to Hexindai Inc., the former name of our company;
- “Kuaishangche” are to Kuaishangche Automobile Leasing Co., Ltd.;
- “MAU” are to monthly active users;
- “MIIT” are to the Ministry of Industry and Information Technology;
- “Ordinary shares” are to our ordinary shares of par value US\$0.0001 per share;

[Table of Contents](#)

- “Our variable interest entities” or “VIEs” are to Hexin Jiuding, Wusu Company and Hexin Digital;
- “P2P” are to peer-to-peer lending;
- “PCAOB” are to the Public Company Accounting Oversight Board;
- “Platforms” are to the e-commerce platforms that Xiaobai Maimai cooperates with;
- “RMB” and “Renminbi” are to the legal currency of China;
- “SAMR” are to the PRC State Administration for Market Regulation (formerly known as the SAIC);
- “US\$,” “U.S. dollars,” “\$” and “dollars” are to the legal currency of the United States;
- “U.S. GAAP” are to accounting principles generally accepted in the United States;
- “Xiaobai Maimai,” “we,” “us,” “our company”, “the Company” and “our” are to Xiaobai Maimai Inc., an exempted company incorporated in the Cayman Islands with limited liability, and its subsidiaries, and, in the context of describing our operations and combined and consolidated financial information, also include its variable interest entities; and

Exchange Rate Information

Our business is conducted in China, and our financial records are maintained in RMB, our functional currency. However, we use the U.S. dollar as our reporting currency; therefore, periodic reports made to shareholders will include current period amounts translated into U.S. dollars using the then-current exchange rates, for the convenience of the readers. Unless otherwise noted, all translations from RMB to U.S. dollars and from U.S. dollars to RMB in this annual report on Form 20-F were made at a rate of RMB6.5518 to US\$1.00, the exchange rate set forth in the H.10 Statistical release of the Board of Governors of the Federal Reserve System as of March 31, 2021, the last business day of the fiscal year of 2021. Assets and liabilities are translated at the exchange rate at each reporting period end date. Equity is translated at historical rates. Income and expense accounts are translated at the average rate of exchange during the reporting period. The resulting translation adjustments are reported under accumulated other comprehensive income (loss). Gains and losses resulting from the translations of foreign currency transactions and balances are reflected in the consolidated statements of comprehensive income.

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. On July 23, 2021, the exchange rate was RMB6.4808 to US\$1.00.

FORWARD-LOOKING INFORMATION

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

- our goals and strategies;

[Table of Contents](#)

- our future business development, financial condition and results of operations;
- the expected growth of the online retail and social e-commerce industry in China;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with our members, users, suppliers, third-party merchants, and other partners, including other social e-commerce platforms and service marketplaces;
- competition in our industry;
- relevant government policies and regulations relating to our industry;
- the development of COVID-19 in the PRC and globally; and
- assumptions underlying or related to any of the foregoing.

We would like to caution you not to place undue reliance on these forward-looking statements and you should read these statements in conjunction with the risk factors disclosed in "Item 3. Key Information D. Risk Factors." Those risks are not exhaustive. We operate in an evolving environment. New risks emerge from time to time and it is impossible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking statement. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law. You should read this annual report on Form 20-F and the documents that we reference in this annual report on Form 20-F completely and with the understanding that our actual future results may be materially different from what we expect.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

On December 30, 2020, we completed the disposition of P2P business which historically provided our customers with loan facilitation services, post-origination services and other related services. Consequently, our loan facilitation services, post-origination services and other related services were accounted for as discontinued operations in accordance with U.S. GAAP in our consolidated financial statements. As required by U.S. GAAP, we have retrospectively applied the change in the discontinued operations for the fiscal years ended March 31, 2017, 2018, 2019 and 2020 accordingly.

The following selected consolidated statements of comprehensive income (loss) for the fiscal years ended March 31, 2019, 2020 and 2021 and summary consolidated balance sheets as of March 31, 2020 and 2021 have been derived from our audited consolidated financial statements included in this annual report on Form 20-F beginning on page F-1.

[Table of Contents](#)

The selected consolidated statement of operations data for the fiscal years ended March 31, 2017 and 2018 and the balance sheet data as of March 31, 2017, 2018 and 2019 have been derived from our consolidated financial statements not included in this annual report. The consolidated statement of operations data fiscal years ended March 31, 2017 and 2018 reflect the retrospective adjustments for the discontinued operations during year ended March 31, 2021.

	For the Fiscal Years Ended March 31,				
	2017	2018	2019	2020	2021
(US\$, except for number of shares)					
Selected Consolidated Statement of Comprehensive Income (Loss):					
REVENUES					
Commission service	—	—	—	—	82,054
Recommendation service and others	—	—	184,968	3,916,276	—
Interest income	—	590,122	3,552,759	3,043,096	1,690,448
Tax and surcharges	—	(20,276)	(42,510)	(44,898)	(17,567)
NET REVENUES	<u>—</u>	<u>569,846</u>	<u>3,695,217</u>	<u>6,914,474</u>	<u>1,754,935</u>
OPERATING COSTS AND EXPENSES					
Service and development	—	—	—	1,032,562	544,572
Sales and marketing	—	2,040	1,167,469	1,462,798	1,087,009
General and administrative	1,241	1,035,181	3,131,550	20,488,796	27,217,613
Impairment charge on long-term investments	—	—	—	29,189,836	1,600,000
Finance cost	—	—	—	2,498,706	2,154,621
Share-based compensation	—	1,828,868	6,585,386	347,466	55,468
Total operating costs and expenses	1,241	2,866,089	10,884,405	55,020,164	32,659,283
LOSS FROM CONTINUING OPERATIONS	<u>(1,241)</u>	<u>(2,296,243)</u>	<u>(7,189,188)</u>	<u>(48,105,690)</u>	<u>(30,904,348)</u>
Total other (expenses) income, net	(123)	207,358	381,150	1,232,160	(164,918)
LOSS FROM CONTINUING OPERATIONS					
BEFORE INCOME TAXES	(1,364)	(2,088,885)	(6,808,038)	(46,873,530)	(31,069,266)
PROVISION FOR TAXES EXPENSES	—	131,341	807,710	489,955	482,976
LOSS FROM CONTINUING OPERATIONS	<u>(1,364)</u>	<u>(2,220,226)</u>	<u>(7,615,748)</u>	<u>(47,363,485)</u>	<u>(31,552,242)</u>
Net income (loss) from discontinued operations, net of income taxes	8,572,228	67,730,851	13,148,329	(23,834,894)	(6,439,549)
Gain from disposal of discontinued operations, net of income taxes	—	—	—	—	3,164,802
Total income (loss) from discontinued operations	8,572,228	67,730,851	13,148,329	(23,834,894)	(3,274,747)
NET INCOME (LOSS)	<u>8,570,864</u>	<u>65,510,625</u>	<u>5,532,581</u>	<u>(71,198,379)</u>	<u>(34,826,989)</u>
COMPREHENSIVE INCOME (LOSS)	<u>7,490,828</u>	<u>71,538,768</u>	<u>(603,606)</u>	<u>(76,487,121)</u>	<u>(30,884,832)</u>
Net income (loss) per share attributable to Xiaobai Maimai Inc's shareholders					
Basic	0.20	1.46	0.11	(1.46)	(0.71)
Diluted	0.20	1.37	0.10	(1.46)	(0.71)
Weighted average shares used in calculation of net income (loss) per share					
Basic	42,331,200	44,977,780	48,693,162	48,757,199	48,837,977
Diluted	42,331,200	47,656,263	52,912,826	48,757,199	48,837,977

[Table of Contents](#)

The following table presents our summary consolidated balance sheet data as of March 31, 2017, 2018, 2019, 2020 and 2021.

	As of March 31,				
	2017	2018	2019	2020	2021
	(US\$)				
Selected Consolidated Balance Sheet Data					
Cash and cash equivalents	1,949,877	50,499,748	35,657,346	6,668,104	15,128,719
TOTAL ASSETS	28,382,131	166,494,781	182,368,385	80,476,159	31,685,496
TOTAL LIABILITIES	4,877,775	26,451,710	55,865,227	32,375,270	14,413,971
TOTAL SHAREHOLDERS' EQUITY	23,504,356	140,043,069	126,503,158	48,100,889	17,271,525

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors**RISKS RELATED TO OUR BUSINESS AND INDUSTRY**

We are no longer engaged in the online microlending business, but we cannot assure you that we would not be penalized under relevant regulations for the previous microlending business.

In August 2017, we established Wusu Company, through which we started to conduct our online microlending business. We have engaged in online microlending business since then and have been continuing to contribute resources to our microlending business up to September 30, 2019, since when the principal business scope of Wusu Company has been changed to trading, provision of technological promotion services and import and export. Since May 2019, we have ceased to issue new loans through microlending businesses. The microlending industry is rapidly evolving with significant regulatory uncertainties, and our microlending business may be subject to a variety of laws and regulations in the PRC with ambiguous and inconsistent application and interpretation. As a result, we cannot assure you that our investment and exploration in microlending would not be subject to legal risks. Since the change of Wusu Company's business scope, we cannot carry out any new microlending business without the proper business registration. However, for the loans which were issued prior to the change of the business scope, we are entitled to the credit right over such loans until their maturity. If, however, the authorities were to determine that our historical microlending business was in violation of the relevant PRC laws and regulations, we may be subject to fines and other administrative penalties imposed by the authorities and our business and reputation could be adversely affected.

Our limited operating history in the social e-commerce industry makes it difficult to evaluate our business and prospects.

We have engaged in online microlending business since 2017 and have been continuing to contribute resources to our microlending business up to September 30, 2019. We launched our social e-commerce platform in May 2020 as a new business line and have a limited operating history in the social e-commerce industry. Prior to our transition into a social e-commerce platform, we operated a consumer lending platform in China. Therefore, our historical performance may not be indicative of our future growth or financial results. We cannot assure you that our business, results of operations and financial condition will be able to grow, or that we can avoid any decline in our business, results of operations and financial condition in the future. Our business, results of operations and financial condition may decline for a number of possible reasons, some of which are beyond our control, including decreasing consumer spending, increasing competition, declining growth of our overall market or industry, the emergence of alternative business models, and changes in rules, regulations and government policies with respect to our industry or general economic conditions in China. In addition, our social e-commerce platform, from which we expect to generate substantially all of our revenues in the future, is a newly launched initiative and may not grow as quickly as we anticipate. It is difficult to evaluate our prospects, as we may not have sufficient experience in addressing the risks to which companies operating in rapidly evolving markets may be exposed. If our growth rate declines, investors' perceptions of our business, results of operations and prospects may be materially and adversely affected and the market price of our ADSs could decline. You should consider our prospects in light of the risks and uncertainties that companies with a limited operating history may encounter.

We have incurred a net loss and negative operating cash flows in the past and may continue to experience losses in the future.

We incurred a net loss of US\$34.8 million for the fiscal year ended March 31, 2021. We cannot assure you that we will be able to generate net profits or positive cash flow from operating activities in the future. Our ability to achieve and maintain profitability will depend in large part on our ability to, among other things, increase our number of members and users, grow, and diversify our third-party merchant base, maintain cooperation with other mainstream e-commerce platforms and service marketplaces, and optimize our cost structure. We may not be able to achieve any of the above. We intend to continue to invest for the foreseeable future in the improvement of our fulfillment infrastructure and technology platform to support an even more carefully curated selection of products and to offer additional value-added services. As a result of the foregoing, we believe that we may incur net losses in the future.

If we fail to anticipate user needs and provide products and services attractive to users, or fail to adapt our services or business model to changing user needs, emerging industry standards or rapid technological evolution, or fail to provide products of satisfactory quality to our users, our business may be materially and adversely affected.

The social e-commerce industry in which we operate, and user needs and preferences are constantly evolving. As a result, we must continuously respond to changes in the market and user demand and preferences to remain competitive, grow our business and maintain our market position. We launched our social e-commerce platform in May 2020, which offers a wide variety of high-quality products covering food and beverage, wine, cosmetic products, fashion and apparel, entertainment, housewares, home appliances and cost-saving promotions at petrol gas stations nationwide. We intend to further diversify our product and service offerings to contribute to our revenue sources in the future. New products and services, new types of users or new business models may involve risks and challenges we do not currently face. We may introduce new sales format on our platform to improve user engagement. Any new initiatives may require us to devote significant financial and management resources and may not perform as well as expected. Furthermore, we may have difficulty in anticipating user demand and preferences, and the products offered on our platform may not be accepted by the market or be rendered obsolete or uneconomical. Therefore, any inability to adapt to these changes may result in a failure to capture new members and other users or retain existing members and other users, the occurrence of which would materially and adversely affect our business, financial condition and results of operations. In addition, if we are unable to provide products to users of satisfactory quality, in a timely manner, in sufficient quantities or at an acceptable cost, our business could be negatively impacted. We may also be subject to claims if our users are not satisfied with the quality of the products or do not have satisfactory experiences in general.

In addition, we must continue to enhance and improve the responsiveness, functionality and features of our platform to remain competitive. The social e-commerce industry is characterized by rapid technological evolution, changes in user requirements and preferences, frequent introductions of new products, features and services embodying new technologies and the emergence of new industry standards and practices, any of which could render our existing technologies and systems obsolete. Our success will depend, in part, on our ability to identify, develop and adapt to new technologies useful in our business, and respond to technological advances and emerging industry standards and practices, in particular with respect to mobile Internet, in a cost-effective and timely way. We cannot assure you that we will be successful in these efforts.

Any change, disruption or discontinuity in the features and functions of major social networks in China could limit our ability to continue growing our member and user base, and our business may be materially and adversely affected.

Our success depends on our ability to attract and retain new members and users and expand our member and user base. We leverage social networks in China as a tool for member and user acquisition and engagement. For example, we leverage social networks, such as WeChat, QQ and Weibo, to enable members to share product information and their experiences with products on our platform to their friends, family and other social contacts, who can purchase such products directly via the links shared by the members through social networks. A substantial portion of our member and user traffic comes from such member recommendation through social networks. To the extent that we are banned from using some or all functions of such social networks, or fail to leverage such social networks, our ability to attract or retain members and other users, and maintain an active community may be severely harmed. If WeChat, QQ or Weibo changes its functions or support, such as charging fees for functions or support that is currently provided for free, or stops offering its functions or support to us or discontinues its functions or support in general, we may not be able to locate alternative platforms of similar scale to provide similar functions or support in a timely manner, or at all. Furthermore, we may fail to establish or maintain relationships with additional social network operators to support the growth of our business on economically viable terms, or at all. Any interruption to or discontinuation of our relationships with major social network operators may severely and negatively impact our ability to continue growing our user base, and any occurrence of the circumstances mentioned above may have a material adverse effect on our business, financial condition, and results of operations.

Use of social media and influencers may materially and adversely affect our reputation or subject us to fines or other penalties.

We launched our Elite Influencers Program in August, 2020 to help promote our offerings. Currently, the elite influencers introduced to the platform are primarily WeChat merchants who have considerable influence on social e-commerce in China. As existing e-commerce and social media platforms continue to rapidly evolve and new platforms develop, we must continue to maintain a presence on these platforms and establish presences on new or emerging popular social media platforms. If we are unable to cost-effectively use social media platforms as marketing tools or if the social media platforms we use do not evolve quickly enough for us to fully optimize such platforms, our ability to acquire new consumers and our financial condition may suffer. Furthermore, as laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, our network of elite influencers at our direction to abide by applicable laws and regulations in the use of these platforms and devices or otherwise could subject us to regulatory investigations, class action lawsuits, liability, fines, or other penalties and have a material adverse effect on our business, financial condition and operating results.

In addition, an increase in the use of social media for product promotion and marketing may cause an increase in the burden on us to monitor compliance of such materials, and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations. We do not prescribe what our influencers post, and if we were held responsible for the content of their posts or their actions, we could be forced to alter our practices, which could have an adverse impact on our business.

Negative commentary regarding us, our offerings or influencers may also be posted on social media platforms and may have adverse impact on our reputation or business. Influencers with whom we maintain relationships could use their own WeChat accounts to communicate directly with our customers in a manner that reflects poorly on our products and may be attributed to us or otherwise adversely affect us. It is not possible to prevent such behaviours, and the precautions we take to detect this activity may not be effective in all cases. Our target consumers often value readily available information and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate, without affording us an opportunity for redress or correction.

We are dependent on app stores to disseminate our mobile apps.

We currently offer our services mainly through our mobile platform. Our mobile apps are offered via smartphone and tablet apps stores operated by third parties, such as Apple's App Store, which could suspend or terminate users' access to our mobile apps, increase access costs or change the terms of access in a way that makes our apps less desirable or harder to access. As a result, our ability to expand our user base may be hindered if potential users experience difficulties in or are barred from accessing our mobile apps. Our mobile apps may be taken down from certain third-party app stores for a short period of time. We cannot assure you that we will not experience such incident of similar nature in the future. The occurrence of the similar incident may adversely affect our brand and reputation, business, financial condition, and results of operations.

We may lose market share and users if we fail to compete effectively.

The social e-commerce industry in China is intensely competitive. We compete to attract, engage, and retain members, users, orders, suppliers, third-party merchants, and other participants on our platform. Our current or potential competitors include all major social e-commerce companies in China and other Internet companies in China that engage in social e-commerce businesses.

Our current or potential competitors may have longer operating histories, greater brand recognition, better relationships with supplier and third-party merchants, larger customer bases, higher user activity and loyalty or greater financial, technical or marketing resources than we have. Our competitors may leverage their brand recognition, experience and resources to compete with us in a variety of ways, including making investments and acquisitions for the expansion of their product and service offerings. Some of our competitors may be able to secure more favorable terms from suppliers and third-party merchants, devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing or inventory policies and devote substantially more resources to their IT systems and technology than us. In particular, some of these competitors have substantially greater financial resources that may allow them to initiate and sustain aggressive price competition and we may experience increased competition when our competitors offer discounts or clearance items for sale for various reasons. If we are unable to offer products on our platform at competitive prices, we may experience increased negative pressure on pricing for our products and loss of users. Some of our competitors may also utilize social networks to attract users, which may divert traffic or attention of our potential users. In addition, new and enhanced technologies may increase the competition in the e-commerce industry. Increased competition may reduce our profitability, market share, user base and brand recognition. We cannot assure you that we will be able to compete successfully against current or future competitors, and competitive pressures may have a material and adverse effect on our business, financial condition and results of operations.

If we fail to manage and expand our relationships with third-party merchants and other e-commerce platforms and service marketplaces, or otherwise fail to procure products on favourable terms, our business, growth and profitability prospects may suffer.

We operate a marketplace business whereby third-party merchants sell products on our platform. We also provide hyperlinks and refer users to other mainstream platforms that cooperate with us. Sales promotions, such as coupons, discounts, or rebates, are available to purchase orders that are referred through our platform. Our third-party merchants include merchants of mainstream brands and emerging brands, and manufacturing partners we cooperate with. Maintaining strong relationships with these third-party merchants is important to the growth of our business. In particular, we depend significantly on our ability to attract third-party merchants to offer their products on commercially attractive terms on our platform. We typically enter into framework agreements with third-party merchants on an annual basis, and these framework agreements do not ensure the availability of products or the continuation of particular pricing practices or payment terms beyond the end of the contractual term. In addition, our agreements with third-party merchants typically do not restrict them from selling products to others or on other platforms. We cannot assure you that our current third-party merchants will continue to sell products on our platform on commercially acceptable terms, or at all, after the term of the current agreement expires. Even if we maintain good relations with our third-party merchants, their ability to supply products on our platform in sufficient quantity and at competitive prices may be adversely affected by economic conditions, labour actions, regulatory or legal decisions, natural disasters, or other causes.

In the event any brand owner does not have authority from the relevant manufacturer to sell certain products on our platform, such brand owner may cease selling such products on our platform at any time. If our third-party merchants cease to provide us with favourable price for goods sold on our platform, our need for working capital may increase and our operations may be materially and adversely affected. We will also need to establish new third-party merchant relationships to ensure that we have access to a steady supply of products on favourable commercial terms. If we are unable to develop and maintain good relationships with third-party merchants that would allow us to obtain a sufficient amount and variety of authentic and quality products on acceptable commercial terms, it may inhibit our ability to offer sufficient products sought by our users, or to offer these products at competitive prices. Any adverse developments in our relationships with third-party merchants could materially and adversely affect our business and growth prospects. In addition, as part of our growth strategy, we plan to further expand our product offerings. If we fail to attract new suppliers and third-party merchants to sell their products to us or on our platform due to any reason, our business, growth and profitability prospects may be materially and adversely affected.

Our marketplace business is subject to risks associated with third-party merchants.

We do not have the control over the storage and delivery of products sold on our platform. Our third-party merchants use their own facilities to store their products and their own or third-party delivery systems to deliver their products directly to our members and users, which makes it difficult for us to ensure that our members and users get the same high-quality service for all products sold on our platform. If any third-party merchant does not control the quality of the products that it sells on our platform, or if it does not deliver the products or delivers them late or delivers products that are materially different from its description of them, or if it sells counterfeit or unlicensed products on our platform, or if it sells certain products without licenses or permits as required by the relevant laws and regulations even though we have requested such licenses or permits in our standard form agreement with third-party merchants, or if the products is finally returned by reasons mentioned above or others, the reputation of our marketplace business and our brand may be materially and adversely affected and we could face claims, and be held liable for any losses. In order for our marketplace business to be successful, we must continue to identify and attract third-party merchants, and we may not be successful in this regard.

Our results of operations fluctuate significantly from quarter to quarter, which may make it difficult to predict our future financial performance.

Our results of operations generally are characterized by seasonal fluctuations due to various reasons, including seasonal buying patterns and economic cyclical changes, as well as promotions on our platform and other mainstream platforms that cooperate with us. The fourth quarter of each calendar year generally contributes the largest portion of our annual revenues due to a number of factors, such as merchants allocating a significant portion of their online marketing budgets to the fourth calendar quarter, promotions, such as the 11.11 global shopping festival, and the impact of seasonal buying patterns in respect of certain categories such as apparel. The first quarter of each calendar year generally contributes the smallest portion of our annual revenues, primarily due to a lower level of allocation of marketing budgets by merchants at the beginning of the calendar year and the Chinese New Year holiday, during which time consumers generally spend less and businesses in China are generally closed. We may also introduce new promotions or change the timing of our promotions in ways that further cause our quarterly results to fluctuate and differ from historical patterns. In addition, seasonal weather patterns may affect the timing of buying decisions.

Our results of operations will likely fluctuate due to these and other factors, some of which are beyond our control. In addition, our growth in the past may have masked the seasonality that might otherwise be apparent in our results of operations. As the rate of growth of our business declines in comparison to prior periods, we expect that the seasonality in our business may become more pronounced. Moreover, as our business grows, we expect that our fixed costs and expenses will continue to increase, which will result in operating leverage in seasonally strong quarters but can significantly pressure operating margins in seasonally weak quarters.

To the extent our results of operations are below the expectations of public market analysts and investors in the future, or if there are significant fluctuations in our financial results, the market price of our ADSs and/or Shares could fluctuate significantly.

Failure to deal effectively with any fictitious transactions or other fraudulent conduct that take place under our marketplace business would materially and adversely affect our business, financial condition and results of operations.

We may face risks with respect to fraudulent activities on our platform. Although we have implemented various measures to detect and reduce the occurrence of fraudulent activities, there can be no assurance that such measures will be effective in combating fraudulent transactions or improving overall satisfaction among third-party merchants and users. In addition to fraudulent transactions with legitimate customers, merchants may also engage in fictitious or “phantom” transactions with themselves or collaborators in order to artificially inflate their own ratings on our platform, reputation and search results rankings. This activity may harm other merchants by enabling the perpetrating merchant to be favored over legitimate merchants, and may harm our members and users by deceiving them into believing that a merchant is more reliable or trusted than the merchant actually is. This activity may also result in inflated transaction volume from our marketplace business. Moreover, illegal, fraudulent or collusive activities by our employees could also subject us to liability or negative publicity. Although we have internal controls and policies with regard to the review and approval of sales activities and other relevant matters, we cannot assure you that such controls and policies will prevent fraud or illegal activity by our employees. Negative publicity and user sentiment generated as a result of actual or alleged fraudulent or deceptive conduct on our platform or by our employees would severely diminish consumer confidence in us, reduce our ability to attract new or retain current third-party merchants and users, damage our reputation and diminish the value of our brand, and materially and adversely affect our business, financial condition and results of operations.

Any harm to our brand or reputation may materially and adversely affect our business and results of operations.

We believe that the recognition and reputation of our brand, Xiaobai Maimai, among our members, users, third-party merchants and service providers have contributed significantly to the growth and success of our business. Maintaining and enhancing the recognition and reputation of our brand are critical to our business and competitiveness. Many factors, some of which are beyond our control, are important to maintaining and enhancing our brand. These factors include our ability to:

[Table of Contents](#)

- provide a superior shopping experience to our members and users;
- maintain the popularity, attractiveness, diversity, quality and authenticity of product offerings on our platform;
- maintain the efficiency, reliability and quality of the fulfillment and delivery services to our buyers;
- maintain or improve user satisfaction with our services;
- increase brand awareness through marketing and brand promotion activities; and
- preserve our reputation and goodwill in the event of any negative publicity on consumer experience or merchant service, Internet and data security, product quality, price or authenticity, or other issues affecting us or other social e-commerce businesses in China.

Public perception that non-authentic, counterfeit or defective goods are sold on our platform or that we or third-party service providers do not provide satisfactory customer service, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract new users or retain our current users. If we are unable to maintain our reputation, enhance our brand recognition or increase positive awareness of our platform, products and services, it may be difficult to maintain and grow our member and user base, and our business and growth prospects may be materially and adversely affected.

If our social e-commerce platform is unable to provide good customer experience, our business and reputation may be materially and adversely affected.

If our social e-commerce platform does not provide good consumer experience, it could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established, have a negative impact on our ability to attract new consumers or retain our current consumers, and our business and growth prospects may be materially and adversely affected. Our ability to provide good customer experience depends on a variety of factors. These factors include, among others, our ability to continue to offer authentic products at competitive prices, to source products in response to evolving customer tastes and demands, to ensure the quality of our products and services and to provide flexible payment options. For example, If we are unable to develop and maintain good relationships with third-party merchants that would allow us to obtain a sufficient amount and variety of authentic and quality products on acceptable commercial terms, we may be unable to meet customer demands for these products or to offer these products at attractive prices.

The third-party merchants in our marketplace business rely on a number of contracted third-party delivery logistics service providers to deliver the products sold on our platform to the customers. The products on our platform are supplied by the merchants, who are separately responsible for sourcing and coordinating the delivery of the products sold on Xiaobai Maimai with the third-party delivery logistics service providers. As we do not directly control or manage the operations of these third-party logistics service providers, we may not be able to guarantee their performance. Interruptions to or failures in the delivery services could prevent the timely or proper delivery of our products. These interruptions or failures may be due to unforeseen events that are beyond our control or the control of our third-party logistics and delivery service providers, such as inclement weather, health epidemics, natural disasters, transportation disruptions or labor unrest. Delivery of our products could also be affected or interrupted by the merger, acquisition, insolvency or shut-down of the delivery companies the third-party merchants engage to make deliveries, especially those local companies with relatively small business scales. If our products are not delivered on a timely basis or are delivered in a damaged state, customers may refuse to accept the products purchased on our platform and have less confidence in our platform, and our business and reputation could suffer. We cannot assure you that our third-party merchants will be able to find alternative cost-effective logistics service providers to offer satisfactory delivery services in a timely manner, or at all, which could cause our business and reputation to suffer or cause third-party merchants to move to other platforms and have a negative impact on our financial conditions. In addition, if our third-party logistics service providers fail to comply with applicable rules and regulations in China, our delivery services may be materially and adversely affected. Furthermore, the delivery personnel of contracted third-party delivery service providers directly interact with our customers on our behalf. We need to effectively manage these third-party logistics service providers to ensure the quality of customer services. Any failure to provide high-quality delivery services to our customers may negatively impact the shopping experience of our customers, damage our reputation, and cause us to lose customers.

If our customer service representatives, sales representatives or maintenance engineers and technicians fail to provide satisfactory service, it may compromise our ability to provide effective customer service and enjoyable user engagement, which may in turn cause damage to our reputation, loss of customers or direct economic loss. In addition, any negative publicity or poor feedback regarding our customer service may diminish customer confidence in us and the value of our brand, and in turn cause us to lose customers and market share.

In addition, we rely on our technology infrastructure to offer a good customer experience and to attract and retain customers on Xiaobai Maimai. Any failure to properly upgrade our technology infrastructure to serve the growing number of customers, maintain the satisfactory performance, security and integrity of our social e-commerce platform and systems, may materially and adversely affect our business and reputation.

We may incur liability or become subject to administrative penalties for counterfeit or unauthorized merchandise sold on Xiaobai Maimai, or for merchandise sold on Xiaobai Maimai that infringe on third-party intellectual property rights, or for other misconduct.

Our Xiaobai Maimai platform sources merchandise from third-party merchants. Although we have adopted measures to verify the authenticity and authorization of merchandise sold on Xiaobai Maimai and to avoid potential infringement on third-party intellectual property rights in the course of sourcing and selling merchandise, we may not always be successful in these efforts. In the event that any counterfeit, unauthorized or infringing merchandise is sold on our platform, we could face claims for which we may be held liable. We have not in the past received claims alleging our infringement on third parties' rights, and if we receive such claims in the future irrespective of their validity, we could incur significant costs and efforts in either defending against or settling such claims. If there is a successful claim against us, we might be required to pay substantial damages or refrain from further sale of the relevant merchandise. If we negligently participate or assist in infringement activities associated with counterfeit goods, we may be subject to potential liability under PRC law including injunctions to cease infringing activities, rectification, compensation, administrative penalties, and even criminal liability. Moreover, such third-party claims or administrative penalties could result in negative publicity and our reputation could be severely damaged. Any of these events could have a material and adverse effect on our business, results of operations or financial condition.

We may be subject to claims under consumer protection laws, including health and safety claims and product liability claims, if property or people are harmed by the products and services sold through our platform.

Due to several high-profile incidents involving safety, including food safety, and consumer complaints that have occurred in China in recent years, the PRC government, media outlets and public advocacy groups are increasingly focused on consumer protection. Government authorities in other countries where we operate also place high importance on consumer protection. Moreover, we offer food supplements and beverages, mother care, baby care, pharmaceutical and healthcare products and services, as well as electronics products on our platform or by directing our customers to other mainstream platforms that cooperate with us. These activities pose increasing challenges to our internal control and compliance systems and procedures, including our control over and management of third-party service personnel, and expose us to substantial increasing liability, negative publicity and reputational damage arising from consumer complaints, harms to personal health or safety or accidents involving products or services offered through our platforms or provided by us. Operators of e-commerce platforms are subject to certain provisions of consumer protection laws even where the operator is not the merchant of the product or service purchased by the consumer. In addition, if we do not take appropriate remedial action against merchants or service providers for actions they engage in that we know, or should have known, would infringe upon the rights and interests of consumers, we may be held jointly liable for infringement alongside the merchant or service provider. We may also be held jointly liable with the merchants under the PRC E-commerce Law if we fail to take necessary actions when we know or should have known that the products or services provided by the merchants on our platforms do not meet personal and property security requirements, or otherwise infringe upon consumers' legitimate rights. Moreover, applicable consumer protection laws in China hold that trading platforms will be held liable for failing to meet any undertaking that the platforms make to consumers with regard to products listed on their websites. Furthermore, we are required to report to the SAMR, formerly known as the SAIC, or its local branches any violation of applicable laws, regulations or SAMR rules by merchants or service providers, such as sales of goods without proper license or authorization, and we are required to take appropriate remedial measures, including ceasing to provide services to the relevant merchants or service providers. We may also be held liable if we fail to verify the licenses or qualifications of merchants, or fail to safeguard consumers with respect to products or services affecting consumers' health or safety.

In addition, we are facing increasing levels of activist litigation in China by plaintiffs claiming damages based on consumer protection laws. This type of activist litigation could increase in the future, and if it does, we could face increased costs defending these suits and damages should we not prevail, which could materially and adversely affect our reputation and brand and our results of operations.

Any disruption to our IT systems could materially affect our ability to maintain the satisfactory performance of our IT systems and deliver consistent services to our users and third-party merchants.

The proper functioning of our IT systems is essential to our business. The satisfactory performance, reliability and availability of our IT systems are critical to our success, our ability to attract and retain buyers and our ability to maintain and deliver consistent services to our buyers and merchants. However, our technology infrastructure may fail to keep pace with increased sales on our platform, in particular with respect to our new product and service offerings, and therefore our buyers may experience delays as we seek to source additional capacity, which would adversely affect our results of operations as well as our reputation.

Additionally, we must continue to upgrade and improve our technology infrastructure to support our business growth. However, we cannot assure you that we will be successful in executing these system upgrades, and the failure to do so may impede our growth. We currently rely on cloud services and servers operated by external cloud service providers to store our data, to allow us to analyze a large amount of data simultaneously and to update our buyer database and buyer profiles quickly. Any interruption or delay in the functionality of these external cloud service and server providers may materially and adversely affect the operations of our business.

We may be unable to monitor and ensure high-quality maintenance and upgrade of our IT systems and infrastructure on a real-time basis, and buyers may experience service outages and delays in accessing and using our platform to place orders. In addition, we may experience surges in online traffic and orders associated with promotional activities and generally as we scale, which can put additional demand on our platform at specific times. Our technology or infrastructure may not function properly at all times. Any system interruptions caused by telecommunications failures, computer viruses, hacking or other attempts to harm our systems that result in the unavailability or slowdown of our platform or reduced order fulfillment performance could reduce the volume of products sold and the attractiveness of product offerings on our platform. Our servers may also be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to system interruptions, mobile app slowdown or unavailability, delays or errors in transaction processing, loss of data or the inability to accept and fulfill orders. Any of such occurrences could cause severe disruption to our daily operations. As a result, our reputation may be materially and adversely affected, our market share could decline and we could be subject to liability claims.

Failure to comply with the applicable laws and regulations may have a material adverse impact on our business, financial conditions and results of operations.

As the e-commerce industry is still evolving in China, new laws and regulations may be adopted from time to time to address new issues that arise from time to time. For example, in August 2018, the Standing Committee of the National People's Congress promulgated the E-Commerce Law, which became effective on January 1, 2019. The E-Commerce Law generally provides that e-commerce operators must obtain administrative licenses if business activities conducted by the e-commerce operators are subject to administrative licensing requirements under applicable laws and regulations. In addition, the E-Commerce Law imposes a number of obligations on e-commerce platform operators, including the obligations: (i) to verify and register platform merchants, (ii) to ensure platform cybersecurity, including, but not limited to, data privacy, (iii) to ensure fair dealing and the legitimate rights and interests of consumers on the platform, (iv) to publicize transaction information preservation and transaction rules, and (v) to protect intellectual properties. As the E-Commerce Law is relatively new, no detailed interpretation and implementation rules have been promulgated, and it remains uncertain how the E-Commerce Law will be interpreted and implemented. We cannot assure you that our current business operations satisfy the obligations provided under the E-Commerce Law in all respects. If the PRC governmental authorities determine that we are not in compliance with all the requirements proposed under the E-Commerce Law, we may be subject to fines and/or other sanctions.

The E-Commerce Law also imposes a requirement on operators of e-commerce platforms, such as us, to assist in tax collection with respect to income generated by sellers from transactions conducted on e-commerce platforms, including, among others, submitting to the tax authority information on the identities of sellers on e-commerce platforms and other information relating to tax payments. Failure to comply with the requirement may result in operators of e-commerce platforms being subject to fines and, in severe circumstances, suspension of business operations of e-commerce platforms. Substantial uncertainties exist regarding the interpretation and implementation of the E-Commerce Law. We encourage and incentivize members to promote the products on our platform. If the members were deemed to be selling our products on a consignment basis, the PRC tax authorities may require our members to make tax registration and request our assistance in these efforts, pursuant to the E-Commerce Law, and our members may be subject to more stringent tax compliance requirements. Due to the lack of detailed interpretation and implementation rules, we are in discussion, from time to time, with the relevant government authorities on how to comply with the requirements under the E-Commerce Law. The PRC government may adopt additional requirements from time to time, and we may be requested by tax authorities to provide further assistance in the enforcement of tax regulations, such as disclosure of transaction records and bank account information of the members, and withholding taxes for our members. If any of these were to occur, we may lose our existing members or fail to attract new members and the level of activity of members may reduce on our platform. We may also incur increased costs and expenses as a result. The tightened tax enforcement by PRC tax authorities in the e-commerce industry, such as imposition of reporting or withholding obligations on operators of e-commerce platforms with respect to taxes payable of merchants on e-commerce platforms, may have a material and adverse effect on our business, financial condition and results of operations.

In August 2005, the State Council promulgated the Regulations on the Prohibition of Pyramid Selling, which prohibits individuals and entities in China from engaging in pyramid selling. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulations Relating to Pyramid Selling." We believe that our current business model is not in violation of the regulations relating to pyramid selling. However, there is no assurance that the competent governmental authorities will share the same view with us. Moreover, new laws, regulations or policies may also be promulgated in the future, and there is no assurance that our current business model will be in full compliance with the new laws, regulations or policies. If our business model were to be found in violation in the future, we will have to make adjustment to our business model or cease certain of our business operations, and the relevant governmental authorities may confiscate any illegal gains and impose a fine, which would have a material and adverse impact on our business, financial condition and results of operations.

We are subject to cybersecurity risks. If our systems are under malicious attack by sophisticated criminals including by way of hacking, cyber-attacks, infiltration of computer viruses, physical or e-sabotage, we may not be able to protect our business operations or the confidential information gathered on our databases.

We are an attractive target for cyber-attacks in order for criminals to gain access to our confidential and valuable information collected from customers and third-party merchants. We and our third-party system security service providers take measures to prevent such attacks and protect our databases of confidential information, but these measures may be breached accidentally or maliciously by unauthorized access. If confidential information about our customers and third-party merchants were stolen and used for criminal purposes, we could be exposed to liability for loss of information and be subject to time-consuming and expensive litigation and negative publicity. In addition, the Administrative Measures for the Security of the International Network of Computer Information Network, effective on December 30, 1997 and amended on January 8, 2011, requires us to report any data or security breaches to the local offices of the PRC Ministry of Public Security within 24 hours of any such breach. The Cyber Security Law of the PRC which became effective on June 1, 2017 requires that when we discover that our network products or services are subject to risks such as security defects or bugs, we shall take remedial measures immediately, including but not limited to, informing users of the specific risks and reporting such risks to the relevant competent departments. Any security breach, whether actual or perceived, would harm our reputation, and could cause us to lose customers and third-party merchants, and adversely affect our business and results of operations. Our relationships with our customers and third-party merchants may be damaged, negatively affecting our business.

Technology employed by hackers constantly evolve, so that the security measures and our third-party system security service providers may not be able to fully anticipate attacks and implement necessary prevention measures or in time.

Our business generates and processes a large amount of data, including personal data, and the improper use or disclosure of data could harm our reputation and have a material adverse effect on the trading price of our ADSs and/or Shares, our business and prospects.

Our business generates and processes a large quantity of personal, behavioural, transaction and demographic data. Our privacy policies concerning the collection, use and disclosure of personal data are posted on our platforms. We face risks inherent in handling and protecting large volumes of data, especially consumer data. In particular, we face a number of challenges relating to data from transactions and other activities on our platforms, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behaviour or improper use by our employees;
- addressing concerns, challenges, negative publicity and litigation related to data privacy, collection, use and actual or perceived sharing (including sharing among our own businesses, with business partners or regulators), safety, security and other factors that may arise from our existing businesses or new businesses and technology, such as new forms of data (for example, biometric data, location information and other demographic information); and
- complying with applicable laws, rules and regulations relating to the collection, use, storage, transfer, disclosure and security of personal information, including requests from data subjects and regulatory and government authorities.

If our user data is improperly used or disclosed by any party, it could result in a loss of users, businesses and other participants from our social e-commerce business, loss of confidence or trust in our platforms, litigation, regulatory investigations, penalties or actions against us, significant damage to our reputation, and have a material adverse effect on the trading price of our ADSs and/or Shares, our business and prospects.

Our business is subject to complex and evolving domestic and international laws and regulations regarding privacy and data protection. These laws and regulations can be complex and stringent, and many are subject to change and uncertain interpretation, which could result in claims, changes to our data and other business practices, penalties, increased cost of operations, or declines in user growth or engagement, or otherwise affect our business.

Regulatory authorities in China have implemented and are considering further legislative and regulatory proposals concerning data protection, including measures to ensure that encryption of users' data does not hinder law enforcement agencies' access to that data. New laws and regulations that govern new areas of data protection or impose more stringent requirements may be introduced in China. In addition, the interpretation and application of consumer and data protection laws in China and elsewhere are often uncertain and in flux. It is possible that existing or newly-introduced laws and regulations, or their interpretation, application, or enforcement, could significantly affect the value of our data and force us to change our business practices.

The PRC regulatory and enforcement regime with regard to privacy and data security is evolving. According to the PRC Cybersecurity Law and relevant regulations, network operators, including us, are obligated to provide assistance and support in accordance with the law for public security and national security authorities to protect national security or assist with criminal investigations. In addition, the PRC Cybersecurity Law provides that personal information and important data collected and generated by operators of critical information infrastructure in the course of their operations in the PRC should be stored in the PRC, and the law imposes heightened regulation and additional security obligations on operators of critical information infrastructure. According to the Cybersecurity Review Measures promulgated by the Cyberspace Administration of China and certain other PRC regulatory authorities in April 2020, which became effective in June 2020, operators of critical information infrastructure must pass a cybersecurity review when purchasing network products and services which do or may affect national security. If we provide or were deemed to provide such network products and services to critical information infrastructure operators, or we were deemed to be a critical information infrastructure operator, we would be required to follow cybersecurity review procedures. There can be no assurance that we would be able to complete the applicable cybersecurity review procedures in a timely manner, or at all, if we were required to follow such procedures. Any failure or delay in the completion of the cybersecurity review procedures may prevent us from using or providing certain network products and services, and may result in fines of up to ten times the purchase price of such network products and services being imposed upon us, if we were to be deemed a critical information infrastructure operator using network products or services without completing the required cybersecurity review procedures. The PRC National Security Law covers various types of national security, including technology security and information security. Compliance with the PRC Cybersecurity Law, the PRC National Security Law, as well as additional laws and regulations that PRC regulatory bodies may enact in the future, may result in additional expenses to us and subject us to negative publicity, which could harm our reputation among users and negatively affect the trading price of our ADSs and/or Shares. There are also uncertainties with respect to how the PRC Cybersecurity Law and the PRC National Security Law will be implemented and interpreted in practice. PRC regulators, including the Department of Public Security, the MIIT, the SAMR and the Cyberspace Administration of China, have been increasingly focused on regulation in the areas of data security and data protection, and are enhancing the protection of privacy and data security by rule-making and enforcement actions at central and local levels. We expect that these areas will receive greater and continued attention and scrutiny from regulators and the public going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection. If we are unable to manage these risks, we could become subject to penalties, including fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

Any failure, or perceived failure, by us to comply with the above and other regulatory requirements or privacy protection-related laws, rules and regulations could result in reputational damages or proceedings or actions against us by governmental entities, consumers or others. On the other hand, compliance with these laws and requirements in manners that are perceived as harming privacy could also lead to significant damages to our reputation and similar proceedings and actions against us by regulators and private parties. These proceedings or actions could subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and severely disrupt our business, or negatively affect the trading price of our ADSs and/or Shares.

On July 10, 2021, the Measures for Cybersecurity Review (Draft Revision), or the Draft Measures for Cybersecurity Review was published to solicit public comments. The Draft Measures for Cybersecurity Review provides that operators with more than one million users who are going to be listed in foreign country shall file with the Cybersecurity Review Office for security assessment. The Draft Measures for Cybersecurity Review have yet become effective and currently the number of our users does not reach one million. However, when the Draft Measures for Cybersecurity Review are finalized and implemented, our failure to comply with those requirements in the Draft Measures for Cybersecurity Review may cause a material adverse impact on our business, financial conditions and results of operations.

We utilize highly technical and specific software and algorithms that require maintenance and constant updates, any undetected errors or bugs may adversely affect our business.

The software and algorithms we use for our data storage security system, social e-commerce platform and other internal systems are highly technical and complex. These algorithms and software are essential to our smooth operation and risk management framework. We and our third-party service providers constantly monitor, maintain, and update them. However, to the extent that such software and algorithms, now or in the future, contain undetected errors, bugs, design defects or are outdated, our customers and third-party merchants may experience problems on our platform, and we may have trouble running our systems and programs for our business and operations. We may be unable to launch our new products, services or upgrades, and our ability to protect customers and third-party merchants' confidential information as well as our own intellectual property may be compromised. Any such errors, bugs or system failures may harm our brand and reputation, cause loss to customers and third-party merchants, and expose us to liability for damages, adversely affecting our business and results of operations.

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

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

Our business could also be adversely affected by the effects of COVID-19, Zika virus, Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics. Particularly, an outbreak of COVID-19 was first reported in Wuhan, Hubei Province, the PRC in late 2019 and continues to spread within the PRC and globally. The new strain of coronavirus is considered highly contagious and may pose a serious public health threat. On January 30, 2020, the World Health Organization reportedly declared this COVID-19 outbreak a health emergency of international concern. In March 2020, the World Health Organization declared the COVID-19 a pandemic. Since the COVID-19 outbreak, the PRC government has imposed various strict measures with the aim to contain the virus including, but not limited to, extended the Chinese New Year holiday, travel restrictions, mandatory quarantine requirements for individuals infected with or suspected of having COVID-19, prohibited residents from free travel, and postponed the resumption of business operations. Substantially all of our revenues and our workforce are concentrated in China. Consequently, our results of operations will likely be adversely, and may be materially, affected, to the extent that the COVID-19 or any other epidemic harms the Chinese and global economy in general. If the COVID-19 outbreak drags on for longer, it may affect the development of our current businesses. Private enterprises, especially the small and medium-sized enterprises, which may not have strong cash flows or be well capitalized, may be vulnerable to an epidemic outbreak and slowing macroeconomic conditions. The COVID-19 outbreak may also lead to the weakening of the consumer market and the decline in the spending power of the consumers. We have taken a series of measures in response to the outbreak, including, among others, remote working arrangement for some of our employees, suspension of our offline customer acquisition activities and cancellation of non-essential business travels to ensure the safety and health of our employees. We may take further actions as required by governmental authorities in China or that we determine are in the best interests of our employees, customers, and business partners. As a result of social distancing, travel bans and quarantine measures, access to our facilities, customers, management, support staff, and professional advisors has been limited, which in turn, will impact our operations, financial condition, and demand for our services. However, the extent to which the COVID-19 outbreak impacts our financial condition and results of operations for the full year of 2021 cannot be reasonably estimated at this time and will depend on future developments, including new information which may emerge concerning the severity of the COVID-19 outbreak and the actions to contain the COVID-19 outbreak or treat its impact, and the impact on the economic growth and business of our third-party merchants and business partners for the foreseeable future, among others. Any future outbreak of public health epidemics may restrict economic activities in affected regions, resulting in reduced business volume, disrupt our business operations and adversely affect our results of operations. Even after the COVID-19 outbreak has subsided, we may continue to experience materially adverse impacts to our business as a result of its global economic impact, including any recession that has occurred or may occur in the future.

If the Internet infrastructure or telecommunications network is affected by any disruptions including natural and man-made disasters such as fires, power outages, floods, strikes, terrorism and other catastrophic events causing disruptions, our operation of social e-commerce platform will be adversely affected.

We heavily rely on the Internet infrastructure and telecommunications network in China for our operations and the smooth running of our social e-commerce platform. A significant event or disaster, natural or man-made, including among others, fires, power outages, floods, strikes, terrorist attacks, coups d'état or other catastrophic events or problems, may adversely affect our servers, data centers, the offline branches of our offices. Our business may be disrupted and we may lose critical data or experience interruptions, delays and compromising of our business operations and services. Our third party data suppliers and service providers may also be similarly affected and may not be able to provide our users and us with the support needed. In particular, if our disaster recovery plans prove to be ineffective or inadequate, the aforementioned risks will be further worsened. We do not currently serve network traffic equally from each data center. If our primary data center shuts down, there will be a period of time that our social e-commerce platform will remain inaccessible to our customers and business partners, who may experience severe issues accessing our e-commerce services.

Our operations, customer service, reputation, and ability to attract new and retain customers and business partners depend on the reliable and satisfactory performance of our technology and network infrastructure. Much of our system hardware is hosted in facilities located in Beijing that are partially owned by us and operated by our third-party vendors. If these third-party vendors fail to protect their and our systems in their facilities from any of the aforementioned disruptions and there is a lapse of service or damage to our system hardware, we may experience interruptions in our service and may have to incur extra costs for replacement of facilities.

Our relationships with customers and business partners may be harmed if there is any interruption or delay in our service, whether caused by errors or natural or man-made disasters and problems. Our insurance policies may not be sufficient to adequately compensate us for the losses we sustained. We do not currently maintain business interruption insurance to compensate us for potentially significant losses, including potential harm to our business that may result from interruptions in our ability to facilitate e-commerce services. Since we have had a limited operating history, our disaster recovery plan has not yet been tested in real-life circumstances, and we may not be able to fully recover all data and services lost and affected in the event of any natural or man-made disasters or events. Our business and operations may be negatively affected, as we are prevented from providing services to our customers and business partners, servicing users in a timely manner and generally running and operating our social e-commerce platforms. We may be subject to losses and liability and disappoint customers and business partners who may be then deterred from using our platform, causing a material adverse effect on our business, financial conditions and results of operations.

We are reliant on our core senior management team. If one or more key executives were unable or unwilling to continue in their present positions, our business and results of operations may be adversely affected.

Our business, corporate strategies and future performance depends on our core senior management team comprising our directors, executive officers and other key personnel. If we fail to attract and retain any of our key personnel, or if they are unable or unwilling to continue in their present position due to any reason, we will have to go through a difficult process of replacement. The replacement process will necessarily involve significant time and expenses and may adversely affect our business and results of operations and our business objectives may not be achieved at the pace we expected, or at all.

We may be unable to protect our proprietary intellectual property rights from unauthorized use, such that our brand, reputation, and business may be negatively impacted.

Our protection of our intellectual property is crucial to our success and future growth, as we rely on a combination of copyrights, trade secrets, trademarks and other rights to protect our know-how, proprietary technology, processes and other intellectual property. The protective measures we take may not be sufficient to prevent theft and unauthorized use. We may have to bring lengthy and costly litigation and take time-consuming measures in order to protect our intellectual property rights, diverting our management's attention from our business operation. Our brand, reputation and business may be negatively impacted by such measures and risks.

Some of our trademark registrations will expire in 2029 and 2030, and some of our proprietary software licenses will expire in 2069 and 2070. If we fail to renew these licenses when they expire, third parties may infringe upon our rights and affect our brand and reputation.

Third parties may engage us in lengthy and expensive litigation over alleged infringement of their intellectual property rights, which may disrupt and affect our business.

In our intensely competitive industry, we may be challenged by third parties, including competitors as well as other entities or individuals, for ownership of our intellectual property rights or infringement of their intellectual property rights. We may not be fully aware of other parties' intellectual property rights involved in our systems, applications and technology. We may have to incur significant time and costs in dealing with any claims or litigation, and if they are successful, we may be subject to substantial damages, royalty payments, restrictions from conducting our business and other stringent requirements unfavorable to our business and operations. We may also be required to indemnify other parties or pay settlement costs, and to obtain licenses, modify applications or refund fees, each of which may be expensive and time consuming. Such processes may create a distraction for our management which could affect our business operations.

We compete for skilled and quality employees, and failure to attract and retain them may adversely affect our business and prevent us from achieving our intended level of growth.

Competition for our employees including systems engineers, financial officers and marketing professionals is intense. Our business and success relies on the efforts and standard of work of our employees. If we are unable to attract, motivate and retain skilled and trained employees, or if we are unable to continue to provide attractive compensation packages, our business and operations may be adversely affected and our intended levels and rates of growth may be impeded.

We invest significant time and expense in the training and development of our employees. Failure to retain our existing employees will incur further significant costs to find suitable replacements and a duplication of effort for their training, which may affect our operations and our quality of service to customers and third-party merchants may be compromised, resulting in a material adverse effect on our business and results of operations.

If labor costs in the PRC increase substantially, our business and costs of operations may be adversely affected.

In recent years, the Chinese economy has experienced inflationary and labor costs increases. Average wages are projected to continue to increase. Further, under PRC law we are required to pay various statutory employee benefits, including pension, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. The relevant government agencies may examine whether an employer has made adequate payments to the statutory employee benefits, and those employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. We expect that our labor costs, including wages and employee benefits, will continue to increase. If we are unable to control our labor costs or pass such increased labor costs on to our users by increasing the fees of our services, our financial condition and results of operations may be adversely affected.

Our innovative corporate culture is important to our business, if our culture changes our business and corporate objectives may be adversely affected.

Our corporate culture fosters innovation, a collegiate environment of team effort and encourages creativity, which is important to our business and development of our product pipeline and service upgrades. If we fail to maintain these valuable aspects of our culture during the course of our adaptation into a public company and building the relevant infrastructure, our future success and strategic goals may be affected. Furthermore, we may be unable to retain and attract talent, leading to a negative impact on our business and corporate objectives.

We do not have 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 incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

If we do not find available sources of liquidity for capital and financing needs, our business and operations may be materially and adversely affected.

We may experience unexpected changes in business conditions, creating additional capital and financing needs. We believe that our current cash and cash equivalents, anticipated cash flows from operating activities, and the proceeds from our initial public offering and the proceeds from the three-year senior unsecured note we issued to Majik Fund SPC will be sufficient to meet our anticipated working capital requirements and capital expenditures in the ordinary course of business for the next 12 months. However, we may need additional sources of liquidity if we find and wish to pursue opportunities for investment, acquisition, capital expenditure or otherwise. If our available cash and cash equivalents on hand are insufficient to cover our expected cash requirements, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in dilution to our shareholders. We cannot guarantee that financing will be available to us under terms acceptable to us, or at all.

- The incurrence of indebtedness would result in increased fixed obligations and could result in covenants restricting our operations. It could further lead to a number of risks that could adversely affect our operations or financial conditions;
- default and foreclosure on our assets if our operating revenue is insufficient to repay debt obligations;
- acceleration of obligations to repay the indebtedness (or other outstanding indebtedness), even if we make all principal and interest payments when due, if we breach any covenants that require the maintenance of certain financial ratios or reserves without a waiver or renegotiation of that covenant;

- our inability to obtain necessary additional financing if the debt security contains covenants restricting our ability to obtain such financing while the debt security is outstanding;
- diverting a substantial portion of cash flow to pay principal and interest on such debt, which would reduce the funds available for expenses, capital expenditures, acquisitions, and other general corporate purposes;
- creating potential limitations on our flexibility in planning for and reacting to changes in our business and in the industry in which we operate; and
- loss that might be incurred due to our overseas investment activities.

If our internal controls over financial reporting are insufficient or ineffective, we may not be able to accurately report our financial results or prevent fraud.

We are subject to reporting obligations under the U.S. securities laws. Section 404 of the Sarbanes-Oxley Act of 2002 requires that we include a management report on such company's internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ended March 31, 2019. Our management has concluded that our internal control over financial reporting was effective as of March 31, 2021. See "Item 15. Controls and Procedures."

In addition, once we cease to be an "emerging growth company" as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Even if our management concludes that our internal control over financial reporting is effective in the future, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated, or reviewed, or if it interprets the relevant requirements differently from us. In addition, our reporting obligations may place a significant strain on our management, operational and financial resources, and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

Certain data and information in this annual report on Form 20-F was obtained from external third parties and we have not independently identified them.

In this annual report on Form 20-F we have utilized data and information from external sources including various third parties comprising government sources and private entities such as industry consultant. Such external sources of statistical data include projections based on numerous assumptions. The social e-commerce industry may not grow at the projected rate provided by these external sources, or at all. The performance of the overall industry and segment affects our business and market price of our ADSs, especially if they fail to grow at the projected rate. Further, the constantly evolving environment of the industry and market results in significant uncertainties, and the projections or estimates about the growth of the market in which we operate in should be considered in this context. If any of the assumptions underlying the market data prove to be incorrect, discrepancies between the projections and actual results may emerge.

We have not independently verified data and information obtained from third party external sources, and the method of collection and methodologies employed by such third parties may differ from ours. In addition, these industry reports and publications generally include a disclaimer that the information therein is believed to be reliable, but which accuracy and completeness cannot be guaranteed.

The audit reports included in our annual report have been prepared by our independent registered public accounting firm whose work may not be inspected fully by the Public Company Accounting Oversight Board and, as such, you may be deprived of the benefits of such inspection.

Our independent registered public accounting firm that issued the audit reports included in our annual reports filed with the U.S. Securities and Exchange Commission, as auditors of companies that are traded publicly in the United States and a firm registered with the PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and professional standards.

Because we have substantial operations within the PRC and the PCAOB is unable to conduct inspections of the work of our independent registered public accounting firm as it relates to those operations without the approval of the Chinese authorities, our independent registered public accounting firm may not be currently inspected fully by the PCAOB. This potential lack of PCAOB inspections in the PRC may prevent the PCAOB from regularly evaluating our independent registered public accounting firm's audits and its quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.

On May 24, 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the China Securities Regulatory Commission, or the CSRC, and the Ministry of Finance, which established a cooperative framework among the parties for the production and exchange of audit documents relevant to investigations in the United States and the PRC. On inspection, it appears that the PCAOB continues to be in discussions with the mainland PRC regulators to permit inspections of audit firms that are registered with the PCAOB in relation to the audit of Chinese companies that trade on U.S. exchanges. On December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. The joint statement reflects a heightened interest in this issue. On April 21, 2020, SEC Chairman Jay Clayton and PCAOB Chairman William D. Duhnke III, along with other senior executives in the SEC jointly released a public statement reiterating the significant risks involved in investing in emerging markets especially the risks of investing in China as it has grown to be the largest emerging market economy and the world's second largest economy. The statement highlighted past SEC and PCAOB warnings on matters including the difficulty associated with inspecting accounting firms and audit work papers in China and higher risks of fraud in emerging markets and the difficulty of bringing and enforcing SEC, Department of Justice and other U.S. regulatory actions, including in instances of fraud, in emerging markets generally. However, it remains unclear what further actions the SEC and the PCAOB will take and its impact on Chinese companies listed in the U.S.

Inspections of other firms that the PCAOB has conducted outside the PRC have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The inability of the PCAOB to conduct full inspections of auditors in the PRC makes 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 the PRC that are subject to the PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements.

In June 2019, a bipartisan group of lawmakers introduced bills in both houses of the U.S. Congress, which if passed, would require the SEC to maintain a list of issuers for which the PCAOB is not able to inspect or investigate an auditor report issued by a foreign public accounting firm. The proposed Ensuring Quality Information and Transparency for Abroad-Based Listings on our Exchanges Act, or the EQUITABLE Act prescribes increased disclosure requirements for these issuers and, starting from 2025, the delisting from U.S. national securities exchanges of issuers included on the SEC's list for three consecutive years. On May 20, 2020, the U.S. Senate passed S.945, the Holding Foreign Companies Accountable Act, or the HFCA Act, which includes requirements similar to those in the EQUITABLE Act for the SEC to identify issuers whose audit reports are prepared by auditors that the PCAOB is unable to inspect or investigate because of restrictions imposed by non-U.S. authorities. If passed by the U.S. House of Representatives and signed by the U.S. President, the HFCA Act would also require public companies on this SEC list to certify that they are not owned or controlled by a foreign government and make certain additional disclosures in their SEC filings. In addition, for issuers that remain on the SEC list for three consecutive years, the SEC would be required to prohibit the securities of these companies from being traded on a U.S. national securities exchange or in U.S. over-the-counter markets. Enactment of these proposed legislations or other efforts to increase U.S. regulatory access to audit information could cause investors' uncertainty for affected issuers, including us, adversely affect the market price of our ADSs and result in prohibitions on the trading of our ADSs on U.S. national securities exchanges if we are unable to meet the requirements or PCAOB is unable to inspect our auditors for three consecutive years. It is unclear if these proposed legislations will be enacted.

On June 4, 2020, the U.S. President issued a memorandum directing the President's Working Group on Financial Markets, or the PWG, which is chaired by the Secretary of the Treasury and includes the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the SEC and the Chairman of the Commodity Futures Trading Commission, to convene to discuss the risks faced by U.S. investors in Chinese companies and companies with significant operations in China that are listed on U.S. stock exchanges related to the Chinese government's position on the inability of the PCAOB to conduct inspections of auditors in China. The memorandum also directs the PWG to submit to the President a report within 60 days with recommendations for actions (i) the U.S. executive branch may take to protect investors in U.S. financial markets from the failure of the Chinese government to allow PCAOB-registered audit firms to comply with U.S. securities laws and investor protections; (ii) the SEC or PCAOB should take, including inspection or enforcement actions, with respect to PCAOB-registered audit firms that fail to provide requested audit working papers or otherwise fail to comply with U.S. securities laws; and (iii) the SEC or any other U.S. federal agency or department should take as a means to protect U.S. investors in Chinese companies, or companies from other countries that do not comply with U.S. securities laws and investor protections, including initiating a notice of proposed rulemaking that would set new listing rules or governance safeguards. It remains uncertain on what recommendations the PWG may ultimately make. However, as with the proposed legislation described above, such recommendations could cause investors uncertainty for affected issuers, including us, adversely affect the market price of our ADSs and result in prohibitions on the trading of our ADSs on U.S. national securities, among other things.

Our business, financial performance and results of operations could be adversely affected by deterioration of the relation between China and the United States.

The relation between China and the United States is constantly changing. There was a "trade war" between the two countries in 2019 and tensions exist in other areas such as political, social and health issues, particularly recent disagreements in relation to the COVID-19 pandemic. In light of the recent tensions between China and the United States, there is a risk that our business, the offering and our listing status may be adversely affected by trade restrictions, sanctions and other policies that may be implemented. As we operate in China, any deterioration in political or trade relations might cause a public perception in the United States or elsewhere that might cause our services to become less attractive. The United States lawmakers have introduced several bills intended to protect American investments in Chinese companies. On June 4, 2020, the U.S. President Donald Trump issued PWG, criticizing China's failure to uphold international commitment to transparency and calling for recommendations to protect U.S. investors from China's failure to allow audits of U.S.-listed Chinese companies. PWG may impact U.S.-listed Chinese companies if strict compliance with audit requirements and U.S. law or new listing rules or governance standards were imposed. Changes in political conditions and changes in the state of China-U.S. relations are difficult to predict and could adversely affect our business, operating results and financial condition. We cannot predict what effect any changes in China-U.S. relations may have on our ability to access capital or effectively operate our business in China. Moreover, any political or trade controversies between the United States and China, whether or not directly related to our business, could cause investors to be unwilling to hold or buy our ADSs and consequently cause the trading price of our ADSs to decline.

RISKS RELATED TO OUR CORPORATE STRUCTURE

Our founder, chairman and executive director, Mr. Xiaobo An, a controlling shareholder of Hexin Group, Kuaishangche and Hexin E-commerce, may exert influence over the Company affairs.

Our founder, chairman and executive director, Mr. Xiaobo An, may exert influence on our company affairs. Mr. Xiaobo An is also the sole executive director of, and beneficially owns Hexin Jinke, which wholly-owns Hexin Information, Hexin Financial Information and Kuaishangche. Mr. Xiaobo An is the sole executive director of, and beneficially owns Hexin E-Commerce. Therefore, Mr. Xiaobo An also controls the decision making of Hexin Group, Kuaishangche and Hexin E-Commerce to a large extent. Moreover, Hexin Group, Kuaishangche and Hexin E-Commerce have discontinued engaging in new P2P business. However, as Hexin Group, Kuaishangche and Hexin E-Commerce are still in the process of clearing and ceasing historical P2P business, if Hexin Group, Kuaishangche or Hexin E-Commerce is penalized because of historical P2P business, then our business, financial condition and results of operations may be materially and adversely affected as well.

If the PRC government decides that our contractual arrangements under the variable interest entity structure do not comply with PRC regulations, or if the regulatory environment changes, we may have to change our business model and/or be subject to penalties.

Foreign ownership of Internet-based businesses, such as distribution of online information, is subject to restrictions under current PRC laws and regulations. For example, foreign investors are not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider (except e-commerce) and any such foreign investor must have experience in providing value-added telecommunications services overseas and maintain a good track record in accordance applicable laws and regulations. We are a Cayman Islands exempted company and our PRC subsidiary is considered as a foreign invested enterprise.

We operate our social e-commerce platform Xiaobai Maimai through a series of contractual arrangements entered into among Hexin Yongheng, Hexin Digital and Hexin Jinke, and obtained control over Hexin Digital. Furthermore, we obtained control over Wusu Company through a series of contractual arrangements entered into among Hexin Yongheng, Hexin E-Commerce and Wusu Company. As a result of these contractual arrangements, we consolidate operating results of Wusu Company in our financial statements under U.S. GAAP. We also exercise effective control over Hexin Jiuding by entering into a series of contractual arrangements with Hexin Jiuding and Hexin Fengze. For a detailed description of these contractual arrangements, see "Item 4. Information on the Company C. Organizational Structure Contractual Arrangements with Hexin Jiuding, Wusu Company and Hexin Digital."

In the opinion of our PRC counsel, Han Kun Law Offices, our current ownership structure, our consolidated variable interest entities and the contractual arrangements (i) among Hexin Yongheng, Hexin Jiuding and Hexin Fengze, (ii) among Hexin Yongheng, Wusu Company and Hexin E-Commerce, and (iii) among Hexin Yongheng, Hexin Digital and the shareholders of Hexin Digital are not in violation of existing PRC laws, rules and regulations; and these contractual arrangements are valid, binding and enforceable in accordance with their terms and applicable PRC laws and regulations currently in effect. However, Han Kun Law Offices has also advised us that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations and there can be no assurance that the PRC government will ultimately take a view that is consistent with the opinion of our PRC counsel.

It is uncertain whether any new PRC laws, rules or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. See “-Risks Related to PRC Laws Regulating Our Business and Industry-Substantial uncertainties exist with respect to the interpretation and implementation of the newly enacted PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations” and “Item 4. Information on the Company-B. Business Overview-Regulation-Regulations Relating to Foreign Investment.” If the ownership structure, contractual arrangements and business of our company, our PRC subsidiary or our consolidated variable interest entities 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 relevant governmental authorities would have broad discretion in dealing with such violation, including levying fines, confiscating our income or the income of our PRC subsidiary or consolidated variable interest entities, revoking the business licenses or operating licenses of our PRC subsidiary or consolidated variable interest entities, 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 initial public offering to finance our business and operations in China, and taking other regulatory or enforcement actions that could be harmful to our business. Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If any of these occurrences results in our inability to direct the activities of our consolidated variable interest entities, and/or our failure to receive economic benefits from our consolidated variable interest entities, we may not be able to consolidate its results into our consolidated financial statements in accordance with U.S. GAAP.

We rely on dividends and other distributions on equity paid by our PRC subsidiary to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiary 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 subsidiary for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If our PRC subsidiary 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 Hexin Yongheng to adjust its taxable income under the contractual arrangements it currently has in place with our consolidated variable interest entities in a manner that would materially and adversely affect its ability to pay dividends and other distributions to us. See “—Risks Related to Our Corporate Structure—Our contractual arrangements with the variable interest entities may be subject to additional taxes, which would adversely affect our financials and your investment.”

Under PRC laws and regulations, our PRC subsidiary, as a wholly foreign-owned enterprise 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 staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

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

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

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

Any loans to our PRC subsidiary, which are treated as foreign-invested enterprises under PRC laws, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our PRC subsidiary to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of the State Administration of Foreign Exchange, or SAFE. According to the Interim Measures on the Management of Foreign Debts promulgated by SAFE, the Ministry of Finance and the National Development and Reform Commission, or the NDRC, on January 8, 2003, the statutory limit for the total amount of foreign debts of a foreign-invested company is the difference between the amount of total investment as approved by the MOC or its local counterpart and the amount of registered capital of such foreign-invested company, or two times of the net assets provided in the latest audited financial report of such PRC subsidiary, as applicable. According to the Circular of the People's Bank of China on Matters relating to the Comprehensive Macro-prudential Management of Cross-border Financing issued by the People's Bank of China in January 2017, or Circular 9, and Circular of the People's Bank of China and the State Administration of Foreign Exchange on Adjusting the Macro-prudential Regulation Parameter for Full-covered Cross-border Financing in March 2020, or Circular 64, the maximum amounts of foreign debt that each company may borrow is determined by reference to its so-called risk-weighted balance of cross-border financing, which may not exceed two times its net assets as indicated in its latest audited financial report. The risk-weighted balance of cross-border financing of a company is calculated based on its outstanding amounts of Renminbi and foreign currency cross-border debt, multiplied by risk conversion factors corresponding to their respective remaining terms, loan categories and currency. However, for a one-year grace period starting from January 11, 2017, a foreign-invested company such as our PRC subsidiaries may elect to determine the maximum amount of its foreign debt in according with the rules in effect prior to Circular 9, or to comply with Circular 9. On the other hand, PRC domestic companies such as our consolidated variable interest entities must comply with Circular 9. Moreover, according to Notice of the National Development and Reform Commission on Promoting the Administrative Reform of the Recordation and Registration System for Enterprises' Issuance of Foreign Debts issued by the NDRC in September 2015, any loans we extend to our consolidated variable interest entities or other PRC operating companies that are domestic PRC entities for more than one year must be filed with the NDRC or its local counterpart and must also be registered with SAFE or its local branches.

We may also decide to finance our PRC subsidiary by means of capital contributions. These capital contributions must be approved by the MOC or its local counterpart. In addition, SAFE issued a circular in September 2008, SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency registered capital into RMB by restricting how the converted RMB may be used. SAFE Circular 142 provides that the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and unless otherwise provided by law, may not be used for equity investments within the PRC. Although on July 4, 2014, the SAFE issued the Circular of the SAFE on Relevant Issues Concerning the Pilot Reform in Certain Areas of the Administrative Method of the Conversion of Foreign Exchange Funds by Foreign-invested Enterprises, or SAFE Circular 36, which launched a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises in certain designated areas from August 4, 2014 and some of the restrictions under SAFE Circular 142 will not apply to the settlement of the foreign exchange capitals of the foreign-invested enterprises established within the designate areas and such enterprises mainly engaging in investment are allowed to use its RMB capital converted from foreign exchange capitals to make equity investment, our PRC subsidiary is not established within the designated areas. On March 30, 2015, SAFE promulgated Circular 19, to expand the reform nationwide. Circular 19 came into force and replaced both Circular 142 and Circular 36 on June 1, 2015. Circular 19 allows foreign-invested enterprises to make equity investments by using RMB fund converted from foreign exchange capital. However, Circular 19 continues to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, providing entrusted loans or repaying loans between non-financial enterprises. On June 9, 2016, the SAFE promulgated Circular 16, which expands the application scope from only the capital of the foreign-invested enterprises to the capital, the foreign debt funds and the funds from oversea public offerings. Also, Circular 16 allows enterprises to use their foreign exchange capitals under their capital account as stipulated by the relevant laws and regulations. On October 23, 2019, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-border Trade and Investment, which, among other things, expanded the use of foreign exchange capital to domestic equity investments. Non-investment foreign-funded enterprises are allowed to lawfully make domestic equity investments by using capital funds, subject to the authenticity and compliance with the regulations of such domestic investment projects (including, among others, the compliance of special administrative measures for access of foreign investments (negative list)). If our consolidated variable interest entities need financial support from us or our wholly owned subsidiaries in the future and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund our consolidated variable interest entities' operations will be subject to statutory limits and restrictions, including those described above.

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

Our contractual arrangements with our variable interest entities may not be as effective as direct ownership and operational management.

On November 20, 2020, Hexin Yongheng, Wusu Company and the shareholders of Wusu Company, entered into a VIE termination agreement, which terminated all rights and obligations with respect to each party thereto under the Wusu VIE agreements dated January 1, 2018. For the purpose of internal reorganization, individual shareholders of Wusu Company transferred their equity interests of Wusu Company to Hexin E-Commerce, as a result of which Hexin E-Commerce holds 100% of equity interests of Wusu Company. On December 1, 2020, Wusu Company, Hexin E-Commerce, the sole shareholder of Wusu Company after internal reorganization, and Hexin Yongheng entered into a series of contractual agreements, through which Wusu Company remains as our consolidated variable interest entity. We also operate our social e-commerce platform business through contractual arrangements with Hexin Digital. On January 1, 2021, we obtained control and became the primary beneficiary of Hexin Jiuding by entering into a series of contractual arrangements with Hexin Jiuding and Hexin Fengze, the shareholder of Hexin Jiuding and a wholly-owned subsidiary of Hexin Jinke. For a description of these contractual arrangements, please see “Item 4. Information on the Company-C. Organizational Structure-Contractual Arrangements with Hexin Jiuding, Wusu Company and Hexin Digital.” We rely and expect to continue to rely on contractual arrangements with our variable interest entities to operate our businesses. These contractual arrangements may not be as effective as direct ownership in giving us full operational management and control over our consolidated variable interest entities. We cannot prevent Hexin Jiuding, Wusu Company, Hexin Digital or their respective shareholders from breaching the contractual arrangements and failing to conduct its business operations properly, such as failing to maintain the website and online marketplace in a proper and timely manner, or misusing the domain names and trademarks or otherwise taking actions detrimental to our interests.

If we directly owned Hexin Jiuding, Wusu Company or Hexin Digital, we could elect directors to the board and implement changes at the management and operational levels. Currently we only have contractual rights in relation to the performance and financial benefits of Hexin Jiuding, Wusu Company and Hexin Digital’s operations. Shareholders of any of our variable interest entities may not always act in our best interests. Such risks exist throughout the period in which we intend to operate our business through the contractual arrangements with any of our consolidated variable interest entities. Although we have the right to replace any shareholder of any of our consolidated variable interest entities under the contractual arrangement, if any shareholder of any of our consolidated variable interest entities is uncooperative or any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC laws and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. See “—Our business relies on the contractual arrangements with the variable interest entities and the cooperation arrangements among the variable interest entities and Hexin Yongheng, if any of these entities or their shareholders fail to perform their obligations, our business and results of operations may be severely adversely affected.” Therefore, our contractual arrangements with our variable interest entities may not be as effective in protecting our interests as direct ownership and operational management would be.

Our business relies on the contractual arrangements with the variable interest entities and the cooperation arrangements among the variable interest entities and Hexin Yongheng, if any of these entities or their shareholders fail to perform their obligations, our business and results of operations may be severely adversely affected.

If Hexin Jiuding, Wusu Company, Hexin Digital or their respective shareholders decide to take actions that do not align with our interests and fail to deliver under our contractual arrangements, we may have to incur substantial costs and expend resources to enforce our contractual arrangements. We may have to resort to legal remedies such as seeking specific performance, injunctive relief and claiming damages, subject to the extent of their effectiveness under PRC laws and regulations. For example, if the shareholders of Hexin Jiuding, Wusu Company or Hexin Digital refuse to respect our purchase option and decline to transfer their equity interest to us or our designee, or if they decide to otherwise act in bad faith, we may have no choice but to take legal action against them.

Our contractual arrangements with Hexin Jiuding, Wusu Company and Hexin Digital and their respective shareholders are governed by PRC laws and provide for arbitration in China as the primary method of dispute resolution. As such, our contracts will be interpreted according to PRC laws and regulations and the arbitration rules of China International Economic and Trade Arbitration Commission. The PRC legal system is less developed and is fraught with uncertainties, which may limit our ability to enforce our rights under the contractual arrangements. Further, there are limited precedents and formal guidance on the interpretation and enforcement of contractual arrangements with variable interest entities in the PRC. In relation to the certainty of arbitral awards in the context of legal action, the final outcome is uncertain. Under PRC law, the ruling of arbitrators is final and arbitration results cannot be appealed in court unless a competent court determines such ruling to be unenforceable or revokes it. If the losing party fails to carry out the arbitral award within the prescribed time limit, such arbitral award may only be enforced through arbitration award recognition proceedings in court, leading to additional expenses and delay. If we cannot enforce the contractual arrangements in relation to Hexin Jiuding, Wusu Company or Hexin Digital, or if we experience significant delay or obstacles in enforcing such arrangements, we may not be able to exert effective control over Hexin Jiuding, Wusu Company or Hexin Digital such that our ability to conduct business and receive financial benefit from operations of Hexin Jiuding, Wusu Company or Hexin Digital may be materially and adversely affected. See “Risks Related to PRC Laws Regulating Our Business and Industry—Uncertainties in the interpretation and enforcement of Chinese laws and regulations could limit the legal protections available to us.”

There may be conflicts of interest between shareholders of the variable interest entities and us, which may cause material and adverse effects to our business and financials.

The equity interests of Hexin Jiuding are held by Hexin Fengze. The equity interests of Wusu Company are held by Hexin E-Commerce. The equity interests of Hexin Digital are held by Hexin Jinke. Hexin Yongheng is a wholly-owned subsidiary of us. The interests of Hexin Fengze in Hexin Jiuding, the interests of Hexin E-Commerce in Wusu Company, the interests of Hexin Jinke in Hexin Digital, may, however, differ from the interests of our company as a whole. These shareholders may have conflicts of interest with our company, and may breach, or cause Hexin Jiuding, Wusu Company or Hexin Digital, as the case may be, to breach, our contractual arrangements, such as preventing it to remit payment due to us on a timely basis, or performing other acts of non-performance adverse to our interests. We cannot assure you that when such conflicts of interest arise, if any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor such that we may not be able to control our variable interest entities effectively and enjoy economic benefits under our contractual arrangements in relation to Hexin Jiuding, Wusu Company and Hexin Digital.

Under the exclusive option agreement entered into among Hexin Yongheng, Hexin Fengze and Hexin Jiuding, the exclusive option agreement entered into among Hexin Yongheng, Wusu Company and Hexin E-Commerce and the exclusive option agreement entered into among Hexin Yongheng, Hexin Digital and Hexin Jinke, we have an option to purchase all their equity interests in the relevant variable interest entity to be held by us or our designee. Aside from the purchase option, we do not have any other arrangements or means to address potential conflicts of interest. If we cannot amicably resolve any conflicts of interest or disputes with the shareholders of Hexin Jiuding or Wusu Company or Hexin Digital, we would have to resort to lengthy and costly legal action and proceedings, which would disrupt our business operations and incur significant expenses. Meanwhile, our business and results of operations may be materially adversely affected.

Our contractual arrangements with the variable interest entities may be subject to additional taxes, which would adversely affect our financials and your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. The PRC Enterprise Income Tax Law, or EIT Law, requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its related parties to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm's length principles. We may face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements between (i) Hexin Yongheng, our wholly-owned subsidiary in China, Hexin Jiuding, our consolidated variable interest entity in China, and Hexin Fengze, the shareholder of Hexin Jiuding; (ii) Hexin Yongheng, Wusu Company, our consolidated variable interest entity in China, and Hexin E-Commerce, the shareholder of Wusu Company; and (iii) Hexin Yongheng, Hexin Digital, our consolidated variable interest entity in China, and Hexin Jinke, the shareholder of Hexin Digital, were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust Hexin Jiuding, Wusu Company or Hexin Digital's 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 Hexin Jiuding, Wusu Company or Hexin Digital for PRC tax purposes, which could in turn increase its tax liabilities without reducing Hexin Yongheng's tax expenses. In addition, if Hexin Yongheng requests the shareholders of Hexin Jiuding, Wusu Company or Hexin Digital to transfer their equity interests in Hexin Jiuding, Wusu Company or Hexin Digital at nominal or no value pursuant to these contractual arrangements, such transfer could be viewed as a gift and subject Hexin Yongheng to PRC income tax. Furthermore, the PRC tax authorities may impose late payment fees and other penalties on Hexin Jiuding, Wusu Company or Hexin Digital for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our consolidated variable interest entities' tax liabilities increase or if it is required to pay late payment fees and other penalties.

If the variable interest entities go bankrupt or becomes subject to a dissolution or liquidation proceeding we may not be able to recover or claim ownership over the assets and networks of the variable interest entities.

One of our variable interest entities, Hexin Digital, holds assets material to our social e-commerce business and business operations, including the Internet information services license, or the ICP License, domain names and trademarks and software licenses. Under our present contractual arrangements, Hexin Jiuding, Wusu Company and Hexin Digital cannot, and their respective shareholders shall not cause Hexin Jiuding, Wusu Company and Hexin Digital, respectively, to, in any manner, sell, transfer, mortgage or dispose of its assets or its legal or beneficial interests in the respective business without our prior consent. However, if the shareholders of either variable interest entity initiates liquidation proceedings in breach of our contractual arrangements, such that the variable interest entity undergoes voluntary or involuntary liquidation proceedings, or if it declares bankruptcy and all or part of its assets become subject to the claims of third party creditors, liens or are otherwise disposed of without our consent, we may not be able to continue our business operations, which would materially and adversely affect our financial conditions and results of operations.

If any of our variable interest entities loses its chop to the theft and use of unauthorized persons, the corporate governance of the applicable variable interest entity may be severely and adversely compromised.

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

RISKS RELATED TO PRC LAWS REGULATING OUR BUSINESS AND INDUSTRY

The recent joint statement by the SEC, proposed rule changes submitted by Nasdaq, and an act passed by the U.S. Senate and the U.S. House of Representatives, all call for additional and more stringent criteria to be applied to emerging market companies. These developments could add uncertainties to our business operations, share price and reputation.

U.S. public companies that have substantially all of their operations in China have been the subject of intense scrutiny, criticism and negative publicity by investors, financial commentators and regulatory agencies, such as the SEC. Much of the scrutiny, criticism and negative publicity has centered on financial and accounting irregularities and mistakes, a lack of effective internal controls over financial accounting, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud.

On December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. On April 21, 2020, SEC Chairman Jay Clayton and PCAOB Chairman William D. Duhnke III, along with other senior SEC staff, released a joint statement highlighting the risks associated with investing in companies based in or have substantial operations in emerging markets including China, reiterating past SEC and PCAOB statements on matters including the difficulty associated with inspecting accounting firms and audit work papers in China and higher risks of fraud in emerging markets and the difficulty of bringing and enforcing SEC, Department of Justice and other U.S. regulatory actions, including in instances of fraud, in emerging markets generally.

On May 18, 2020, Nasdaq filed three proposals with the SEC to (i) apply minimum offering size requirement for companies primarily operating in a “Restrictive Market”, (ii) adopt a new requirement relating to the qualification of management or board of director for Restrictive Market companies, and (iii) apply additional and more stringent criteria to an applicant or listed company based on the qualifications of the company’s auditors.

On May 20, 2020, the U.S. Senate passed the Holding Foreign Companies Accountable Act requiring a foreign company to certify it is not owned or controlled by a foreign government if the PCAOB is unable to audit specified reports because the company uses a foreign auditor not subject to PCAOB inspection. If the PCAOB is unable to inspect the company’s auditors for three consecutive years, the issuer’s securities are prohibited to trade on a national exchange. On December 2, 2020, the U.S. House of Representatives approved the Holding Foreign Companies Accountable Act.

As a result of these scrutiny, criticism and negative publicity, the publicly traded stock of many U.S. listed Chinese companies sharply decreased in value and, in some cases, has become virtually worthless. Many of these companies are now subject to shareholder lawsuits and SEC enforcement actions and are conducting internal and external investigations into the allegations. It is not clear what effect this sector-wide scrutiny, criticism and negative publicity will have on us, our business and our share price. If we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we will have to expend significant resources to investigate such allegations and/or defend our company. This situation will be costly and time consuming and distract our management from developing our growth. If such allegations are not proven to be groundless, we and our business operations will be severely affected and you could sustain a significant decline in the value of our share.

There may be changes in the regulations of PRC government bodies and agencies relating to VAT collection procedure and ACTCS business

PRC laws, regulations and policies concerning VAT collection procedures and ACTCS business are evolving and the PRC government authorities may promulgate new laws, regulations and policies in the future. We cannot assure you that our practices would not be deemed to violate any PRC laws, regulations or policies either now or in the future.

Moreover, developments in the ACTCS service industry may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies, which may limit or restrict the ACTCS hardware and services we offer. Furthermore, we cannot rule out the possibility that the PRC government will institute a new licensing regime covering services we provide in the future. If such a licensing regime were introduced, we cannot assure you that we would be able to obtain any newly required license in a timely manner, or at all, which could materially and adversely affect our business and impede our ability to continue our operations.

Failure to comply with laws and regulations applicable to our business could subject us to fines and penalties and could also cause us to lose customers or otherwise harm our business.

Our business is subject to regulation by various governmental agencies in China, including agencies responsible for monitoring and enforcing compliance with various legal obligations, such as value-added telecommunication laws and regulations, privacy and data protection-related laws and regulations, intellectual property laws, employment and labor laws, workplace safety, environmental laws, consumer protection laws, governmental trade laws, import and export controls, anti-corruption and anti-bribery laws, and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be more stringent than in China. These laws and regulations impose added costs on our business. Noncompliance with applicable regulations or requirements could subject us to:

- investigations, enforcement actions, and sanctions;
- mandatory changes to our network and products;
- disgorgement of profits, fines, and damages;
- civil and criminal penalties or injunctions;
- claims for damages by our customers or channel partners;
- termination of contracts;
- loss of intellectual property rights;
- failure to obtain, maintain or renew certain licenses, approvals, permits, registrations or filings necessary to conduct our operations; and
- temporary or permanent debarment from sales to public service organizations.

If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations, and financial condition could be adversely affected. In addition, responding to any action will likely result in a significant diversion of our management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could materially harm our business, results of operations, and financial condition.

Additionally, companies in the technology industry have recently experienced increased regulatory scrutiny. Any reviews by regulatory agencies or legislatures may result in substantial regulatory fines, changes to our business practices, and other penalties, which could negatively affect our business and results of operations. Changes in social, political, and regulatory conditions or in laws and policies governing a wide range of topics may cause us to change our business practices. Further, our expansion into a variety of new fields also could raise a number of new regulatory issues. These factors could negatively affect our business and results of operations in material ways.

Moreover, we are exposed to the risk of misconduct, errors and failure to functions by our management, employees and parties that we collaborate with, who may from time to time be subject to litigation and regulatory investigations and proceedings or otherwise face potential liability and penalties in relation to noncompliance with applicable laws and regulations, which could harm our reputation and business.

We are subject to a variety of laws and other obligations regarding cybersecurity and data protection, and any failure to comply with applicable laws and obligations could have a material and adverse effect on our business, financial condition and results of operations.

We are subject to PRC laws relating to the collection, use, sharing, retention, security, and transfer of confidential and private information, such as personal information and other data. These laws apply not only to third-party transactions, but also to transfers of information between us, our WFOE, our VIE, and our VIE's subsidiaries, and among us, our WFOE, our VIE, and our VIE's subsidiaries, and other parties with which we have commercial relations. These laws continue to develop, and the PRC government may adopt other rules and restrictions in the future. Non-compliance could result in penalties or other significant legal liabilities.

Pursuant to the PRC Cybersecurity Law, which was promulgated by the Standing Committee of the National People's Congress on November 7, 2016 and took effect on June 1, 2017, personal information and important data collected and generated by a critical information infrastructure operator in the course of its operations in China must be stored in China, and if a critical information infrastructure operator purchases internet products and services that affects or may affect national security, it should be subject to cybersecurity review by the CAC. Due to the lack of further interpretations, the exact scope of "critical information infrastructure operator" remains unclear. On July 10, 2021, the Cyberspace Administration of China ("CAC") publicly issued the Measures for Cybersecurity Censorship (Revised Draft for Comments) aiming to, upon its enactment, replace the existing Measures for Cybersecurity Censorship. The draft measures extend the scope of cybersecurity reviews to data processing operators engaging in data processing activities that affect or may affect national security, including listing in a foreign country. If the enacted version of the draft measures mandates clearance of cybersecurity review and other specific actions to be completed by companies like us, we face uncertainties as to whether such clearance can be timely obtained, or at all. We could be subject to cybersecurity review in the future. During such review, we may be required to suspend our operation experience other disruptions to our operations. Cybersecurity review could also result in negative publicity with respect to our company and diversion of our managerial and financial resources.

Furthermore, if we were found to be in violation of applicable laws and regulations in China during such review, we could be subject to administrative penalties, such as warnings, fines, or service suspension. Therefore, cybersecurity review could materially and adversely affect our business, financial condition, and results of operations.

In addition, the PRC Data Security Law, which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and will take effect on September 1, 2021, requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data protection, data processing activities must be conducted based on data classification and hierarchical protection system for data security. As the Data Security Law was recently promulgated and has not yet taken effect, we may be required to make further adjustments to our business practices to comply with this law. After the Data Security Law takes effect, if our data processing activities were found to be not in compliance with this law, we could be ordered to make corrections, and under certain serious circumstances, such as severe data divulgance, we could be subject to penalties, including the revocation of our business licenses or other permits. Furthermore, the recently issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law require (i) speeding up the revision of the provisions on strengthening the confidentiality and archives management relating to overseas issuance and listing of securities and (ii) improving the laws and regulations relating to data security, cross-border data flow, and management of confidential information. As there remain uncertainties regarding the further interpretation and implementation of those laws and regulations, we cannot assure you that we will be compliant such new regulations in all respects, and we may be ordered to rectify and terminate any actions that are deemed illegal by the regulatory authorities and become subject to fines and other sanctions. As a result, we may be required to suspend our relevant businesses, shut down our website, take down our operating applications, or face other penalties, which may materially and adversely affect our business, financial condition, and results of operations.

While we take measures to comply with all applicable data privacy and protection laws and regulations, we cannot guarantee the effectiveness of the measures undertaken by us and our business partners. However, compliance with any additional laws could be expensive, and may place restrictions on our business operations and the manner in which we interact with our users. In addition, any failure to comply with applicable cybersecurity, privacy, and data protection laws and regulations could result in proceedings against us by government authorities or others, including notification for rectification, confiscation of illegal earnings, fines, or other penalties and legal liabilities against us, which could materially and adversely affect our business, financial condition, and results of operations. In addition, any negative publicity on our website or platform's safety or privacy protection mechanism and policy could harm our public image and reputation and materially and adversely affect our business, financial condition, and results of operations.

The failure to comply with PRC regulations relating to mergers and acquisitions of domestic projects by offshore special purpose vehicles may subject us to severe fines or penalties and create other regulatory uncertainties regarding our corporate structure.

On August 8, 2006, Ministry Of Commerce of People's Republic Of China, or MOFCOM, joined by the CSRC, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the State Administration for Industry and Commerce (the "SAIC"), and SAFE, jointly promulgated regulations entitled the Provisions Regarding Mergers and Acquisitions of Domestic Projects by Foreign Investors (the "M&A Rules"), which took effect as of September 8, 2006, and as amended on June 22, 2009. This regulation, among other things, have certain provisions that require offshore special purpose vehicles formed for the purpose of acquiring PRC domestic companies and controlled directly or indirectly by PRC individuals and companies, to obtain the approval of MOFCOM prior to engaging in such acquisitions and to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock market. On September 21, 2006, the CSRC published on its official website a notice specifying the documents and materials that are required to be submitted for obtaining CSRC approval.

The application of the M&A Rules with respect to our corporate structure remains unclear, with no current consensus existing among leading PRC law firms regarding the scope and applicability of the M&A Rules. Thus, it is possible that the appropriate PRC government agencies, including MOFCOM, would deem that the M&A Rules required us or our entities in China to obtain approval from MOFCOM or other PRC regulatory agencies in connection with WFOE's control of Hexin Jiuding, Wusu Company and Hexin Digital through contractual arrangements. If the CSRC, MOFCOM, or another PRC regulatory agency determines that government approval was required for the VIE arrangements between WFOE and Hexin Jiuding, Wusu Company and Hexin Digital, or if prior CSRC approval for overseas financings is required and not obtained, we may face severe regulatory actions or other sanctions from MOFCOM, the CSRC or other PRC regulatory agencies. In such event, these regulatory agencies may impose fines or other penalties on our operations in the PRC, limit our operating privileges in the PRC, delay or restrict the repatriation of the proceeds from overseas financings into the PRC, restrict or prohibit payment or remittance of dividends to us or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our Ordinary Shares. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to delay or cancel overseas financings, to restructure our current corporate structure, or to seek regulatory approvals that may be difficult or costly to obtain.

The M&A Rules, along with certain foreign exchange regulations discussed below, will be interpreted or implemented by the relevant government authorities in connection with our future offshore financings or acquisitions, and we cannot predict how they will affect our acquisition strategy. For example, Hexin Jiuding, Wusu Company and Hexin Digital's ability to remit its profits to us or to engage in foreign-currency-denominated borrowings, may be conditioned upon compliance with the SAFE registration requirements by shareholders of the Registrant and the VIEs, over whom we may have no control.

The approval of the CSRC and other compliance procedures may be required, and, if required, we cannot predict whether we will be able to obtain such approval.

The M&A Rules requires an overseas special purpose vehicle that are controlled by PRC companies or individuals formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies using shares of such special purpose vehicle or held by its shareholders as considerations to obtain the approval of the China Securities Regulatory Commission, or the CSRC, prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. However, the application of the M&A Rules remains unclear. If CSRC approval is required, it is uncertain whether it would be possible for us to obtain the approval. Any failure to obtain or delay in obtaining CSRC approval would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies.

Our PRC legal counsel has advised us based on their understanding of the current PRC laws, regulations and rules that the CSRC's approval may not be required for the listing and trading of our Ordinary Shares on the Nasdaq Global Market, given that: (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours in this prospectus are subject to this regulation, (ii) we establish our WFOE by means of direct investment and acquiring equity interest or assets of an entity other than "PRC domestic company" as defined under the M&A Rules, and (iii) no explicit provision in the M&A Rules clearly classifies contractual arrangements as a type of transaction subject to such Rules.

However, our PRC legal counsel has further advised us that there remains some uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering and its opinions summarized above are subject to any new laws, regulations and rules or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC regulatory agencies, including the CSRC, would reach the same conclusion as our PRC legal counsel does. If it is determined that CSRC approval is required, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to obtain or delay in obtaining CSRC approval. These sanctions may include fines and penalties on our operations in China, limitations on our operating privileges in China, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in China, or other actions that could have a material and adverse effect on our business, reputation, financial condition, results of operations, prospects, as well as the trading price of the Ordinary Shares. In addition, if the CSRC or other regulatory agencies later promulgate new rules or explanations requiring that we obtain their approvals, we may be unable to obtain a waiver of such approval requirements.

Recently, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions on Severe and Lawful Crackdown on Illegal Securities Activities, which was available to the public on July 6, 2021. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies. These opinions proposed to take effective measures, such as promoting the construction of relevant regulatory systems, to deal with the risks and incidents facing China-based overseas-listed companies and the demand for cybersecurity and data privacy protection. The aforementioned policies and any related implementation rules to be enacted may subject us to additional compliance requirement in the future. As these opinions were recently issued, official guidance and interpretation of the opinions remain unclear in several respects at this time. Therefore, we cannot assure you that we will remain fully compliant with all new regulatory requirements of these opinions or any future implementation rules on a timely basis, or at all.

Changes in the policies of the PRC government could have a significant impact upon our ability to operate profitably in the PRC.

We conduct all of our operations and all of our revenue is generated in the PRC. Accordingly, economic, political and legal developments in the PRC will significantly affect our business, financial condition, results of operations and prospects. Policies of the PRC government can have significant effects on economic conditions in the PRC and the ability of businesses to operate profitably. Our ability to operate profitably in the PRC may be adversely affected by changes in policies by the PRC government, including changes in laws, regulations or their interpretation, particularly those dealing with the Internet, including censorship and other restriction on material which can be transmitted over the Internet, security, intellectual property, money laundering, taxation and other laws that affect our ability to operate our website.

Because our business is dependent upon government policies that encourage a market-based economy, change in the political or economic climate in the PRC may impair our ability to operate profitably, if at all.

Although the PRC government has been pursuing a number of economic reform policies for more than two decades, the PRC government continues to exercise significant control over economic growth in the PRC. Because of the nature of our business, we are dependent upon the PRC government pursuing policies that encourage private ownership of businesses. Restrictions on private ownership of businesses would affect the VAT filing and collection in general and businesses using ACTCS in particular. We cannot assure you that the PRC government will pursue policies favoring a market-oriented economy or that existing policies will not be significantly altered, especially in the event of a change in leadership, social or political disruption, or other circumstances affecting political, economic and social life in the PRC.

PRC laws and regulations governing our current business operations are sometimes vague and uncertain and any changes in such laws and regulations may impair our ability to operate profitable.

There are substantial uncertainties regarding the interpretation and application of PRC laws and regulations including, but not limited to, the laws and regulations governing our business and the enforcement and performance of our arrangements with customers in certain circumstances. The laws and regulations are sometimes vague and may be subject to future changes, and their official interpretation and enforcement may involve substantial uncertainty. The effectiveness and interpretation of newly enacted laws or regulations, including amendments to existing laws and regulations, may be delayed, and our business may be affected if we rely on laws and regulations which are subsequently adopted or interpreted in a manner different from our understanding of these laws and regulations. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. We cannot predict what effect the interpretation of existing or new PRC laws or regulations may have on our business.

On July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued a document to crack down on illegal activities in the securities market and promote the high-quality development of the capital market, which, among other things, requires the relevant governmental authorities to strengthen cross-border oversight of law-enforcement and judicial cooperation, to enhance supervision over China-based companies listed overseas, and to establish and improve the system of extraterritorial application of the PRC securities laws. Since this document is relatively new, uncertainties still exist in relation to how soon legislative or administrative regulation making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any, and the potential impact such modified or new laws and regulations will have on companies like us.

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

All of our operations are located in China. Accordingly, our business, prospects, financial condition and results of operations are affected significantly by the political, economic and social climate in China and continuously by the economic performance of China as a whole.

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

While the Chinese economy has experienced significant growth over the past decades, the growth rate has had sporadic bursts, across geographically and among various sectors and industries. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, and since 2012, China's economic growth has slowed down. Any prolonged slowdown in the Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

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

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

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

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

On March 15, 2019, the National People's Congress approved the Foreign Investment Law, which came into effect on January 1, 2020 and replaced the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The 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, since the Foreign Investment Law is relatively new, uncertainties still exist in relation to its interpretation and implementation. 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. Although it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activities 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 have only contractual control over our website. We do not directly own the website due to the restriction of foreign investment in businesses providing value-added telecommunication services in China, including Internet information provision services. This may significantly disrupt our business, subject us to sanctions, compromise enforceability of related contractual arrangements, or have other harmful effects on us.

The evolving PRC regulatory system for the Internet industry may lead to the establishment of new regulatory agencies. For example, in May 2011, the State Council announced the establishment of a new department, the State Internet Information Office (with the involvement of the State Council Information Office, the Ministry of Industry and Information Technology, or the MIIT, and the Ministry of Public Security). The primary role of this new agency is to facilitate the policy-making and legislative development in this field, to direct and coordinate with the relevant departments in connection with online content administration and to deal with cross-ministry regulatory matters in relation to the Internet industry.

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

Substantially all of our revenues and expenditures are denominated in RMB, and the functional currency for our PRC subsidiary and consolidated variable interest entities is RMB, whereas our reporting currency is the U.S. dollar. Any significant revaluation of RMB may materially and adversely affect our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. For example, to the extent that we need to convert U.S. dollars we receive from our initial public offering into RMB to pay our operating expenses, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. If we decide to convert our RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us. Moreover, a significant depreciation of the RMB against the U.S. dollar may significantly reduce our earnings translated in the U.S. dollars, which in turn could adversely affect the price of our ADSs. Furthermore, fluctuations in currencies relative to the periods in which the earnings are generated may make it more difficult to perform period-to-period comparisons of our reported results of operations.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions and foreign exchange policies. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future. Since June 2010, the RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. Beginning in the fourth quarter of 2016, the RMB depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China until August 2017 when the RMB started to appreciate against the U.S. dollar. In 2017, the value of the RMB appreciated by approximately 6.71% against the U.S. dollar; and in 2018, the RMB depreciated by approximately 5.7% against the U.S. dollar. In 2019, the value of the RMB further depreciated by approximately 1.3% against the U.S. dollar. In 2020, the value of the RMB appreciated by approximately 6.5% against the U.S. dollar. With the development of the foreign exchange market and progress towards interest rate liberalization and RMB internationalization, the PRC government may in the future announce further changes to the exchange rate system and there is no guarantee that the RMB will not appreciate or depreciate significantly in value against the U.S. dollar in the future.

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

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

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our net revenues in RMB. Under our current corporate structure, our company in the Cayman Islands relies on dividend payments from our PRC subsidiary 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 subsidiary is able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by the beneficial owners of our company who are PRC residents. However, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

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

We are required under PRC laws and regulations to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. We have not made 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. If we are subject to late fees or fines in relation to the underpaid employee benefits, 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 Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements in some instances that the MOC 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 MOC shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the MOC 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 MOC, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOC 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 subsidiary's ability to increase its registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law.

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

If our shareholders who are PRC residents or entities do not complete their registration as required, our PRC subsidiary may be prohibited from distributing its 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 subsidiary. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

All of our shareholders who directly or indirectly hold shares in our Cayman Islands holding company and who are known to us as being PRC residents have completed the foreign exchange registrations required in connection with our recent corporate restructuring.

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

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

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

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

Under the EIT Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation, or the SAT, 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 Circular 82 may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

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

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

We are a holding company incorporated under the laws of the Cayman Islands and as such rely on dividends and other distributions on equity from our PRC subsidiary to satisfy part of our liquidity requirements. Pursuant to the EIT Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC “resident enterprise” to a foreign enterprise investor, unless any such foreign investor’s jurisdiction of incorporation has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, or the Double Tax Avoidance Arrangement, such withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns at least 25% of a PRC enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or Circular 81, the 5% withholding tax rate does not automatically apply and certain requirements must be satisfied, including without limitation that (a) the Hong Kong enterprise must be the beneficial owner of the relevant dividends; and (b) the Hong Kong enterprise must directly hold at least 25% share ownership in the PRC enterprise during the 12 consecutive months preceding its receipt of the dividends. However, a transaction or arrangement entered into for the primary purpose of enjoying a favorable tax treatment should not be a reason for the application of the favorable tax treatment under the Double Tax Avoidance Arrangement. If a taxpayer inappropriately is entitled to such favorable tax treatment, the competent tax authority has the power to make appropriate adjustments.

In August 2015, the State Administration of Taxation promulgated the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Tax Treaties, or Circular 60, which became effective on November 1, 2015. Circular 60 provides that non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax rate. Instead, non-resident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. However, if a competent tax authority finds out that it is necessary to apply the general anti-tax avoidance rules, it may start general investigation procedures for anti-tax avoidance and adopt corresponding measures for subsequent administration. Accordingly, Hexindai Hong Kong Limited, or Hexindai HK, our Hong Kong subsidiary, may be able to enjoy the 5% withholding tax rate for the dividends they receive from Hexin Yongheng, our PRC subsidiary, if it satisfies the conditions prescribed under Circular 81 and other relevant tax rules and regulations. However, according to Circular 81 and Circular 60, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

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

In connection with the EIT Law, the SAT issued the Circular on Strengthening the Administration of Enterprise Income Tax on Non-resident Enterprises’ Equity Transfer Income, or Circular 698, which became effective as of January 1, 2008, the Notice on Issues Concerning Process of Enterprise Income Tax in Enterprise Restructuring Business, or Circular 59 on April 30, 2009, and the Announcement of the State Administration of Taxation on Several Issues concerning the Enterprise Income Tax on the Indirect Transfers of Properties by Non-Resident Enterprises, or the SAT Announcement 7, on February 3, 2015. By promulgating and implementing the above, the PRC tax authorities have strengthened their scrutiny over the direct or indirect transfer of equity interest in a PRC resident enterprise by a non-PRC resident enterprise. Pursuant to SAT Announcement 7, if a non-resident enterprise, or referred to as a transferor, transfers its equity in an offshore enterprise which directly or indirectly owns PRC taxable assets, including ownership interest in PRC resident companies, or the Taxable Properties, without a “reasonable commercial purpose”, such transfer shall be deemed as a direct transfer of such Taxable Properties. The payer, or referred as a transferee, in such transfer shall be the withholding agent, and is obligated to withhold and remit the enterprise income tax to the relevant PRC tax authority. If a transferor fails to declare for payment timely or in full of the tax due on proceeds from indirect transfer of PRC taxable assets and the withholding agent also fails to withhold such tax, the tax authority shall, in addition to supplementary collection of such tax, also charge for interest on a daily basis from the transferor according to the EIT Law and its implementation rules. Factors that may be taken into consideration when determining whether there is a reasonable commercial purpose include, among other factors, the value of the transferred equity, offshore taxable situation of the transaction, the offshore structure’s economic essence and duration and trading fungibility. If an equity transfer transaction satisfies all the requirements mentioned above, such transaction will be considered an arrangement with reasonable commercial purpose. On October 17, 2017, the SAT issued the Bulletin of SAT on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or Bulletin 37, which came into effect on December 1, 2017 and was amended in June 2018, which, among others, repeals certain rules stipulated in Circular 7. Bulletin 37 further details and clarifies the tax withholding methods in respect of the income of non-resident enterprises.

Accordingly, we and non-resident enterprise investors face uncertainties on the reporting and consequences on future private equity-financing transactions, share exchange or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises. The PRC tax authorities may pursue such non-resident enterprises with respect to a filing or the transferees with respect to withholding obligation, and request our PRC subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed, under Circular 59, Circular 698, the SAT Announcement 7 and Bulletin 37, and we may be required to expend valuable resources to comply with Circular 59, Circular 698, the SAT Announcement 7 and Bulletin 37 or to establish that we and our non-resident enterprises should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

Additionally, the PRC tax authorities have the discretion under SAT Circular 59, Circular 698, the SAT Announcement 7 and Bulletin 37 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. Although we currently have no plans to pursue any acquisitions in China or elsewhere in the world, we may pursue acquisitions in the future that may involve complex corporate structures. If we are considered a non-resident enterprise under the EIT Law and if the PRC tax authorities make adjustments to the taxable income of the transactions under SAT Circular 59, Circular 698, the SAT Announcement 7 and Bulletin 37, our income tax costs associated with such potential acquisitions will be increased, which may have an adverse effect on our financial condition and results of operations.

RISKS RELATED TO OUR ADSs

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

The trading price of our ADSs has ranged from US\$0.90 to US\$3.39 per ADS in 2020. The trading prices of our ADSs are likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation in the market prices or the underperformance or deteriorating financial results of Internet or other companies based in China that have listed their securities in the United States in recent years. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial decline in their trading prices. The trading performances of other Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of us or other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. In addition, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, such as the large decline in share prices in the United States, China and other jurisdictions in late 2008, early 2009, the second half of 2011, the third quarter of 2015 and the first quarter of 2016, which may have a material adverse effect on the market price of our ADSs.

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

- regulatory developments affecting us, our customers or our industry;
- announcements of studies and reports relating to our products and service offerings or those of our competitors;
- changes in the economic performance or market valuations of other social e-commerce 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;
- conditions in the Internet and unsecured consumer finance industries;
- announcements of new product, service and expansions by us or our competitors;
- replacement of existing third-party service providers;
- additions to or departures of our senior management;
- detrimental negative publicity about us, our management or our industry;
- fluctuations of exchange rates between the RMB and the U.S. dollar;
- release or expiry of lock-up or other transfer restrictions on our outstanding ordinary shares or ADSs; and
- sales or perceived potential sales of additional ordinary shares or ADSs.

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

Techniques employed by short sellers may drive down the market price of our ADSs.

Short selling is the practice of selling securities that the 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 relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market.

We have been the subject of short selling, and it is not clear what long-term effect such negative publicity could have on us. We may also be subject to short seller attacks from time to time in the future. If we were to become the subject of any unfavourable allegations, whether such allegations are proven to be true or untrue, we may have to expend a significant amount of resources to investigate such allegations and/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 the relevant short sellers by principles of freedom of speech, applicable state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming, and could divert management's attention from the day-to-day operations of our company. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact the market price of our ADSs and our business operations.

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

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

We cannot assure you that our existing dividend policy will not change in the future or the amount the dividends that you may receive, and as such, you must rely on price appreciation of our ADSs for return on your investment.

On July 19, 2018, our board of directors approved an annual dividend policy. Under this policy, annual dividends will be set at an amount equivalent to approximately 15-25% of our anticipated net income after tax in each year commencing from the fiscal year ended March 31, 2019. On July 19, 2018, our board of directors also approved a special cash dividend of US\$0.13 per ordinary share of our company (or US\$0.13 per ADS), in addition to an annual dividend pursuant to the newly adopted annual dividend policy of US\$0.27 per ordinary share (or US\$0.27 per ADS), for a total dividend of US\$0.40 per ordinary share (or US\$0.40 per ADS).

Our annual dividend policy is subject to change at any time at the discretion of our board of directors, and our board of directors has complete discretion as to whether to distribute dividends in the future. If our board of directors decides to continue to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. As such, the amount of dividends that you will receive is subject to change. In addition, there can be no assurance that we will not adjust our dividend policy in the future. Accordingly, you should not rely on an investment in our ADSs as a source for any future dividend income, and the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment.

Any declaration and payment, as well as the amount, of dividends will be subject to our constitutional documents and applicable Chinese and U.S. state and federal laws and regulations, including the approval from the shareholders of each subsidiary which intends to declare such dividends, if applicable.

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

Sales of our ADSs in the public market, or the perception that these sales could occur, could cause the market price of our ADSs to decline. As of March 31, 2021, we had 48,850,574 ordinary shares outstanding. Among these shares, 14,675,000 ordinary shares are in the form of ADSs. All our ADSs are freely transferable without restriction or additional registration under the Securities Act. The remaining ordinary shares outstanding are available for sale, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. To the extent shares are sold into the market, the market price of our ADSs could decline.

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

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

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

Depending upon the value of our assets, which is determined in part by the market value of our ADSs or ordinary shares, and the composition of our assets and income over time, we could be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. Based on the projected composition of our assets and income, we do not believe that we were a PFIC for our taxable year ended March 31, 2021 and we do not anticipate becoming a PFIC in the foreseeable future. While we do not anticipate becoming a PFIC, fluctuations in the market price of our ADSs or ordinary shares may cause us to become a PFIC for the current or any subsequent taxable year.

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Additionally, although the law in this regard is unclear, we treat our VIE as being owned by us for U.S. federal income tax purposes, not only because we exercise effective control over the operation of such entity but also because we are entitled to substantially all of its economic benefits, and, as a result, we consolidate their results of operation in our combined and consolidated financial statements. If it were determined, however, that we are not the owner of our VIE for U.S. federal income tax purposes, we could be treated as a PFIC for the current and any subsequent taxable years. Whether we are a PFIC is a factual determination and we must make a separate determination each taxable year as to whether we are a PFIC (after the close of each taxable year). Accordingly, we cannot assure you that we will not be a PFIC for our taxable year ending March 31, 2021 or any future taxable year.

If we were to be classified as a PFIC for any taxable year during which a U.S. Holder (as defined in “Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations”) holds an ADS or an ordinary share, such U.S. Holder would generally be subject to reporting requirements and might incur significantly increased U.S. federal income tax on gain recognized on the sale or other disposition of the ADSs or ordinary shares and on the receipt of distributions on the ADSs or ordinary shares to the extent such gain or distribution is treated as an “excess distribution” under the applicable U.S. federal income tax rules. Further, if we were to be classified as a PFIC for any year during which a U.S. Holder holds our ADSs or ordinary shares, we generally would continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or ordinary shares even if we cease to qualify as a PFIC under the rules set forth above. You are urged to consult your tax advisor concerning the U.S. federal income tax consequences of acquiring, holding, and disposing of ADSs or ordinary shares if we were to be classified as a PFIC. For more information see “Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations—PFIC Rules.”

The amended and restated memorandum and articles of association that we expect to adopt contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.

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

As a “controlled company” under the NASDAQ listing rules, we may follow certain exemptions from certain corporate governance requirements that could adversely affect our public shareholders.

Under the NASDAQ listing rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and is permitted to phase in its compliance with the independent committee requirements. Although we do not intend to rely on the “controlled company” exemption under the NASDAQ listing rules, we could elect to rely on this exemption in the future. For example, we may elect to rely on the “controlled company” exemption, a majority of the members of our board of directors might not be independent directors and our nominating and corporate governance and compensation committees might not consist entirely of independent directors. Accordingly, during the period we remain a controlled company relying on the exemption and during any transition period following a time when we are no longer a controlled company, you would not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements.

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

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

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of register of members of these companies. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the U.S. Currently, we rely on home country practices with respect to certain corporate governance matters, please see “Item 16.G—Corporate Governance.” As a result, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

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

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

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

There is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment obtained in such jurisdiction 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 such judgment (a) is given by a foreign court of competent jurisdiction, (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (c) is final, (d) is not in respect of taxes, a fine or a penalty, and (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. Because such a determination has not yet been made by a court of the Cayman Islands, it is uncertain whether such civil liability judgments from U.S. courts would be enforceable in the Cayman Islands.

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

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

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 for so long as we are an emerging growth company.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. However, we have elected to “opt out” of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

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

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

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

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results periodically through press releases, distributed pursuant to the rules and regulations of the NASDAQ Global Market. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely 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, which would be made available to you, were you investing in a U.S. domestic issuer.

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

As a holder of our ADSs, you will only be able to direct the exercise of the voting rights attaching to the ordinary shares which are represented by your ADSs in accordance with the provisions of the deposit agreement. Under the deposit agreement, you must vote by giving voting instructions to the depositary. Upon receipt of your voting instructions, the depositary will use its best endeavours to vote the ordinary shares which are represented by your ADSs in accordance with your instructions. You will not be able to directly exercise any right to vote with respect to the shares represented by your ADSs unless you withdraw the shares from the ADR facility prior to the applicable share record date. Under our amended and restated memorandum and articles of association, the minimum notice period required for convening a general meeting is ten calendar days. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our amended and restated memorandum and articles of association provide that we may, but are not obliged to, in each year hold a general meeting as our annual general meeting. When a general meeting is convened, you may not receive sufficient advance notice to withdraw the underlying shares represented by your ADSs to allow you to vote with respect to any specific resolution or matter to be considered and voted upon at such general meeting. If we give notice to our shareholders of any general meeting, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the underlying shares represented by your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to vote and you may have no legal remedy if the underlying shares represented by your ADSs are not voted as you requested.

The depositary for our ADSs will give us a discretionary proxy to vote the ordinary shares represented by your ADSs if you do not give proper or timely voting instructions to the depositary, except in limited circumstances, which could adversely affect your interests.

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

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

The effect of the foregoing is that if you do not give proper or timely voting instructions to the depositary as to how to vote at shareholders' meetings, a discretionary proxy to vote the ordinary shares represented by your ADSs will be given to a person designated by us, except under the circumstances described above. This may make it more difficult for shareholders and holders of ADSs to influence the management of our company. Holders of our ordinary shares are not subject to this discretionary proxy.

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

The depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities which are represented by your ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impracticable 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 practicable to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impracticable for us to make them available to you. These restrictions may cause a material decline in the value of our ADSs.

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

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

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

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

We will incur significantly increased costs and devote substantial management time as a result of being a public company.

As a public company, we incur additional legal, accounting and other expenses as a public reporting company, particularly after we cease to qualify as an “emerging growth company” pursuant to the JOBS Act. For example, we will be required to comply with additional requirements of the rules and regulations of the SEC and requirements of the NASDAQ Global Market, including applicable corporate governance practices. We expect that compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. We cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management’s time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may also initiate legal proceedings against us and our business may be adversely affected.

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

ITEM 4. INFORMATION ON THE COMPANY**A. History and Development of the Company**

In April 2016, Hexindai Inc. was incorporated in Cayman Islands as a holding company. We provided online microlending business and P2P marketplace business from 2017 to 2019. As part of our major business restructuring and disposition of our P2P marketplace business in and around December 2020, which is described in greater detail below, we changed our name from Hexindai Inc. to Xiaobai Maimai Inc. to reflect our current business that is built upon our social e-commerce platform. As of the date of this annual report, we are no longer engaged in the P2P marketplace businesses and are not making any new loans under the microlending business, and are solely focused on our social e-commerce platform business.

In March 2014, our founders Mr. Xiaobo An and Mr. Xiaoning An, along with Mr. Xiaobin Zhai, established Hexin E-Commerce Co. Ltd in China, or Hexin E-Commerce, which at the time of its inception was not under our control and jointly owned by the individuals named above.

In order to obtain control of Hexin E-Commerce, in November 2016, we entered into a series of contractual arrangements with Hexin E-Commerce and its then-shareholders and became Hexin E-commerce’s primary beneficiary. Prior to our disposal of Hexin E-Commerce in December 2020, we conducted our P2P marketplace businesses primarily through Hexin E-Commerce.

In May 2016, we established a wholly-owned subsidiary in Hong Kong, Hexindai HK, and further established Beijing Hexin Yongheng Technology Development Co. Ltd., or Hexin Yongheng, which to this date remains Hexindai HK's wholly-owned subsidiary in China, in August 2016.

In August 2017, we established Wusu Company to conduct online microlending business. At the time of Wusu Company's inception, Hexin E-Commerce, Mr. Ming Jia and Mr. Shiwei Wu were the shareholders of Wusu Company. On January 1, 2018, Hexin Yongheng, Wusu Company, Hexin E-Commerce, Mr. Ming Jia and Mr. Shiwei Wu entered into a series of agreements (the "2018 Wusu VIE Agreements"), and as a result of which, Hexin Yongheng became the primary beneficiary of and controlled Wusu Company.

On November 3, 2017, our ADSs commenced trading on the NASDAQ Global Market under the symbol "HX."

As part of our strategy to expand our investment, in June 2018, we incorporated HX Asia Investment Limited, a wholly-owned subsidiary in the British Virgin Islands, to acquire a 19.99% equity stake in Musketeer Group Inc, an Indonesian online lending platform that offers consumption instalment loans. We completed the acquisition in August 9, 2018 as part of our strategy to explore overseas opportunities by leveraging our extensive experience and expertise in new high-growth markets.

As part of our strategy to diversify funding sources for our P2P marketplace and online microlending businesses (which we are no longer engaged in), in December 2018, Hexin E-Commerce established Trust 1 with an independent third-party trust company. At the time of establishing Trust 1, Hexin E-Commerce was still an entity under our control. As part of our business restructuring in December 2020 and our disposal of Hexin E-commerce, we are no longer a beneficiary to Trust 1.

In January 2019, we incorporated HX China Investment Limited, also our wholly-owned subsidiary in the British Virgin Islands, for the purpose of acquiring a 5.88% equity stake in Phoenix Intelligent Credit Group Ltd. As part of that acquisition, we established Tianjin Haohongyuan in China in May 2018 to synergize the investment by way of providing loan assistance functions such as borrower assessment to Phoenix Intelligent Credit Group Ltd. At the time of our acquisition, Phoenix Intelligent Credit Group Ltd was an operator of one of China's leading P2P lending platforms and a wholly-owned subsidiary of Phoenix Financial Group Ltd., which was unrelated to us.

On August 1, 2019, Hexin Digital, which was established on September 9, 2017 with the provision of technology consultancy and technological services as its principal business, was acquired by Hexin Jinke from an independent third party, and Hexin Digital had minimal activities before being acquired by us. We obtained control and became the primary beneficiary of Hexin Digital in August 2019 by entering into a series of contractual arrangements with Hexin Digital and Hexin Jinke. Hexin Digital is 100% owned by Hexin Jinke. Hexin Digital holds the requisite licenses necessary to conduct our online marketplace business which is subject to restrictions under current PRC laws and regulations. We operate our newly launched social e-commerce platform Xiaobai Maimai through Hexin Digital.

On September 30, 2019, we changed Wusu Company's principal businesses from microlending to trading, provision of technological promotion services, and import and export.

On July 15, 2020, we incorporated Hexin Investment Private Limited in Singapore with a view to engage in future investment activities.

As part of our corporate restructurings prior to our disposal of Hexin E-Commerce in December 2020, Mr. Ming Jia and Mr. Shiwei Wu transferred their equity interests of Wusu Company to Hexin E-Commerce, and therefore, Hexin E-Commerce became the sole shareholder of Wusu Company on November 20, 2020. On November 20, 2020, Hexin Yongheng, Wusu Company, Hexin E-Commerce, Mr. Ming Jia and Mr. Shiwei Wu entered into a VIE termination agreement, which terminated all rights and obligations with respect to each party thereto under the 2018 Wusu VIE Agreements. On December 1, 2020, Wusu Company and its shareholder, Hexin E-Commerce, entered into a new series of contractual arrangements with Hexin Yongheng, and as a result of which, Hexin Yongheng remains the primary beneficiary of and controls Wusu Company.

On December 16, 2020, Hexin Yongheng and Kuaishangche, a company not directly associated with the Company but controlled by Mr. Xiaobo An, and Hexin E-Commerce entered into an assignment and assumption agreement. Pursuant to the Agreement, Hexin Yongheng agreed to assign and transfer to Kuaishangche the control over Hexin E-Commerce, in exchange for cash consideration of RMB5.0 million (US\$726,781).

On April 8, 2021, we established UK Holding Limited, an exempted company in the Cayman Islands with a view to engage in future investment activities. For more information on our investments and planned investments, please see “—B. Business Overview—Business Expansion and Cooperation.”

Business Restructuring and Disposition of Hexin E-Commerce

Prior to our disposition of Hexin E-Commerce, on November 20, 2020, Mr. Ming Jia and Mr. Shiwei Wu transferred their equity interest in Wusu Company to Hexin E-Commerce, which resulted in Wusu Company becoming a wholly-owned entity of Hexin E-Commerce. On November 20, 2020, Hexin Yongheng, Wusu Company, Hexin E-Commerce, Mr. Ming Jia and Mr. Shiwei Wu entered into a VIE termination agreement, which terminated all rights and obligations with respect to each party thereto under the 2018 Wusu VIE Agreements.

On December 1, 2020, Hexin Yongheng, our wholly-owned subsidiary, entered into a new series of contractual arrangements with Wusu Company and Hexin E-Commerce whereby Hexin Yongheng retained its interests as the primary beneficiary to Wusu Company.

On December 16, 2020, Hexin Yongheng, Kuaishangche, Hexin E-Commerce, Xiaobo An, Xiaoning An, and Xiaobin Zhai entered into an assignment and assumption agreement. Pursuant to this agreement, Hexin Yongheng has agreed to assign and transfer to Kuaishangche the control over Hexin E-Commerce, in exchange for cash consideration of RMB 5 million. Upon the closing of the disposition, Kuaishangche became the primary beneficiary of and obtained control of Hexin E-Commerce, and as a result, assume all assets and liabilities of Hexin E-Commerce and subsidiaries owned or controlled by Hexin E-Commerce, excluding any rights, titles, interests or claims that Hexin E-Commerce had in Wusu Company, which remained a consolidated variable interest entity of the Hexin Yongheng by way of the December 1, 2020 contractual arrangements. We closed the disposition of Hexin E-Commerce on December 30, 2020. As a result of the disposition, we are no longer conducting the P2P marketplace business and instead are focusing on developing and investing resources into our social e-commerce platform, Xiaobai Maimai.

On December 16, 2020, our shareholders approved our name change from “Hexindai Inc.” to “Xiaobai Maimai Inc.” to reflect our business transition.

On January 1, 2021, Hexin Yongheng, our wholly-owned subsidiary, obtained control and became the primary beneficiary of Hexin Jiuding by entering into a series of contractual arrangements with Hexin Jiuding and Hexin Fengze, the shareholder of Hexin Jiuding and a wholly-owned subsidiary of Hexin Jinke.

Corporate Information

Our principal executive offices are located at Room 515, Floor 5, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing 100020, the People’s Republic of China. Our telephone number at this address is +86 10 5370 9902. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. Our agent for service of process in the United States is Law Debenture Corporate Services Inc., located at 801, 2nd Avenue, Suite 403, New York, NY 10017.

B. Business Overview

Xiaobai Maimai's transition into the social e-commerce business

We were formally known as Hexindai Inc., and used to be engaged in the business of providing online facilitation related services via our consumer lending marketplace in China, facilitating loans to meet the increasing consumption demand of the emerging middle class in China from 2017 to 2019. Hexindai Inc. was a mobile e-commerce and consumer lending platform in China until it disposed of Hexin E-Commerce in December 2020 and changed its name to Xiaobai Maimai Inc. As part of its transition into the social e-commerce platform business, in May 2020, Xiaobai Maimai launched a new form of social e-commerce mobile platform, Xiaobai Maimai App, offering high-quality and affordable branded products. Xiaobai Maimai leverages its cooperation with major domestic e-commerce platforms and services marketplaces as part of its integrated buyer resources to select and source the most desirable goods and services. Xiaobai Maimai rewards customers with a small commission for every purchase, share or recommendation of a product made to friends.

In August 2020, Xiaobai Maimai underwent an upgrade to offer an even wider variety of high-quality products covering food and beverage, wine, cosmetic products, fashion and apparel, entertainment, houseware, home appliances and cost-saving promotions at petrol gas stations nationwide. On Xiaobai Maimai App, customers can easily compare superior products at competitive prices without having to change their shopping preferences or switch between different online merchants. It is also a convenient, one-stop platform for customers to not only save big on daily necessities when they shop online, but also stay informed of the latest promotions with attractive discounts, coupons and rebates on the application. As of June 30, 2021, Xiaobai Maimai had approximately 242,316 active customer accounts (an active customer account refers to a customer account that has made at least one purchase) since its launch.

Xiaobai Maimai will continue to grow through its cooperation with mainstream online platforms in China. Under such cooperation schemes, Xiaobai Maimai provides hyperlinks to these mainstream platforms, and sales promotions, such as coupons, discounts or rebates, are available to purchasers if these mainstream platforms are accessed through hyperlinks from Xiaobai Maimai.

In August, 2020, Xiaobai Maimai launched the Elite Influencers Program, which is designed for users of Xiaobai Maimai to attain higher returns on top of the regular commissions they receive for every purchase, share or recommendation of a product to family and friends. Users of Xiaobai Maimai can become elite influencers and enjoy higher commission rates as their influence reaches certain performance milestones. Currently, the elite influencers introduced to the platform are primarily WeChat merchants who have considerable influence on social e-commerce in China. This group of elite influencers were selected for their rich experience in social e-commerce, regular engagement with an extensive follower base, and their sales on WeChat, including popular shopping categories such as maternal and infant products, household goods, and cosmetic products.

Since the launch of the Elite Influencers Program, Xiaobai Maimai has experienced significant improvements in a number of operating metrics on the social e-commerce application. In August 2020, Xiaobai Maimai's monthly active users accounted for approximately 61% of the total registered members, representing a significant increase from 29% since June 2020. The monthly orders increased threefold from June 2020 to August 2020, and the number of monthly page views increased by nearly 60 times from June 2020 to August 2020. Going forward, Xiaobai Maimai will continue to promote the Elite Influencers Program to more users, including influential WeChat merchants, retail store merchants, members of mothers' clubs and farmers' markets, and part-time merchants. Xiaobai Maimai believes that the Elite Influencers Program will effectively expand its user base and increase traffic to and revenues generated by Xiaobai Maimai social e-commerce platform. At the same time, Xiaobai Maimai also intends to promote social e-commerce employment through our efforts and further fulfill our corporate social responsibility.

Since 2020, Xiaobai Maimai's Hexin Digital has been a standing committee member of the Social E-commerce Branch of the China Association of Trade in Services (CATIS), the sole national non-profit organization for trade in services in China. According to the 2021 Social E-commerce Development Report of CATIS, China's social e-commerce market continues to grow at an unprecedented rate. In 2020, the market scale of social E-commerce in China has reached RMB4.0 trillion, accounting for 34% of the total scale of online retail market. The transaction volume of social e-commerce in 2021 is expected to exceed RMB5.8 trillion, an increase of 45% year-over-year.

Xiaobai Maimai's Business Model

Xiaobai Maimai has been conducting supply to business to customer model since May 2020 and launched its Xiaobai Maimai App in May 2020.

Xiaobai Maimai connects suppliers and customers. Leveraging the cooperation with major e-commerce platforms (“Platforms”), and influential brands. Xiaobai Maimai offers a variety of value-for-money products covering food and beverage, wine, cosmetic products, fashion and apparel, entertainment, housewares and home appliances. This convenient, one-stop App for Xiaobai Maimai’s customers not only helps them save big on daily necessities when they shop online, but also helps them stay informed of the latest promotions with attractive discounts, coupons and rebates on the App. Customers can easily compare these superior products at competitive prices without having to change their shopping preferences or switch between different online merchants.

Below is a visual presentation of various features of Xiaobai Maimai App:

Xiaobai Maimai App — Homepage

Xiaobai Maimai App offers a unique social e-commerce experience through latest promotions, value-for-money products recommendation and opportunities for social engagements

Browse different product categories

Search by typing keywords



Tap to access different marketplaces and services

Value-for-money products recommendation

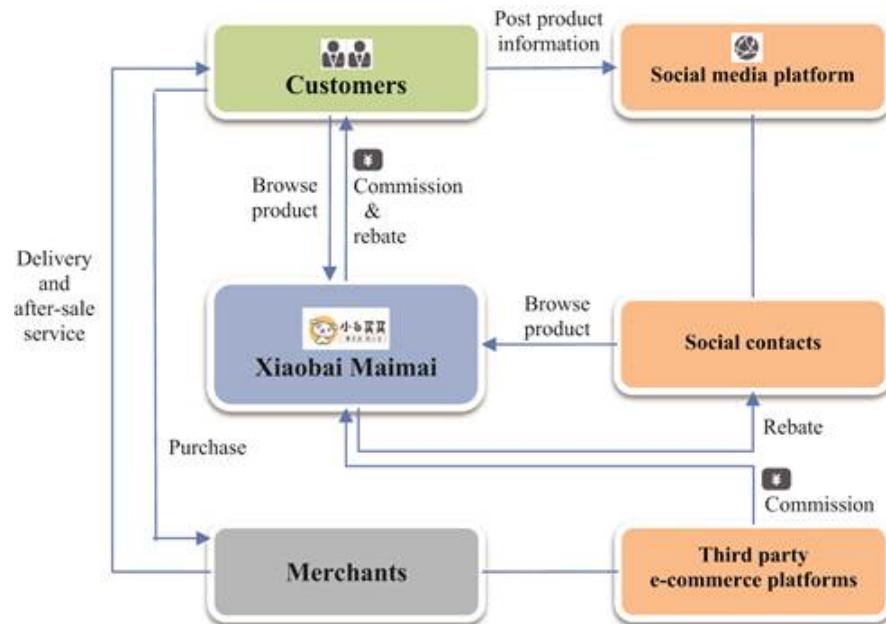


Cooperation with Platforms

Xiaobai Maimai strategically cooperates with Platforms in China. The cooperation between Xiaobai Maimai and the Platforms is win-win on both sides. Leveraging Xiaobai Maimai's existing customer base and strong technical support, Xiaobai Maimai can direct and contribute plenty of customer traffic to the Platforms. In the meanwhile, Xiaobai Maimai relies on a wide variety of merchandise posted on the Platforms, their strong brand recognitions and their sound delivery and after-sale services to attract and retain customers. After customers that are directed from Xiaobai Maimai complete their transactions on the Platforms, the Platforms will then award certain commissions to Xiaobai Maimai subject to the rules adopted by the Platforms. Generally, the Platforms will settle the commissions with Xiaobai Maimai within the next month after the transaction is completed.

By cooperating with Platforms, Xiaobai Maimai has achieved the comprehensive connectivity with Platforms, enabling its customers to browse and explore all kinds of merchandises posted on the Platforms via Xiaobai Maimai. After selecting their favourite merchandise, customers can easily click the pictures displayed on Xiaobai Maimai with the hyperlink underlying, which can direct them to the Platforms where the merchandise is being posted. Customers place the order on the Platforms, and the merchant on that Platform provides the delivery and after-sale service to the customers.

The following diagram illustrates Xiaobai Maimai's cooperation with the Platforms:



Membership rating system

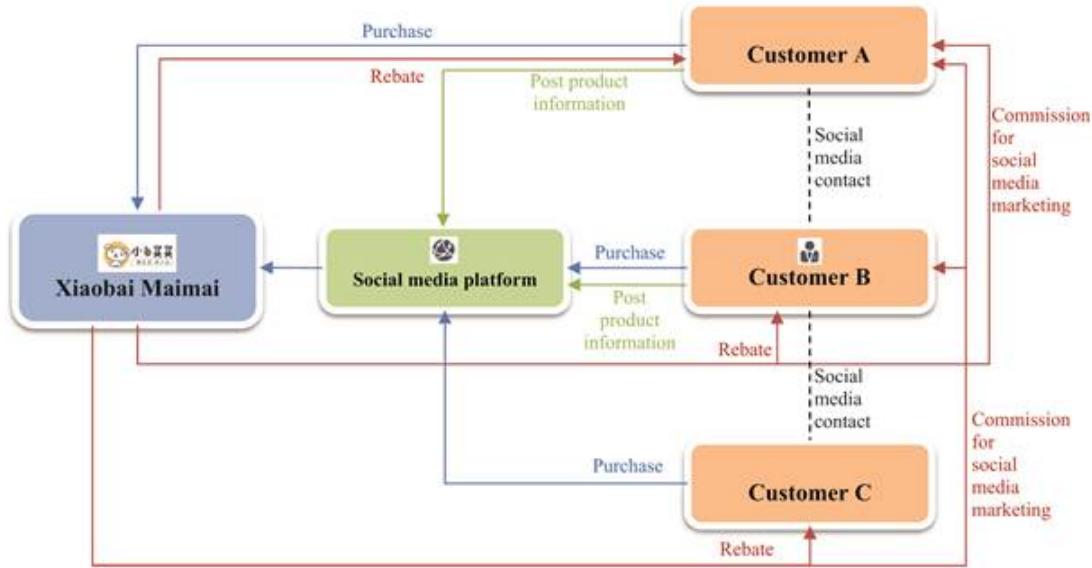
Xiaobai Maimai deploys a membership rating system that rewards users with a rebate or commission for every purchase, share or recommendation of a product made to friends. The number of rebates and commissions will be calculated based on the amount of transaction completed, customer's history transactions and amount of commissions of this transaction that Xiaobai Maimai received from the Platforms. Currently, the Company paid about 70% of its commission charged from merchants and third-party to its users. In the future, the percentage may be adjusted according to the development of social E-commerce business.

Under membership rating system, Xiaobai Maimai benefits its customers by awarding:

Purchase rebate: Xiaobai Maimai provides customers with a comprehensive selection of value-for-money merchandise and fun and interactive shopping experience. Leverage its strong algorithm support, Xiaobai Maimai posts the latest promotions of various mainstream e-commerce platforms on its APP in a timely manner, enabling its customers to stay informed of the news of attractive promotions and save big on their purchases. Customers can enjoy the most favourable price on Xiaobai Maimai's App. Xiaobai Maimai directs its customers to the Platforms, and rewards customers with purchase rebate after they complete the transaction on the Platforms in addition to the discounts provided by the merchant. Customers complete their transaction on the Platform by confirming the receipt of merchandise. Xiaobai Maimai will award customers rebates to their Alipay accounts, which will be available for withdrawal within the next month after the completion of the transaction; and

Commission for social media marketing: Xiaobai Maimai welcomes and encourages its customers to share or recommend the products posted on its App with their social contacts via their social media accounts, and treats such customers' recommendation as its crucial selling and marketing method. Customer posts product information on social media platform, namely their WeChat Moments, with the hyperlink of the product, which can direct their social contacts to the Platforms where the product being posted. Xiaobai Maimai awards customers commissions for their social media marketing activities after their social contacts complete the transactions via the link they post on social media platform. In the meanwhile, their social contacts can also enjoy rebates for their transactions directed by Xiaobai Maimai.

The following diagram illustrates the membership rating system of Xiaobai Maimai:



In addition, Xiaobai Maimai launched Elite Influencers Program in August 2020 to further promote its efforts on social media marketing. Leveraging the strong fans base and seasoned marketing skills of elite influencers on social media platform, Xiaobai Maimai can attract more qualified customers and influencers to join its membership rating system, and contribute more customer traffic to the Platforms, enabling it to further strengthen the cooperation with the Platforms.

External Factors affecting Xiaobai Maimai's Business

Xiaobai Maimai's customers are mainly located in China. Since Xiaobai Maimai provides users with discounts, coupons and rebates sourced from third-party e-commerce platforms, its operating results are influenced by seasonal factors, including the timing of promotional events of e-commerce platforms. In general, major e-commerce platforms conduct various marketing campaigns to promote all category products each year, however we believe our most productive shopping seasons are as follows:

- the 3.8 shopping festival held between March 3 to March 8;
- the 6.18 shopping festival held between June 1 to June 18;
- the 11.11 shopping festival held between November 1 to November 11; and
- the 12.12 shopping festival held between December 1 to December 12.

Prior to and during these periods of strong customer demand, Xiaobai Maimai increases its marketing efforts by channelling value through the company websites and members' social network outlets.

Competition

The e-commerce industry in China is intensely competitive. Our current or potential competitors include (i) major e-commerce companies in China, (ii) major traditional and brick-and-mortar retailers in China, (iii) retail companies in China focused on specific product categories, (iv) major social e-commerce platforms and (v) major Internet companies in China that do not operate e-commerce business now but may enter the e-commerce business area or are in the process of initiating their e-commerce businesses.

We anticipate that the e-commerce industry will continually evolve and will continue to experience rapid technological change, evolving industry standards, shifting customer requirements, and frequent innovation. We must continually innovate to remain competitive. We believe that the principal competitive factors in our industry are:

- our ability to seamlessly connect e-commerce with social networks;
- our stable business cooperative relationships with mainstream platforms;
- our ability to attract and retain merchants;
- our technical support for platform operation;
- product quality and selection;
- pricing;
- the experience and expertise of our management team; and
- customer service.

Intellectual Property

We use a combination of trade secrets, software copyrights, trademarks, know-how and other rights to protect our intellectual property and our brand. We have completed registration of 93 trademarks (with one under review), and 10 computer software copyrights. We have also registered three domain names, www.xiaobaimaimai.com, www.hxvc.com, and www.xiaobaimaimai.cn.

In addition to our intellectual property rights, we believe we maintain a competitive advantage over our peers through our knowledge of China's e-commerce industry and our constantly improving technology and know-how. We also enter into contracts with our employees and third-party partners to prevent the unauthorized dissemination of our technology. To date, we have not experienced a material misappropriation of our intellectual property. Despite our efforts to protect our proprietary rights, third parties may attempt to use, copy or otherwise obtain and market or distribute our proprietary technology or develop a platform that is similar to our marketplace. We cannot be certain that the steps we have taken or will take in the future will prevent misappropriations of our technology and intellectual property rights. For a description of the risks related to our intellectual property rights, please see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may be unable to protect our proprietary intellectual property rights from unauthorized use, such that our brand, reputation and business may be negatively impacted."

Seasonality

We experience seasonality in our business, reflecting a combination of seasonal fluctuations in customer purchases, promotional events, and traditional retail seasonality patterns.

We generally experience the highest levels of revenues in the fourth calendar quarter of each year than in the preceding three quarters due to a number of factors, including merchants allocating a significant portion of their online marketing budgets to the fourth calendar quarter, promotions, such as the 11.11 global shopping festival and 12.12 shopping festival, and the impact of seasonal buying patterns in respect of certain merchandise categories such as apparel. In the second calendar quarter of each year, we also experience relatively high levels of revenues due to the 6.18 shopping festival. Generally, we experience lower levels of revenues in the first calendar quarter of each year than that of subsequent quarters due to a lower level of operating activities by merchants early in the calendar year and during the Chinese New Year holiday, during which time consumers generally spend less and businesses in China are generally closed. Moreover, we expect to enjoy increased operating leverage in seasonally strong quarters, but will face significant margin pressure in seasonally weak quarters. Due to our limited operating history, the seasonal trends that we have experienced in the past may not apply to, or be indicative of, our future operating results.

Regulation

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

Regulations Relating to Microlending

The Guidance on the Pilot Establishment of Microlending Companies jointly promulgated by the CBRC and the PBOC in May 2008 allows provincial governments to approve the establishment of microlending companies on a test basis. Based on this guidance, many provincial governments in China, including the Xinjiang Uygur Autonomous Region, promulgated local implementation rules on the administration of microlending companies. For example, Xinjiang Financial Service Office, the regulatory authority for microlending companies in the Xinjiang Uygur Autonomous Region, promulgated the Interim Measures for the Administration of Microlending Companies in Xinjiang Uygur Autonomous Region in August 2017, to impose management duties upon the relevant regulatory authorities and to specify more detailed requirements on microlending companies, including, among others, (i) microlending companies are prohibited from engaging in the receipt of deposits from the public and illegal fund-raising; (ii) the modification of certain company registration issues shall be subject to the approval by the relevant regulatory authorities; and (iii) the microlending company shall engage in the loan business in the place of registration and also in or around the surrounding counties within the same municipality as the place of registration, and the loan balance for the borrowers in the county of registration shall not be less than the 80% of the aggregate loan balance.

In November 2017, the Internet Finance National Rectification Office issued the Notice on the Immediate Suspension of Approvals for the Establishment of Online Microlending Companies, which took effect immediately, and provides that the relevant regulatory authorities of microlending companies at all levels shall suspend the approval of the establishment of online microlending companies and the approval of any microlending business conducted across provincial lines.

On December 1, 2017, the Internet Finance National Rectification Office and the Online Lending National Rectification Office jointly issued Circular 141, which suspends approval of new network microlending companies and further imposes measures to strengthen the regulation of network microlending companies.

On December 8, 2017, the Online Lending National Rectification Office promulgated the Implementation Plan of Specific Rectification for Risks in Microlending Companies and Online Microlending Companies, or the Rectification Implementation Plans of Online Microlending Companies. Pursuant to the Rectification Implementation Plans of Online Microlending Companies, “online microlending loans” are defined as microlending loans provided through the Internet by online microlending companies controlled by Internet enterprises. The features of online microlending loans include online borrower acquisition, credit assessment based on the online information collected from the Internet enterprise’s business operations and the borrower’s Internet usage, as well as online loan application, approval and funding.

Consistent with the Guidance on the Pilot Establishment of Microlending Companies and Circular 141, the Rectification Implementation Plans of Online Microlending Companies emphasize several aspects where inspection and rectification measures must be carried out for the online microlending loans industry, which include, among others, (i) the online microlending companies shall be approved by the competent authorities in accordance with the applicable regulations promulgated by the State Council, and the approved online microlending companies subsequently in violation of any regulatory requirements shall be re-examined; (ii) qualification requirements to conduct online micro-loan business (including the qualification of sponsor shareholders, the sources of borrowers, the Internet scenario and the digital risk-management technology); (iii) whether the qualification and funding source of the shareholders of online microlending companies are in compliance with the applicable laws and regulations; (iv) whether the “integrated actual interest” (namely the aggregated borrowing costs charged to borrowers in the form of interest and various fees) are annualized and subject to the limit on the interest rate of private lending set forth in the Private Lending Judicial Interpretations issued by the Supreme People’s Court and, whether any interest, handling fee, management fee or deposit are deducted from the principal of loans provided to the borrowers in advance, prior to the repayment of the loan; (v) whether campus loans or online microlending loans with no specific scenario or designated use of loan proceeds are granted; (vi) with respect to the loan business conducted in cooperation with third-party institutions, whether the online microlending companies outsource the core business (including the credit assessment and risk control), or accept any credit enhancement service (whether or not in a disguised form) provided by any third-party institutions with no approval to provide financing guarantee and whether any applicable third-party institution collects any interest or fees from the borrowers; and (vii) entities that conduct online microlending loans business without relevant approval or license for lending business shall be shut down and banned.

The Rectification Implementation Plans of Online Microlending Companies also sets forth that all related institutions shall be subject to inspection and investigation. Depending on the results, different measures shall be implemented: (i) for institutions holding online microlending licenses but do not meet the qualification requirements to conduct online micro-loan business, their online microlending licenses shall be revoked and such institutions will be prohibited from conducting loan business outside the administrative jurisdiction of their respective approving authorities; and (ii) for institutions holding online microlending licenses that meet the qualification requirements to conduct online micro-loan business but were found not in compliance with other requirements, such as the requirements on the integrated actual interest rate, the scope of loan and the cooperation with third-party institutions, such institutions shall take rectification measures in a period to be separately specified by authorities, and in the event that the rectification does not meet the authorities’ requirements, such institutions shall be subject to several sanctions, including revocation of license and an order to cease business operations.

We engage in online microlending businesses through our subsidiary Wusu Company, which has owned the business scope of microlending. However, we have ceased new microlending business as the principal business scope of Wusu Company has been changed to trading, provision of technological promotion services and import and export since September 30, 2019, yet still entitled to the credit right over the loans issued prior to the change of the business scope.

Regulations Relating to Pyramid Selling

The Regulations on Prohibition of Pyramid Selling, that were promulgated by the State Council in August 2005 and became effective in November 2005, prohibit pyramid selling activities. According to the Regulations on Prohibition of Pyramid Selling, the following activities taken by organizers or operators are considered as “pyramid selling”: (i) taking in new members and compensating each member by giving material awards or other financial benefits, based upon the number of new members directly or indirectly introduced by such member on a rolling basis, so as to gain illegal benefits; or (ii) requesting a sum of money as entry fee or as a condition to membership for new members, either directly or through purchasing commodities, so as to gain illegal benefits; or (iii) requesting members to introduce additional members to establish a multi-level relationship and compensating each member based on the level of sales generated by the additional members introduced by such member, so as to gain illegal benefits. The PRC laws and regulations have not defined “illegal benefit” and the determination of gaining “illegal benefit” is to a large extent subject to discretionary view of the competent authorities in the PRC. Any individual or entity engaging in organization of pyramid selling may be subject to confiscation of illegal gains and fines ranging from RMB0.5 million to RMB2.0 million (US\$0.3 million), and even criminal liabilities if a crime is constituted. On March 23, 2016, the former State of Administration of Industry and Commerce (which has been merged into SAMR) promulgated the Risk Warning for New Types of Pyramid Selling, which provides that if an activity satisfies the three features stated above at the same time, it will be identified as pyramid selling, regardless of whether any illegal benefit is obtained.

Regulations Relating to Foreign Investment

PRC Foreign Investment Law

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

The Foreign Investment Law is formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. According to the Foreign Investment Law, foreign investments are entitled to pre-entry national treatment and are subject to negative list management system. The pre-entry national treatment means that the treatment given to foreign investors and their investments at the stage of investment access shall not be less favorable than that of domestic investors and their investments. The negative list management system means that the state implements special administrative measures for access of foreign investment in specific fields. The Foreign Investment Law does not mention the relevant concept and regulatory regime of VIE structures. See "Item 3. Key Information—D. Risk Factors—Risks Related to PRC Laws Regulating Our Business and Industry—Substantial uncertainties exist with respect to the interpretation and implementation of the newly enacted PRC Foreign Investment law and how it may impact the viability of our current corporate structure, corporate governance and business operations."

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

According to the Measures for the Security Review of Foreign Investment promulgated by National Development and Reform Commission, the NDRC, and Ministry of Commerce of the People's Republic of China, the MOC, on December 19, 2020 and became effective on January 18, 2021, the NDRC and the MOC will establish a working mechanism office in charge of the security review of foreign investment. Such measures define foreign investment as direct or indirect investment by foreign investors in the PRC, which includes (i) investment in new onshore projects or establishment of wholly foreign owned onshore companies or joint ventures with foreign investors; (ii) acquiring equity or asset of onshore companies by merger and acquisition; and (iii) onshore investment by and through any other means. Investment in certain key areas with bearing on national security, such as important cultural products and services, important information technology and Internet services and products, key technologies, and other important areas with bearing on national security which results in the acquisition of de facto control of investee companies, shall be filed with a specifically established office before such investment is carried out. What may constitute "onshore investment by and through any other means" or "de facto control" could be broadly interpreted under such measures. It is likely that control through contractual arrangement be regarded as de facto control based on provisions applied to security review of foreign investment in the free trade zone. Failure to make such filing may subject such foreign investor to rectification within prescribed period, and will be recorded as negative credit information of such foreign investor in the relevant national credit information system, which would then subject such investors to joint punishment as provided by relevant rules. If such investor fails to or refuses to undertake such rectification, it would be ordered to dispose of the equity or asset and to take any other necessary measures so as to return to the status quo and to erase the impact to national security.

Industry Catalog Relating to Foreign Investment

Investment activities in the PRC by foreign investors are principally governed by the Catalog of Industries for Encouraging Foreign Investment, or the Catalog, which became effective on January 27, 2021, and the Special Administrative Measures (Negative List) for Foreign Investment Access, or the Negative List promulgated by the MOC, which became effective on July 23, 2020 and has been amended from time to time by the MOC and the National Development and Reform Commission. It sets out the industries in which foreign investments are prohibited or restricted. Foreign investors will not make investments in prohibited industries, while must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. According to the Negative List, the proportion of foreign investment in entities engaged in value-added telecommunication services (excluding e-commerce, domestic multi-party communications services, store-and-forward services, and call center services) shall not exceed 50%.

Foreign Investment in Value-Added Telecommunication Services

The Provisions on Administration of Foreign Invested Telecommunications Enterprises promulgated by the State Council in December 2001 and subsequently amended in September 2008 and 2016 prohibit a foreign investor from owning more than 50% of the total equity interest in any value-added telecommunications service business in China and require the major foreign investor in any value-added telecommunications service business in China to have a good and profitable record and operating experience in this industry. The Catalog and the Foreign Investment Negative List allow a foreign investor to own more than 50% of the total equity interest in an e-commerce business.

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

In light of the above restrictions and requirements, we operate our website through Hexin Digital, which has received the VATS License necessary to provide online information service and other value-added telecommunications services in China.

Anti-money Laundering Regulations

The PRC Anti-money Laundering Law, which became effective in January 2007, sets forth the principal anti-money laundering requirements applicable to financial institutions as well as non-financial institutions with anti-money laundering obligations, including the adoption of precautionary and supervisory measures, establishment of various systems for client identification, retention of clients' identification information and transactions records, and reports on large transactions and suspicious transactions. According to the PRC Anti-money Laundering Law, financial institutions subject to the PRC Anti-money Laundering Law include banks, credit unions, trust investment companies, stock brokerage companies, futures brokerage companies, insurance companies and other financial institutions as listed and published by the State Council, while the list of the non-financial institutions with anti-money laundering obligations will be published by the State Council. The PBOC and other governmental authorities issued a series of administrative rules and regulations to specify the anti-money laundering obligations of financial institutions and certain non-financial institutions, such as payment institutions. In July 2018, the PBOC issued the Notice on Strengthening Supervision on Anti-money Laundering by Certain Non-financial Institutions, stipulating that the following non-financial institutions shall undertake the responsibilities of anti-money laundering and anti-terrorist financing during certain of their respective business operations: (i) real estate development enterprises and real estate agencies while selling real estates and providing service for real estate transactions; (ii) precious metal traders and precious metals trading platforms while conducting or providing service for precious metal spot trading; (iii) accounting firms, law firms and notary offices while conducting real estate transactions, asset management, bank account and securities account management, fund-raising for establishment or operation of enterprises and business entities transactions on behalf of their clients; and (iv) company service providers providing service for establishment, operation and management of companies.

Regulations on Value-Added Telecommunication Services

The Telecommunications Regulations promulgated by the State Council and its related implementation rules, including the Catalog of Classification of Telecommunications Business issued by the MIIT, amended in 2019 categorize various types of telecommunications and telecommunications-related activities into basic or value-added telecommunications services, and Internet information services, or ICP services, and online data processing and transaction processing services, are classified as value-added telecommunications businesses. In 2009, the MIIT promulgated the Administrative Measures on Telecommunications Business Operating Licenses, amended in July 2017, which set forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. Under these regulations, a commercial operator of value-added telecommunications services must first obtain a license for value-added telecommunications business, or VATS License, from the MIIT or its provincial level counterparts.

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

We operate our social e-commerce platform Xiaobai Maimai which was launched in May 2020 through Hexin Digital. Xiaobai Maimai is a form of social e-commerce mobile platform offering high-quality and affordable branded products. Xiaobai Maimai leverages our integrated buyer resources to select and source goods globally, and rewards users with a small commission for every purchase, share or recommendation of a product made to friends. Hexin Digital has obtained its EDI License and ICP License for e-commerce business, which is qualified for providing online transactions between consumers and third-party merchants.

Regulations relating to E-Commerce

Certain laws and regulations are promulgated in recent years to specifically regulate the e-commerce industry in PRC. In January 2014, the State Administration for Industry and Commerce adopted the Measures on the Administration of Online Transactions, or the Online Transactions Measures, which impose certain stringent requirements and obligations on online trading or service operators as well as the marketplace platform providers. For example, the marketplace platform providers are obligated to examine the legal status of each third-party merchant selling products or services on the platform and display on a prominent location on the web page of such merchant the information stated in the merchant's business licenses or a link to such business license. Where the marketplace platform providers also act as online distributors, these marketplace platform providers must make a clear distinction between their online direct sales and sales of third-party merchant products. Moreover, consumers are generally entitled to return the products sold by an online trading operator within seven days upon the receipt thereof and are not required to provide reasons for such return. In addition, the Online Transactions Measures specifies that online distributors or related service operators, as well as marketplace platform providers, shall conduct their businesses in full compliance with the Anti-unfair Competition Law and other relevant PRC laws and regulations, and shall not unfairly compete with other operators or disturb social and economic orders, including but not limited to carrying out any fictitious transactions and deleting any unfavorable comments. On March 15, 2021, the State Administration for Market Regulation, the SAMR, promulgated the Measures for the Supervision and Administration of Online Trading, which became effective on May 1, 2021 and replace the Online Transactions Measures. The Measures for the Supervision and Administration of Online Trading require that operators not make tied sale as an option for a consumer's consent by default, or set the option adopted by a consumer in a previous transaction as his or her default option. Operators providing automatic extension or renewal services shall give a salient notice to the consumers and allow consumers to make independent choice before they accept the service. Moreover, the Measures for the Supervision and Administration of Online Trading address key issues such as the registration of online operation entity, the regulation of new business forms, the primary responsibility of platform operators and personal information protection.

On April 23, 2019, the Standing Committee of the National People's Congress implemented a newly amended Anti-unfair Competition Law of the PRC. It further emphasized that a business operator shall not engage in any false or misleading publicity for its products, or fictitious transactions to defraud or mislead consumers. Violation of these provisions may subject the relevant business operators to various penalties, including an order from the relevant governmental authorities to cease illegal acts, with payment of a fine ranging from RMB200,000 (US\$28,245) to RMB1 million (US\$141,226), or in the case of a severe violation, revocation of business licenses and payment of a fine ranging from RMB1 million (US\$141,226) to RMB2 million (US\$282,454).

On August 31, 2018, the Standing Committee of the National People's Congress promulgated the PRC E-Commerce Law, or the E-Commerce Law, which became effective in January 2019. The E-Commerce Law proposes a series of requirements on e-commerce operators, including individuals and entities carrying out business online, e-commerce platform operators and merchants within the platform. For example, the E-Commerce Law requires e-commerce operators to respect and equally protect consumers' legitimate rights and provide options to consumers without targeting their personal characteristics, and also requires e-commerce operators to clearly point out to consumers their tie-in sales in which additional services or products are added by merchants to a purchase, and not to assume consumers' consent to such tie-in sales by default. Moreover, the E-Commerce Law again requires e-commerce operators, including individuals and entities carrying out business online, e-commerce platform operators and merchants on these platforms, to display prominently on their home page the information contained in their business licenses or administrative permits relating to their operating businesses; failure to take necessary actions against merchants on the e-commerce platforms that are not in compliance with such requirements may subject the e-commerce platform operators to rectification within a specified period and a fine between RMB20,000 (US\$2,825) and RMB100,000 (US\$14,123).

The E-Commerce Law also sets forth certain requirements and/or obligations particularly applicable to the e-commerce platform operators, including, among other things:

- Requirements relating to credit evaluation. The e-commerce platform operators are required to establish a credit evaluation system and publicize the credit evaluation rules, and provide consumers with ways to evaluate products sold or services provided within the platform.
- Requirements relating to transaction rules. The e-commerce platform operators shall develop and continuously publish or make publicly available, prominently on its homepage, a link to its platform service agreement and transaction rules, specifying the rights and obligations of relevant parties with respect to joining and leaving the platform, quality assurance and protection of consumer rights and personal information, and to ensure convenience and complete access to reading and downloading such service agreement and transaction rules by merchants and consumers.
- Liability of the e-commerce platform operators. The e-commerce platform operators who fail to take necessary actions when they know or should have known that the merchants within the platform infringe upon others' intellectual property rights or the products or services provided by the merchants do not meet the requirements for personal and property security, or otherwise infringe upon consumers' legitimate rights, will be imposed a joint liability with the merchants; with respect to the products or services affecting consumers' life and health, the e-commerce platform operators will bear relevant responsibilities if they fail to review the qualifications of merchants or fail to safeguard the interests of the consumers.

We are subject to these measures as a result of our social e-commerce platform Xiaobai Maimai. Failure to comply with the E-Commerce Law and other laws and regulations mentioned above may subject us to administrative liabilities such as a fine, and restoring reputation, and could subject us or the responsible individuals to joint civil liabilities when consumers' legitimate rights or others' intellectual property rights are infringed.

Regulations Relating to Product Quality and Consumer Rights Protection

Pursuant to the Product Quality Law of PRC promulgated by the Standing Committee of the National People's Congress in February 1993, and as amended in July 2000, August 2009 and December 2018 respectively, or the Product Quality Law, a seller must establish and practise a check-for-acceptance system for replenishment of its stock, and examine the quality certificates and other marks and must also adopt measures to keep the products for sale in good quality. Violation of the Product Quality Law could result in various penalties, including the imposition of fines, suspension of business operations, revocation of business licenses or criminal liabilities. Where a defective product causes physical injury to a person or damage to another person's property, the victim may claim compensation from the manufacturer or from the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer. Similarly, if the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

The PRC Consumer Rights and Interests Protection Law, as amended and effective as of March 15, 2014, the Online Transactions Measures and the E-Commerce Law, have provided stringent requirements and obligations on business operators, including Internet business operators and platform service providers. For example, consumers are entitled to return goods purchased online, subject to certain exceptions, within seven days upon receipt of such goods without stating a reason for such return. To ensure that sellers and service providers comply with these laws and regulations, the platform operators are required to implement rules governing transactions on the platform, monitor the information posted by sellers and service providers, and report any violations by such sellers or service providers to the relevant authorities. In addition, online marketplace platform providers may, pursuant to the relevant PRC consumer protection laws, be exposed to liabilities if the lawful rights and interests of consumers are infringed upon in connection with consumers' purchase of goods or acceptance of services on online marketplace platforms and the online marketplace platform providers fail to provide consumers with the contact information of the seller or manufacturer. In addition, online marketplace platform providers may be jointly and severally liable with sellers and manufacturers if they are aware or should be aware that any seller or manufacturer is using the online platform to infringe upon the lawful rights and interests of consumers and fail to take measures necessary to prevent or stop such activity.

The Civil Code of the PRC, effective on January 1, 2021, also provides that if an online service provider is aware that an online user is committing infringing activities, such as selling counterfeit products, through its Internet services and fails to take necessary measures, it shall be jointly liable with the said online user for such infringement. If the online service provider receives any notice from the infringed party on any infringing activities, the online service provider shall take necessary measures, including deleting, blocking, and unlinking the infringing content, in a timely manner. Otherwise, it will be jointly liable with the relevant online user for extended damages.

We are subject to these laws and regulations as an online supplier of commodities and a provider of an online marketplace platform. Failure to comply with the PRC Consumer Rights and Interests Protection Law and other laws and regulations mentioned above may subject us to civil liabilities such as refunding purchase prices, replacement of commodities, repairing or ceasing damages, compensation, and restoring reputation, and could subject us or the responsible individuals to criminal penalties when personal damages are involved or if the circumstances are severe.

Regulations on Internet Information Security

Internet information in China is also regulated and restricted from a national security standpoint. The National People's Congress, China's national legislative body, has enacted the Decisions on Maintaining Internet Security, which may subject violators to criminal punishment in China for any effort to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights. The Ministry of Public Security has promulgated measures that prohibit use of the Internet in ways which, among other things, result in a leakage of state secrets or a spread of socially destabilizing content. If an Internet information service provider violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating license and shut down its websites. On November 7, 2016, Standing Committee of the National People's Congress published the Cyber Security Law of the PRC, which became effective on June 1, 2017, and requires network operators to take technical measures and other necessary measures to ensure the secure and stable operation of the network, effectively respond to cyber security incidents, prevent illegal crimes committed on the network, and maintain the integrity, confidentiality and availability of cyber data.

On July 10, 2021, the Cyberspace Administration of China (“CAC”) publicly issued the Measures for Cybersecurity Censorship (Revised Draft for Comments) aiming to, upon its enactment, replace the existing Measures for Cybersecurity Censorship. The draft measures extend the scope of cybersecurity reviews to data processing operators engaging in data processing activities that affect or may affect national security, including listing in a foreign country. If the enacted version of the draft measures mandates clearance of cybersecurity review and other specific actions to be completed by companies like us, we face uncertainties as to whether such clearance can be timely obtained, or at all. We could be subject to cybersecurity review in the future. During such review, we may be required to suspend our operation experience other disruptions to our operations. Cybersecurity review could also result in negative publicity with respect to our company and diversion of our managerial and financial resources.

Furthermore, if we were found to be in violation of applicable laws and regulations in China during such review, we could be subject to administrative penalties, such as warnings, fines, or service suspension. Therefore, cybersecurity review could materially and adversely affect our business, financial condition, and results of operations.

In addition, the PRC Data Security Law, which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and will take effect on September 1, 2021, requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data protection, data processing activities must be conducted based on data classification and hierarchical protection system for data security. As the Data Security Law was recently promulgated and has not yet taken effect, we may be required to make further adjustments to our business practices to comply with this law. After the Data Security Law takes effect, if our data processing activities were found to be not in compliance with this law, we could be ordered to make corrections, and under certain serious circumstances, such as severe data divulgence, we could be subject to penalties, including the revocation of our business licenses or other permits. Furthermore, the recently issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law require (i) speeding up the revision of the provisions on strengthening the confidentiality and archives management relating to overseas issuance and listing of securities and (ii) improving the laws and regulations relating to data security, cross-border data flow, and management of confidential information. As there remain uncertainties regarding the further interpretation and implementation of those laws and regulations, we cannot assure you that we will be compliant such new regulations in all respects, and we may be ordered to rectify and terminate any actions that are deemed illegal by the regulatory authorities and become subject to fines and other sanctions. As a result, we may be required to suspend our relevant businesses, shut down our website, take down our operating applications, or face other penalties, which may materially and adversely affect our business, financial condition, and results of operations.

While we take measures to comply with all applicable data privacy and protection laws and regulations, we cannot guarantee the effectiveness of the measures undertaken by us and our business partners. However, compliance with any additional laws could be expensive, and may place restrictions on our business operations and the manner in which we interact with our users. In addition, any failure to comply with applicable cybersecurity, privacy, and data protection laws and regulations could result in proceedings against us by government authorities or others, including notification for rectification, confiscation of illegal earnings, fines, or other penalties and legal liabilities against us, which could materially and adversely affect our business, financial condition, and results of operations. In addition, any negative publicity on our website or platform's safety or privacy protection mechanism and policy could harm our public image and reputation and materially and adversely affect our business, financial condition, and results of operations.

Regulations on Privacy Protection

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 MIIT in December 2011, an ICP service operator may not collect any user personal information or provide any such information to third parties without the consent of a user. An ICP service operator 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. An ICP service operator is also required to properly maintain the user personal information, and in case of any leak or likely leak of the user personal information, the ICP service operator must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority. In addition, pursuant to the Decision on Strengthening the Protection of Online Information issued by the Standing Committee of the National People's Congress in December 2012 and the Order for the Protection of Telecommunication and Internet User Personal Information issued by the MIIT in July 2013, any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes. An ICP service operator must also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying any such information, or selling or providing such information to other parties. An ICP service operator is required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss. Any violation of these laws and regulations may subject the ICP service operator to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites or even criminal liabilities. The Cyber Security Law of the PRC which became effective on June 1, 2017 requires network operators to strictly keep confidential users' personal information that they have collected, and establish and improve the users' information protection system. Pursuant to the Ninth Amendment to the Criminal Law issued by the Standing Committee of the National People's Congress in August 2015, and became effective in 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 orders, shall be subject to criminal penalty for (i) any dissemination of illegal information in large scale; (ii) any severe effect due to the leakage of the client's information; (iii) any serious loss of criminal evidence; or (iv) other severe situation, and 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, shall be subject to criminal penalty in severe situation. The Office of the Central Cyberspace Affairs Commission, the MIIT, the Ministry of Public Security, and the SAMR jointly promulgated the Notice on Rectification of Illegal Collection of Personal Information on Application, or the Notice on Illegal Collection on January 23, 2019, which requires application operators to strictly comply with the Cyber Security Law of the PRC and strengthens the personal information protection. Application operators should, among others, (i) clearly state the authorized purpose, methods and scope of the collection and usage of personal information, and obtain the consent of users for collecting and processing such users' personal information, and (ii) establish appropriate user information protection systems with remedial measures. To further implement and interpret the Notice on Illegal Collection, the Measures on Identifying Illegality of Personal Information Collection Conducts on Application was promulgated on November 28, 2019.

Pursuant to the Civil Code of the PRC, the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally 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 make public personal information of others. Furthermore, information processors shall not divulge or tamper with personal information collected or stored by them; without the consent of a natural person, information processors shall not illegally provide personal information of such person to others, except for information that has been processed so that specific persons cannot be identified and that cannot be restored. In addition, an information processor shall take technical measures and other necessary measures to ensure the security of the personal information that is collected and stored and to prevent the information from being divulged, tampered with or lost; where personal information has been or may be divulged, tampered with or lost, the information processor shall take remedial measures in a timely manner, inform the natural person concerned in accordance with the provisions and report the case to the relevant competent department.

Regulation on Intellectual Property Rights

The PRC has adopted comprehensive legislation governing intellectual property rights, including trademarks. The PRC Trademark Law and its implementation rules protect registered trademarks. The PRC Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. The Trademark Office under the State Administration of Industry and Commerce is responsible for the registration and administration of trademarks throughout the PRC, and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the initial or extended term. Trademark license agreements must be filed with the Trademark Office for record. As of the date of this annual report on Form 20-F, we have 88 registered trademarks under our variable interest entity, Hexin Jiuding, five registered trademarks under our variable interest entity, Hexin Digital, and one trademark applications pending registration of transfer with the Trademark Office under the State Administration for Industry and Commerce.

Regulations Relating to Indirect Transfers and Dividend Withholding Tax

Pursuant to the EIT Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. In connection with the EIT Law, the SAT issued Circular 698, which became effective as of January 1, 2008, Circular 59 on April 30, 2009, and the SAT Announcement 7, on February 3, 2015. By promulgating and implementing the above, the PRC tax authorities have strengthened their scrutiny over the direct or indirect transfer of equity interest in a PRC resident enterprise by a non-PRC resident enterprise. Pursuant to SAT Announcement 7, if a non-resident enterprise, or referred to as a transferor, transfers its equity in an offshore enterprise which directly or indirectly owns PRC taxable assets, including ownership interest in PRC resident companies, or the Taxable Properties, without a “reasonable commercial purpose”, such transfer shall be deemed as a direct transfer of such Taxable Properties. The payer, or referred as a transferee, in such transfer shall be the withholding agent, and is obligated to withhold and remit the enterprise income tax to the relevant PRC tax authority. If a transferor fails to declare for payment timely or in full of the tax due on proceeds from indirect transfer of PRC taxable assets and the withholding agent also fails to withhold such tax, the tax authority shall, in addition to supplementary collection of such tax, also charge for interest on a daily basis from the transferor according to the EIT Law and its implementation rules. Factors that may be taken into consideration when determining whether there is a reasonable commercial purpose include, among other factors, the value of the transferred equity, offshore taxable situation of the transaction, the offshore structure’s economic essence and duration and trading fungibility. If an equity transfer transaction satisfies all the requirements mentioned above, such transaction will be considered an arrangement with reasonable commercial purpose. On October 17, 2017, the SAT issued Bulletin 37, which came into effect on December 1, 2017 and amended in June 2018, which, among others, repeals certain rules stipulated in Circular 7. Bulletin 37 further details and clarifies the tax withholding methods in respect of income of non-resident enterprises.

Pursuant to the Double Taxation Avoidance Arrangement, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to enjoy the reduced withholding tax: (i) it must be the beneficial owners of the relevant dividends; and (ii) it must have directly owned at least 25% of the PRC resident enterprise throughout the 12 months prior to receiving the dividends. However, a transaction or arrangement entered into for the primary purpose of enjoying a favorable tax treatment should not be a reason for the application of the favorable tax treatment under the Double Taxation Avoidance Arrangement. If a taxpayer inappropriately is entitled to such favorable tax treatment, the competent tax authority has the power to make appropriate adjustments. In August 2015, the State Administration of Taxation promulgated Circular 60, which became effective on November 1, 2015. Circular 60 provides that non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax rate. Instead, non-resident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. On October 14, 2019, the State Administration of Taxation promulgated a new Administrative Measures for Non-Resident Taxpayers to Enjoy Treaty Benefits, or Circular 35, which became effective on January 1, 2020 and replaced and repealed Circular 60. However, Circular 35 sets forth similar rules that non-resident enterprises and their withholding agents shall enjoy treaty benefit by means of “self-judgment of eligibility, declaration of entitlement, and retention of relevant materials for future reference”. Accordingly, Hexindai HK, our Hong Kong subsidiary, may be able to enjoy the 5% withholding tax rate for the dividends they receive from Hexin Yongheng, our PRC subsidiary, if it satisfies the conditions prescribed under Circular 81 and other relevant tax rules and regulations. However, according to Circular 81 and Circular 35, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

According to the Circular on Several Issues regarding the “beneficial owner” in Tax Treaties, which was issued on February 3, 2018 by the SAT and has taken effect from April 1, 2018, or Circular 9, when determining the applicant’s status of the “beneficial owner” regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation whether the applicant is obligated to pay more than 50% of his or her income in 12 months to residents in a third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties levies any tax or grants tax exemption on relevant incomes or levies tax at an extremely low rate, will be taken into account, and such determination will be analyzed according to the actual circumstances of the specific cases. Circular 9 further provides that applicants who intend to prove his or her status of the “beneficial owner” shall submit the relevant documents to the relevant tax authority according to Circular 35. Based on Circular 35, non-resident enterprises are not required to file supporting documents when submitting one necessary form to the relevant tax authority in order to enjoy the reduced withholding tax rate. Instead, non-resident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and preserve the supporting documents for post-tax filing examinations by the relevant tax authorities. However, if a competent tax authority finds out that it is necessary to apply the general anti-tax avoidance rules, it may start general investigation procedures for anti-tax avoidance and adopt corresponding measures for subsequent administration.

Regulations Relating to Foreign Exchange

Regulation on Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

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

On March 30, 2015, the SAFE promulgated Circular 19, to expand the pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. Circular 19 allows foreign-invested enterprises to make equity investments by using RMB fund converted from foreign exchange capital. However, Circular 19 continues to, prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, providing entrusted loans or repaying loans between non-financial enterprises.

On June 9, 2016, the SAFE promulgated Circular 16, which expands the application scope from only the capital of the foreign-invested enterprises to the capital, the foreign debt fund and the fund from oversea public offering. Also, Circular 16 allows the enterprises to use their foreign exchange capitals under capital account allowed by the relevant laws and regulations.

On October 23, 2019, the SAFE promulgated the Notice of the Administration of Foreign Exchange on Further Promoting the Convenience of Cross-Border Trade and Investment, which, among other things, non-investment foreign-invested entities may use foreign exchange capital or Renminbi funds converted from the foreign exchange capital to make domestic equity investments, provided that such investments should comply with relevant PRC laws and regulations.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

SAFE issued the SAFE Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, that became effective in July 2014, replacing the previous SAFE Circular 75. SAFE Circular 37 regulates foreign exchange matters in relation to the use of special purpose vehicles, or SPVs, by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. Under SAFE Circular 37, a SPV refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate onshore or offshore assets or interests, while "round trip investment" refers to direct investment in China by PRC residents or entities through SPVs, namely, establishing foreign-invested enterprises to obtain the ownership, control rights and management rights. SAFE Circular 37 provides that, before making contribution into an SPV, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch. SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment in February 2015, which took effect on June 1, 2015 and was further amended on December 30, 2019. This notice has amended SAFE Circular 37 requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

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

We are aware that our PRC resident beneficial owners subject to these registration requirements have registered with the Beijing SAFE branch.

Regulations on Stock Incentive Plans

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

We have adopted a share incentive plan, under which we have the discretion to grant a broad range of equity-based awards to eligible participants. See "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plan." However, any failure to complete the registration pursuant to the Stock Option Rules and other foreign exchange requirements may subject these PRC individuals to fines and legal sanctions and may also limit our ability to contribute additional capital to our PRC subsidiary, limit our PRC subsidiary's ability to distribute dividends to us or otherwise materially adversely affect our business.

Regulations on Dividend Distribution

Under our current corporate structure, our Cayman Islands holding company may rely on dividend payments from Hexin Yongheng, which is a wholly foreign-owned enterprise incorporated in China, to fund any cash and financing requirements we may have. The principal regulations governing distribution of dividends of foreign-invested enterprises include the Company Law and Foreign Investment Law and its implementation rules. 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.

Regulations Relating to Employment

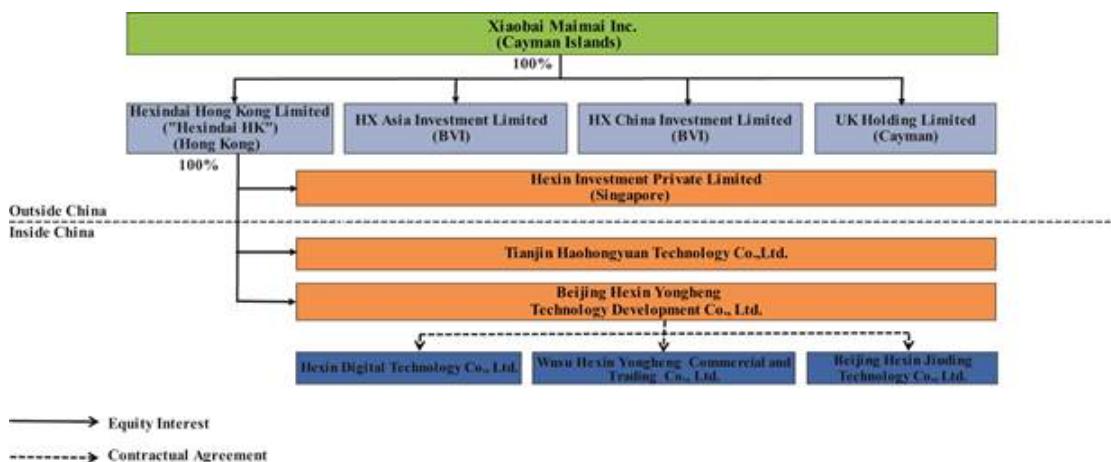
The PRC Labor Law and the Labor Contract Law require that employers must execute written employment contracts with full-time employees. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established,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

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. Failure to make adequate contributions to various employee benefit plans may be subject to fines and other administrative sanctions. Also, enterprises in China are required by PRC laws and regulations to serve as the individual income tax withholding agents and withhold individual income tax from their employees accordingly.

We have not made adequate contributions to employee benefit plans, as required by applicable PRC laws and regulations. See "Item 3. Key Information—D. Risk Factors—Risks Related to PRC Laws Regulating Our Business and Industry—Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties."

C. Organizational Structure

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



Notes:

(1) HX Asia Investment Limited holds 19.99% equity stake of Musketeer Group Inc., an Indonesian online lending platform that offers consumption instalment loans.

(2) HX China Investment Limited holds 5.88% equity stake of Phoenix Intelligent Credit Group Ltd., a wholly-owned subsidiary of Phoenix Financial Group Ltd and operator of one of China's leading peer-to-peer lending (P2P) platforms.

Contractual Arrangements with Wusu Company, Hexin Digital and Hexin Jiuding

Due to PRC legal restrictions on foreign ownership and investment in value-added telecommunications services, and Internet content provision services in particular, we currently conduct these activities through Wusu Company, Hexin Digital and Hexin Jiuding, which we effectively control through a series of contractual arrangements. These contractual arrangements allow us to:

- exercise effective control over Wusu Company, Hexin Digital and Hexin Jiuding;
- receive substantially all of the economic benefits of Wusu Company, Hexin Digital and Hexin Jiuding; and
- have an exclusive option to purchase all or part of the equity interests in Wusu Company, Hexin Digital and Hexin Jiuding when and to the extent permitted by PRC law.

As a result of these contractual arrangements, we have become the primary beneficiary of Wusu Company, Hexin Digital and Hexin Jiuding and we treat Wusu Company, Hexin Digital and Hexin Jiuding as our variable interest entities under U.S. GAAP. We have consolidated the financial results of Wusu Company, Hexin Digital and Hexin Jiuding in our consolidated financial statements in accordance with U.S. GAAP.

The following is a summary of the currently effective (i) contractual arrangements by and among our wholly-owned subsidiary, Hexin Yongheng, our consolidated variable interest entity, Wusu Company, and Hexin E-Commerce, the shareholder of Wusu Company, (ii) contractual arrangements by and among our wholly-owned subsidiary, Hexin Yongheng, our consolidated variable interest entity, Hexin Digital and Hexin Jinke, the shareholder of Hexin Digital, and (iii) contractual arrangements by and among our wholly-owned subsidiary, Hexin Yongheng, our consolidated variable interest entity, Hexin Jiuding and Hexin Fengze, the shareholder of Hexin Jiuding.

Agreements that Provide us Effective Control over Wusu Company

Internal Reorganization of Wusu Company. Prior to the internal reorganization of Wusu Company, Hexin E-Commerce, Jia Ming and Wu Shiwei, each held 94%, 5% and 1% of the equity interest of Wusu Company, respectively. On January 1, 2018, Hexin Yongheng, Wusu Company, Hexin E-Commerce, Jia Ming and Wu Shiwei entered into a series of agreements (the "2018 Wusu VIE Agreements"), and as a result of which, Hexin Yongheng became the primary beneficiary of and controlled Wusu Company. On November 20, 2020, for the purpose of internal reorganization and conducted under the sole and continuous control of Hexin Yongheng and us, Jia Ming and Wu Shiwei transferred 5% and 1% of equity interest of Wusu Company registered under their names to Hexin E-Commerce, which in turn and became the legal title owner of 100% of the equity interest of Wusu Company. On November 20, 2020, Hexin Yongheng, Wusu Company, Hexin E-Commerce, Jia Ming, Wu Shiwei and Wang Huan, the spouse of Jia Ming, entered into a VIE termination agreement, which terminated all rights and obligations with respect to each party thereto under the 2018 Wusu VIE Agreements. On December 1, 2020, Wusu Company, Hexin E-Commerce and Hexin Yongheng entered into new contractual agreements, and as a result of which, Hexin Yongheng remains the primary beneficiary of and controls Wusu Company.

Equity Interest Pledge Agreements. Pursuant to the equity interest pledge agreements, Hexin E-Commerce, the shareholder of Wusu Company, has pledged all of its equity interest in Wusu Company to guarantee the shareholder's and Wusu Company's performance of their obligations under the exclusive business cooperation agreement, exclusive option agreement and power of attorney. If Wusu Company or Hexin E-Commerce breaches their contractual obligations under these agreements, Hexin Yongheng, as pledgee, will be entitled to certain rights regarding the pledged equity interests, including being paid in priority based on the monetary valuation that the equity interest is converted into or receiving proceeds from the auction or sale of the pledged equity interests of Wusu Company in accordance with the PRC law. Hexin E-Commerce agrees that, during the term of the equity interest pledge agreements, it will not transfer the pledged equity interests or place or permit the existence of any security interest or encumbrance on the pledged equity interests without the prior written consent of Hexin Yongheng. The equity interest pledge agreements remain effective until Wusu Company and Hexin E-Commerce discharge all of their obligations under the contractual arrangements. We have registered the equity pledge with the relevant office of the Administration for Industry and Commerce in accordance with the PRC Property Rights Law.

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

Agreement that Allows us to Receive Economic Benefits from Wusu Company

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

Agreements that Provide us with the Option to Purchase the Equity Interest in Wusu Company

Exclusive Option Agreements of Wusu Company. Pursuant to the exclusive option agreements, Hexin E-Commerce has irrevocably granted Hexin Yongheng an exclusive option to purchase, or have its designated person or persons to purchase, at its discretion, to the extent permitted under PRC law, all or part of Hexin E-Commerce's equity interests in Wusu Company. The purchase price is RMB10 (US\$1.4) or the minimum price required by PRC law. If Hexin Yongheng exercises the option to purchase part of the equity interest held by Hexin E-Commerce, the purchase price shall be calculated proportionally. Wusu Company and Hexin E-Commerce have agreed to appoint any persons designated by Hexin Yongheng to act as Wusu Company's directors. Without Hexin Yongheng's prior written consent, Wusu Company shall not amend its articles of association, increase or decrease the registered capital, sell or otherwise dispose of its assets or beneficial interest, create or allow any encumbrance on its assets or other beneficial interests, provide any loans to any third parties, enter into any material contract with a value of more than RMB100,000 (US\$14,123) (except those contracts entered into in the ordinary course of business), merge with or acquire any other persons or make any investments, or distribute dividends to Hexin E-Commerce. Hexin E-Commerce has agreed that, without Hexin Yongheng's prior written consent, it will not dispose of its equity interests in Wusu Company or create or allow any encumbrance on its equity interests. These agreements will remain effective until all equity interests of Wusu Company held by Hexin E-Commerce have been transferred or assigned to Hexin Yongheng or its designated person(s).

Agreements that Provide us Effective Control over Hexin Digital

Equity Interest Pledge Agreement. Pursuant to the equity interest pledge agreement dated August 1, 2019, Hexin Jinke has pledged all of its equity interest in Hexin Digital to guarantee Hexin Jinke's and Hexin Digital's performance of their obligations under the exclusive business cooperation agreement, loan agreement, exclusive option agreement and power of attorney. If Hexin Digital or Hexin Jinke breaches their applicable contractual obligations under these agreements, Hexin Yongheng, as pledgee, will be entitled to certain rights regarding the pledged equity interests, including being paid in priority based on the monetary valuation that the equity interest is converted into or receiving proceeds from the auction or sale of the pledged equity interests of Hexin Digital in accordance with the PRC law. Hexin Jinke agrees that, during the term of the equity interest pledge agreements, it will not transfer the pledged equity interests or place or permit the existence of any security interest or encumbrance on the pledged equity interests without the prior written consent of Hexin Yongheng. The equity interest pledge agreements remain effective until Hexin Digital and Hexin Jinke discharge all of their obligations under the contractual arrangements. We have registered the equity pledge with the relevant office of the Administration for Industry and Commerce in accordance with the PRC Property Rights Law.

Powers of Attorney. Pursuant to the power of attorney dated August 1, 2019, Hexin Jinke has irrevocably appointed Hexin Yongheng to act as its exclusive attorney-in-fact to exercise all shareholder rights, including, but not limited to, voting on all matters of Hexin Digital requiring shareholder approval, disposing of all or part of the shareholder's equity interest in Hexin Digital, and appointing directors and executive officers. Hexin Yongheng is entitled to designate any person to act as such shareholder's exclusive attorney-in-fact without notifying or the approval of such shareholder, and if required by PRC law, Hexin Yongheng shall designate a PRC citizen to exercise such right. The power of attorney will remain in force for so long as Hexin Jinke remains a shareholder of Hexin Digital. Hexin Jinke has waived all the rights which have been authorized to Hexin Yongheng and will not exercise such rights.

Agreement that Allows us to Receive Economic Benefits from Hexin Digital

Exclusive Business Cooperation Agreement. Under the exclusive business cooperation agreement dated August 1, 2019 between Hexin Yongheng and Hexin Digital, Hexin Yongheng has the exclusive right to provide Hexin Digital with technical support, consulting services and other services. Without Hexin Yongheng's prior written consent, Hexin Digital agrees not to accept the same or any similar services provided by any third party. Hexin Yongheng may designate other parties to provide services to Hexin Digital. Hexin Digital agrees to pay service fees on a monthly basis and at an amount determined by Hexin Yongheng after taking into account multiple factors, such as the complexity and difficulty of the services provided, the time consumed, the content and commercial value of services provided and the market price of comparable services. Hexin Yongheng owns the intellectual property rights arising out of the performance of this agreement. In addition, Hexin Digital has granted Hexin Yongheng an irrevocable and exclusive option to purchase any or all of the assets and businesses of Hexin Digital at the lowest price permitted under PRC law. Unless otherwise agreed by the parties or terminated by Hexin Yongheng unilaterally, this agreement will remain effective permanently.

Agreements that Provide us with the Option to Purchase the Equity Interest in Hexin Digital

Exclusive Option Agreements of Hexin Digital. Pursuant to the exclusive option agreement dated August 1, 2019, Hexin Jinke, shareholder of Hexin Digital, has irrevocably granted Hexin Yongheng an exclusive right to purchase, or have its designated person or persons to purchase, at its discretion, to the extent permitted under PRC law, all or part of the shareholder's equity interests in Hexin Digital. The purchase price is RMB10 (US\$1.4) or the minimum price required by PRC law. If Hexin Yongheng exercises the option to purchase part of the equity interest held by a shareholder, the purchase price shall be calculated proportionally. Hexin Digital and Hexin Jinke have agreed to appoint any persons designated by Hexin Yongheng to act as Hexin Digital's directors. Without Hexin Yongheng's prior written consent, Hexin Digital shall not amend its articles of association, increase or decrease the registered capital, sell or otherwise dispose of its assets or beneficial interest, create or allow any encumbrance on its assets or other beneficial interests, provide any loans to any third parties, enter into any material contract with a value of more than RMB100,000 (US\$14,123) (except those contracts entered into in the ordinary course of business), merge with or acquire any other persons or make any investments, or distribute dividends to the shareholders. Hexin Jinke has agreed that, without Hexin Yongheng's prior written consent, it will not dispose of its equity interests in Hexin Digital or create or allow any encumbrance on its equity interests (except as permitted under the power of attorney or the equity interest pledge agreement). These agreements will remain effective until all equity interests of Hexin Digital held by its shareholder have been transferred or assigned to Hexin Yongheng or its designated person(s).

Loan Agreement of Hexin Digital. Pursuant to the loan agreement between Hexin Yongheng and Hexin Jinke dated August 1, 2019, Hexin Yongheng made loans in an aggregate amount of RMB100.0 million (US\$14.1 million) to Hexin Jinke solely for the capitalization of Hexin Digital. Pursuant to the loan agreement, the method of repayment shall be at the sole discretion of Hexin Yongheng. At the option of Hexin Yongheng, Hexin Jinke shall repay the loans by the transfer of all its equity interest in Hexin Digital to Hexin Yongheng or its designated person(s) pursuant to its respective exclusive option agreement. Hexin Jinke must pay all of the proceeds from sale of such equity interests to Hexin Yongheng. In the event that Hexin Jinke sells its equity interests to Hexin Yongheng or its designated person(s) with a price equivalent to or less than the amount of the principal, the loans will be interest free. If the price is higher than the amount of the principal, the excess amount will be paid to Hexin Yongheng as the loan interest. The loan must be repaid immediately under certain circumstances, including, among others, if a foreign investor is permitted to hold majority or 100% equity interest in Hexin Digital and Hexin Yongheng elects to exercise its exclusive equity purchase option. The term of the loans is ten years and can be extended upon mutual written consent of the parties.

Agreements that Provide us Effective Control over Hexin Jiuding

Equity Interest Pledge Agreement. Pursuant to the equity interest pledge agreement dated January 1, 2021, Hexin Fengze has pledged all of its equity interest in Hexin Jiuding to guarantee Hexin Fengze's and Hexin Jiuding's performance of their obligations under the exclusive business cooperation agreement, exclusive option agreement and power of attorney. If Hexin Fengze or Hexin Jiuding breaches their applicable contractual obligations under these agreements, Hexin Yongheng, as pledgee, will be entitled to certain rights regarding the pledged equity interests, including being paid in priority based on the monetary valuation that the equity interest is converted into or receiving proceeds from the auction or sale of the pledged equity interests of Hexin Jiuding in accordance with the PRC law. Hexin Fengze agrees that, during the term of the equity interest pledge agreements, it will not transfer the pledged equity interests or place or permit the existence of any security interest or encumbrance on the pledged equity interests without the prior written consent of Hexin Yongheng. The equity interest pledge agreements remain effective until Hexin Fengze and Hexin Jiuding discharge all of their obligations under the contractual arrangements. We have registered the equity pledge with the relevant office of the Administration for Industry and Commerce in accordance with the PRC Property Rights Law.

Powers of Attorney. Pursuant to the power of attorney dated January 1, 2021, Hexin Fengze has irrevocably appointed Hexin Yongheng to act as its exclusive attorney-in-fact to exercise all shareholder rights, including, but not limited to, voting on all matters of Hexin Jiuding requiring shareholder approval, disposing of all or part of the shareholder's equity interest in Hexin Jiuding, and appointing directors and executive officers. Hexin Yongheng is entitled to designate any person to act as such shareholder's exclusive attorney-in-fact without notifying or the approval of such shareholder, and if required by PRC law, Hexin Yongheng shall designate a PRC citizen to exercise such right. The power of attorney will remain in force for so long as Hexin Fengze remains a shareholder of Hexin Jiuding. Hexin Fengze has waived all the rights which have been authorized to Hexin Yongheng and will not exercise such rights.

Agreement that Allows us to Receive Economic Benefits from Hexin Jiuding

Exclusive Business Cooperation Agreement. Under the exclusive business cooperation agreement dated January 1, 2021 between Hexin Yongheng and Hexin Jiuding, Hexin Yongheng has the exclusive right to provide Hexin Jiuding with technical support, consulting services and other services. Without Hexin Yongheng's prior written consent, Hexin Jiuding agrees not to accept the same or any similar services provided by any third party. Hexin Yongheng may designate other parties to provide services to Hexin Jiuding. Hexin Jiuding agrees to pay service fees on a monthly basis and at an amount determined by Hexin Yongheng after taking into account multiple factors, such as the complexity and difficulty of the services provided, the time consumed, the content and commercial value of services provided and the market price of comparable services. Hexin Yongheng owns the intellectual property rights arising out of the performance of this agreement. In addition, Hexin Jiuding has granted Hexin Yongheng an irrevocable and exclusive option to purchase any or all of the assets and businesses of Hexin Jiuding at the lowest price permitted under PRC law. Unless otherwise agreed by the parties or terminated by Hexin Yongheng unilaterally, this agreement will remain effective permanently.

Agreements that Provide us with the Option to Purchase the Equity Interest in Hexin Jiuding

Exclusive Option Agreements of Hexin Jiuding Pursuant to the exclusive option agreement dated January 1, 2021, Hexin Fengze, shareholder of Hexin Jiuding, has irrevocably granted Hexin Yongheng an exclusive right to purchase, or have its designated person or persons to purchase, at its discretion, to the extent permitted under PRC law, all or part of the shareholder's equity interests in Hexin Jiuding. The purchase price is RMB10 (US\$1.4) or the minimum price required by PRC law. If Hexin Yongheng exercises the option to purchase part of the equity interest held by Hexin Fengze, the purchase price shall be calculated proportionally. Hexin Jiuding and Hexin Fengze have agreed to appoint any persons designated by Hexin Yongheng to act as Hexin Jiuding's directors. Without Hexin Yongheng's prior written consent, Hexin Jiuding shall not amend its articles of association, increase or decrease the registered capital, sell or otherwise dispose of its assets or beneficial interest, create or allow any encumbrance on its assets or other beneficial interests, provide any loans to any third parties, enter into any material contract with a value of more than RMB100,000 (US\$14,123) (except those contracts entered into in the ordinary course of business), merge with or acquire any other persons or make any investments, or distribute dividends to the shareholders. Hexin Fengze has agreed that, without Hexin Yongheng's prior written consent, it will not dispose of its equity interests in Hexin Jiuding or create or allow any encumbrance on its equity interests (except as permitted under the power of attorney or the equity interest pledge agreement). These agreements will remain effective until all equity interests of Hexin Jiuding held by its shareholder have been transferred or assigned to Hexin Yongheng or its designated person(s).

Compliance with PRC Law

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

- the ownership structures of (i) Hexin Yongheng and Wusu Company, (ii) Hexin Yongheng and Hexin Digital, and (iii) Hexin Yongheng and Hexin Jiuding currently will not result in any violation of PRC laws or regulations currently in effect; and
- the contractual arrangements among Hexin Yongheng, Wusu Company and Hexin E-Commerce, among Hexin Yongheng, Hexin Digital, Hexin Jinke, and among Hexin Yongheng, Hexin Jiuding and Hexin Fengze, governed by PRC law, currently are valid, binding and enforceable, and do not and will not result in any violation of PRC laws or regulations currently in effect.

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. On March 15, 2019, the National People's Congress approved the Foreign Investment Law, which came into effect on January 1, 2020. Under the Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. Although it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activities under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. If the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC government restrictions on foreign investment in value-added telecommunications services businesses, such as Internet content provision services, we could be subject to severe penalties, including being prohibited from continuing operations. On July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued a document to crack down on illegal activities in the securities market and promote the high-quality development of the capital market, which, among other things, requires the relevant governmental authorities to strengthen cross-border oversight of law-enforcement and judicial cooperation, to enhance supervision over China-based companies listed overseas, and to establish and improve the system of extraterritorial application of the PRC securities laws. Since this document is relatively new, uncertainties still exist in relation to how soon legislative or administrative regulation making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any, and the potential impact such modified or new laws and regulations will have on companies like us. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government decides that our contractual arrangements under the variable interest entity structure do not comply with PRC regulations, or if the regulatory environment changes, we may have to change our business model and/or be subject to penalties", "Item 3. Key Information—D. Risk Factors—Risks Related to PRC Laws Regulating Our Business and Industry—We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of Internet-related businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have a material adverse effect on our business and results of operations.", "Item 3. Key Information—D. Risk Factors—Risks Related to PRC Laws Regulating Our Business and Industry—Uncertainties in the interpretation and enforcement of Chinese laws and regulations could limit the legal protections available to us" and "Item 3. Key Information—D. Risk Factors—Risks Related to PRC Laws Regulating Our Business and Industry—Substantial uncertainties exist with respect to the interpretation and implementation of the newly enacted PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations."

D. Property, Plant and Equipment

Our headquarters are located in Beijing. We have leased an aggregate of approximately 1,945 square meters of office space for our headquarters in Beijing and 125 square meters of office space for our subsidiaries and branches in other cities in China as of March 31, 2021. We lease our premises from unrelated third parties under operating lease agreements. Our servers are primarily hosted at Internet data centers owned by major domestic Internet data center providers. The hosting services agreements typically have one-year terms. We believe that we will be able to obtain adequate facilities, principally through leasing, to accommodate our future expansion plans.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

A. Operating Results

Overview

Our Business

Historically, we generated revenues primarily from our loan facilitation services, post-origination services, and other related services. On December 30, 2020, we completed the disposal of P2P Business, which historically operated our loan facilitation services, post-origination services, and other related services. As a result, the operating results of our P2P Business have been retrospectively reclassified under discontinued operations for the fiscal years ended March 31, 2019, 2020 and 2021.

[Table of Contents](#)

Since August 2017, the Company started its microlending business and lent funds to borrowers up to their approved credit through its consolidated VIE, and since May 2019, the Company has ceased to issue new loans. Interest income was recognised based on the contractual interest rates of the loan. As of March 31, 2021, the outstanding balance of loan receivable, net of allowance was about US\$5.5 million and the remaining loan term was within one year.

We launched our social e-commerce platform in May 2020 as a new business line for business transition, and we will continue to develop and invest in our social e-commerce platform to take advantage of China's fast-growing e-commerce industry. Our social e-commerce platform offers high-quality and affordable products to consumers in China. We cooperate with major domestic e-commerce platforms and services marketplaces to select and source goods and services, and reward users with a small commission for every purchase, share or recommendation of a product made to friends. Since the launch of our social e-commerce platform, we have seen encouraging growth in a number of operating metrics, including transaction volume, monthly mobile active users and active mobile buyers. Although our e-commerce business is still in the early stages of development, where further investment is required, we are proactively executing our strategies to tap into the emerging group-buying communities and exploring other opportunities in China's fast-growing e-commerce industry, such as live streaming e-commerce.

Our net revenues were USD 3.7 million, USD 6.9 million, and USD 1.8million for the fiscal years ended March 31, 2019, 2020 and 2021, respectively. We had net income of USD 5.5 million, net loss of USD 71.2 million, net loss of USD 34.8 million for the fiscal years ended March 31, 2019, 2020 and 2021, respectively.

Discontinued Operations

According to ASC 205, the effect of discontinued operations of loan facilitation services, post-origination services, recommendation services and other related services for the fiscal years ended March 31, 2019, 2020 and 2021 has been accounted for retroactively in the consolidated statement of operations for all the periods presented. Results from these discontinued operations, net of income tax, were income of USD 13.1 million, loss of USD 23.8 million, loss of USD 6.4 million for the fiscal years ended March 31, 2019, 2020 and 2021, respectively.

Key Components of Results of Operations

Revenues

Revenues are comprised of commission from online marketplace, net, interest income and other revenues. The following table sets forth the components of our revenues by amounts and percentages of our total revenues for the periods presented:

Revenues	For the Fiscal Years Ended March 31,					
	2019		2020		2021	
	(US\$)	% of revenues	(US\$)	% of revenues	(US\$)	% of revenues
Commission service	—	—	—	—	82,054	4.6%
Recommendation and other service, net	184,968	4.9%	3,915,591	56.2%	—	—
Interest income	3,552,759	95.1%	3,043,096	43.7%	1,690,448	95.3%
Others	—	—	685	0.1%	—	—
Total revenues	3,737,727	100.0%	6,959,372	100.0%	1,772,502	100.0%
Business and sales related taxes	42,510	1.1%	44,898	0.6%	17,567	0.1%
Net Revenues	3,695,217	—	6,914,475	—	1,754,935	—

Commissions from online marketplace, net

Since May 2020, we launched our marketplace business, allowing third-party merchants to sell their products on the platform or cooperating with other mainstream e-commerce platform, and charge commissions from them. The revenues from the marketplace business are recognized on a net basis at the point of receipt of products, net of return allowance and incentives to consumers or channels .

Recommendation and other service, net

We started to provide recommendation services by referring certain borrowers to financial partners since December 2018. Such services primarily include referral through our marketplace that directs users to financial partners. We receive referral fees from the financial partners and such revenue is recognized at the point that the recommendation services are performed and the related funds are drawdown by borrowers.

Interest income

The Company started to lend funds to microlending borrowers up to their approved credit amount since August 2017 and recognized interest income.

Operating costs and expenses

Our operating costs and expenses primarily consist of service and development expenses, sales and marketing expenses, general and administrative expenses, provision for loans receivable, impairment charge on long term investments, finance cost and share-based compensation. The following table sets forth a breakdown of our operating costs and expenses for the periods indicated:

	For the Fiscal Years Ended March 31,		
	2019 US\$	2020 US\$	2021 US\$
Operating costs and expenses			
Service and development expenses	—	1,032,562	544,572
Sales and marketing expenses	1,167,469	1,462,798	1,087,009
General and administrative expenses	3,131,550	20,488,796	27,217,613
Impairment charge on long term investments	—	29,189,836	1,600,000
Finance cost	—	2,498,706	2,154,621
Share-based compensation	6,585,386	347,466	55,468
Total operating costs and expenses	10,884,404	55,020,163	32,659,283

Service and development expenses

Service and development expenses consist primarily of salaries, benefits and service costs directly relating to developing our social e-commerce platform and servicing users. These expenses relate to maintenance and upgrading of our proprietary technology, live customer support, and service fees paid to third-parties.

Sales and marketing expenses

Sales and marketing expenses consist primarily of channel fee, expenses for building our brand recognition and salaries and benefits related to our sales and marketing team.

General and administrative expenses

General and administrative expenses consist primarily of salaries and benefits related to our management, accounting and finance, legal and human resources teams, loan provisions made for our microlending business and other operating expenses.

Impairment charge on long term investments

Impairment charge on long term investments consists of the recognition of the full impairment of our investment in Musketeer Group Inc. as of March 31, 2021 and full impairment of our investment in Phoenix Intelligent Credit Group Ltd as of March 31, 2020.

Finance cost

Finance cost consists primarily of interest expenses for senior notes.

Share-based compensation

Share-based compensation was expenses related to awards granted under the Amended and Restated 2016 Equity Incentive Plan which began vesting on November 3, 2017.

Income Taxes

Cayman Islands

We are incorporated in the Cayman Islands. The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty.

Hong Kong

Our wholly-owned Hong Kong subsidiary is an investment holding company registered in Hong Kong and is exempted from income tax on its foreign-derived income.

PRC

Our subsidiary, Hexin Yongheng and Tianjin Haohongyuan, and our consolidated VIEs, Wusu Company, Hexin Jiuding, all established in the PRC, are subject to the PRC statutory income tax rate of 25%, according to the EIT Law. Our VIE, Hexin Digital, was granted the “high technology enterprise” status since October 21, 2020 and thus qualified to a preferred income tax rate of 15%.

Pursuant to the EIT law and its implementation rules, dividends paid to non-PRC resident enterprise investors that are considered PRC-sourced are subject to a 10% withholding tax. Under the Arrangement between Mainland China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion on Income (the “Arrangement”), a qualified Hong Kong tax resident which is determined by the competent PRC tax authority to have satisfied relevant requirements under the Arrangement and other applicable PRC laws is entitled to a reduced withholding tax rate of 5%.

For the fiscal years ended March 31, 2019, 2020 and 2021, the income tax provision was US\$0.8 million, US\$0.5 million and US\$0.5 million, respectively. Our effective tax rates for the fiscal years ended March 31, 2018, 2019 and 2020 were (11.9%), (1.0%) and (1.6%), respectively.

Effective January 1, 2012, the PRC Ministry of Finance and the State Administration of Taxation launched a Business Tax to Value-Added Tax Transformation Pilot Program, which imposes VAT in lieu of business tax for certain “modern service industries” in certain regions and eventually expanded to nation-wide application in 2013. On March 23, 2016, the PRC Ministry of Finance and the SAT released the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax, or Circular 36. According to Circular 36, the “modern service industries” include research, development and technology services, information technology services, cultural innovation services, logistics support, lease of corporeal properties and attestation and consulting services. According to Circular 36, our PRC subsidiary was subject to VAT at a rate of 6% in lieu of business tax. With the adoption of the VAT Pilot Program, the amount of our revenue that is subject to VAT payable on goods sold or taxable services provided by a general VAT taxpayer for a taxable period is the net balance of the output VAT for the period after crediting the input VAT for the period. Hence, the amount of VAT payable does not result directly from output VAT generated from goods sold or taxable services provided. Therefore, we have adopted the net presentation of VAT.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods indicated, both in absolute amount and as a percentage of our net revenue. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report on Form 20-F. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the Fiscal Years Ended March 31,		
	2019 US\$	2020 US\$	2021 US\$
NET REVENUES	3,695,217	6,914,474	1,754,935
OPERATING COSTS AND EXPENSES			
Service and development	—	1,032,562	544,572
Sales and marketing	1,167,469	1,462,798	1,087,009
General and administrative	3,131,550	20,488,796	27,217,613
Finance cost	—	2,498,706	2,154,621
Impairment charge on long-term investments	—	29,189,836	1,600,000
Share-based compensation	6,585,386	347,466	55,468
Total operating costs and expenses	10,884,404	55,020,163	32,659,283
LOSS FROM CONTINUING OPERATIONS	(7,189,187)	(48,105,689)	(30,904,348)
Total other income (loss), net	381,150	1,232,160	(164,919)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(6,808,037)	(46,873,529)	(31,069,266)
Income tax expenses	807,710	489,955	482,976
NET LOSS FROM CONTINUING OPERATIONS	(7,615,748)	(47,363,484)	(31,552,242)
Net income (loss) from discontinued operations, net of income taxes	13,148,329	(23,834,894)	(6,439,549)
Gain from disposal of discontinued operations, net of income taxes	—	—	3,164,802
NET INCOME (LOSS)	5,532,581	(71,198,378)	(34,826,989)

The following table sets forth our revenues breakdown for the periods indicated:

	For the Fiscal Years Ended March 31,		
	2019 (US\$)	2020 (US\$)	2021 (US\$)
Revenues⁽¹⁾			
Commissions from online marketplace, net	—	—	82,054
Recommendation and other service, net	184,968	3,915,591	—
Interest income	3,552,759	3,043,096	1,690,448
Others	—	685	—
Total revenues	3,737,727	6,959,372	1,772,502
Business and sales related taxes	42,510	44,898	17,567
Net Revenues	3,695,217	6,914,475	1,754,935

(1) Represents amounts net of VAT.

Fiscal Year Ended March 31, 2021 Compared to Fiscal Year Ended March 31, 2020

Net revenues Net revenues generated for the fiscal year ended March 31, 2021 was US\$1.8 million, representing a decrease of 74.6% from US\$6.9 million for the fiscal year ended March 31, 2020.

- *Commissions from online marketplace, net* Commissions from online marketplace was US\$0.1 million, The Company launched its social e-commerce platform in May 2020.
- *Recommendation and other service, net* Recommendation and other service revenue was nil for the fiscal year ended on March 31, 2021, compared to US\$3.9 million for the fiscal year ended March 31, 2020. The recommendation revenue was generated by referring certain borrowers to Funding Partners from July to September 2019.
- *Interest income* Interest income was US\$1.7 million in the fiscal year ended March 31, 2021, compared to US\$3.0 million for the fiscal year ended March 31, 2020, the decrease of interest income was mainly due to the decrease of outstanding balance of loans issued by microlending business. The Company has ceased to issued new loans since May 2019 and has exiting the microlending business since October 2019.

Interest income and recommendation service revenue was presented as revenue from continuing operation as the Company currently had no intention to sell or plan to find a buyer for the disposal of such business and might continue to carry out them in the foreseeable future when the economic condition improved and the pandemic controlled

Operating costs and expenses Total operating costs and expenses for the fiscal year ended March 31, 2021 were US\$32.7 million, a decrease of 40.6% from US\$55.0 million for the fiscal year ended March 31, 2020. The decrease was primarily due to a decrease in impairment charge on long term investments.

- *Service and development expenses* Service and development expenses for the fiscal year ended March 31, 2021 were US\$0.5 million, a decrease of 47.3% from US\$1.0 million for the fiscal year ended March 31, 2020. The decrease was primarily attributable to the decrease in employee expenses.
- *Sales and marketing expenses* Sales and marketing expenses for the fiscal year ended March 31, 2021 were US\$1.1 million, a decrease of 25.7% from US\$1.5 million for the fiscal year ended March 31, 2020. The decrease was primarily due to a decrease in employee expenses and advertising expenses.
- *General and administrative expenses* General and administrative expenses for the fiscal year ended March 31, 2021 were US\$27.2 million, an increase of 32.8% from US\$20.5 million for the fiscal year ended March 31, 2020. The increase was primarily attributable to the Company has increased its allowance for uncollectable loans for its micro-lending business from US\$13.2 million in fiscal year 2020 to US\$22.2 million in fiscal year 2021 based on recent collection history and in light of the continuing impact from COVID-19.
- *Finance cost* Finance cost for the fiscal year ended March 31, 2021 was US\$2.2 million, a decrease of 11.4% from US\$2.5 million for the fiscal year ended March 31, 2020 due to the repayment of US\$10.0 million principal in December 2020.
- *Impairment charge on long-term investments* The Company recognized fully impairment of its equity investment in Musketeer Group Inc. as of March 31, 2021.
- *Share-based compensation* Share-based compensation for the fiscal year ended March 31, 2021 was US\$0.1 million, a decrease of 84.0% from US\$0.3 million for the fiscal year ended March 31, 2020. The decrease was attributable to decrease in the recognition of the share-based compensation in connection with the options and restricted share units granted under the Amended and Restated 2016 Equity Incentive Plan.

Total other (expense)income Our other expense was US\$0.2 million for the fiscal year ended March 31, 2021, as compared to other income of US\$1.2 million for the fiscal year ended March 31, 2020, due to the effect of changes in exchange rate, which resulted in exchange gains in fiscal year 2020 while exchange losses in fiscal year 2021 .

Provision for income tax Our income tax expense was US\$0.5 million for the fiscal year ended March 31, 2021, as compared to US\$0.5 million for the fiscal year ended March 31, 2020. The income tax was primarily resulted from microlending business.

Net loss from continuing operations, net of income taxes Loss from continuing operations, net of income taxes, for fiscal year ended March 31, 2021, was US\$31.6 million, compared to US\$47.4 million in the same prior period of fiscal year 2020. Net loss from continuing operations was mainly resulted from provision for loan receivables and impairment charged on long-term investment.

Net loss from discontinued operations, net of income taxes Net loss from discontinued operations, net of income taxes, for fiscal year ended March 31, 2021, was US\$6.4 million, compared to a loss of US\$23.8 million in the prior period.

Gain from disposal of discontinued operations, net of income taxes We recognized a gain from the disposal of discontinued operations, net of income taxes, of US\$3.2 million in connection with the sale of P2P Business for the fiscal year ended March 31, 2021.

Net loss As a result of the above factors, we had net loss of US\$34.8 million for the fiscal year ended March 31, 2021, compared to net loss of US\$71.2 million for the fiscal year ended March 31, 2020.

Fiscal Year Ended March 31, 2020 Compared to Fiscal Year Ended March 31, 2019

Net revenues Net revenues during the fiscal year ended March 31, 2020 was US\$6.9 million, representing an increase of 87.1% from US\$3.7 million in the fiscal year ended March 31, 2019.

- **Recommendation and other service, net** We started to provide recommendation services by referring certain borrowers to financial partners since December 2018. Such services primarily include referral through our marketplace that directs users to financial partners. We receive referral fees from the financial partners and such revenue is recognized at the point that the recommendation services are performed and the related funds are drawdown by borrowers. For the years ended March 31, 2019 and 2020, we earned US\$0.9 million and US\$3.8 million recommendation service revenue from our partnership with the Funding Partner, respectively.
- **Interest income** Interest income decreased from US\$3.6 million in the fiscal year ended March 31, 2019 to US\$3.0 million in the fiscal year ended March 31, 2020 due to the decrease of outstanding balance of loans issued through Wusu Company.

Operating costs and expenses Total operating costs and expenses in the fiscal year ended March 31, 2020 were US\$55.0 million, an increase of 405.5% from US\$10.9 million in the fiscal year ended March 31, 2019. The increase was primarily due to an increase in general and administrative expenses, provision for uncollectable loans receivable, impairment charge on long term investment and finance cost incurred.

- **Service and development expenses** Service and development expenses in the fiscal year ended March 31, 2020 were US\$1.0million, compared with nil in the fiscal year ended March 31, 2019. The increase was primarily attributable to the increase in employee expenses and expenses relate to maintenance and upgrading of our technology, live customer support, and service fees paid to third-parties.

[Table of Contents](#)

- **Sales and marketing expenses** Sales and marketing expenses in the fiscal year ended March 31, 2020 were US\$1.5 million, an increase of 25.3% from US\$1.2 million in the fiscal year ended March 31, 2019. The increase was primarily due to an increase in employee expenses and advertising expenses for brand recognition.
- **General and administrative expenses** General and administrative expenses in the fiscal year ended March 31, 2020 were US\$7.3 million, an increase of 134.0% from US\$3.1 million in the fiscal year ended March 31, 2019. The increase was primarily attributable to the employee expenses and professional service fees.
- **Provision for loans receivable** Provision for loans receivable in the fiscal year ended March 31, 2020 was US\$13.1 million, compared with nil in fiscal year ended March 31, 2019. The Company has increased its allowance for uncollectable loans for its micro-lending business based on recent collection history and the impact from COVID-19.
- **Finance cost** We incurred finance cost of US\$2.5 million in the fiscal year ended March 31, 2020, mainly due to the interest expenses for senior notes in the fiscal year ended March 31, 2020.
- **Impairment charge on long-term investments** The Company recognized fully impairment of its equity investment in Phoenix Intelligent Credit Group Ltd as of March 31, 2020.
- **Share-based compensation** Share-based compensation in the fiscal year ended March 31, 2020 was US\$0.3 million, a decrease of 94.7% from US\$6.6 million in the fiscal year ended March 31, 2019. The decrease was attributable to decrease in the recognition of the share-based compensation in connection with the options and restricted share units granted under the Amended and Restated 2016 Equity Incentive Plan. For the fiscal year ended March 31, 2020, 23,153 of the options granted have been vested, and 12,967 of the restricted share units granted have been vested.

Total other income Our other income was US\$1.2 million in the fiscal year ended March 31, 2020, as compared to US\$0.4 million in the fiscal year ended March 31, 2019, due to increase in exchange gain.

Provision for income tax Our income tax expense was US\$0.5 million in the fiscal year ended March 31, 2020, as compared to US\$0.8 million in the fiscal year ended March 31, 2019.

Net loss from continuing operations Loss from continuing operations, net of income taxes, for fiscal year ended March 31, 2020, was US\$47.4 million, as compared to US\$7.6 million in the prior period.

Net loss from discontinued operations, net of income taxes Net loss from discontinued operations, net of income taxes, for fiscal year ended March 31, 2020, was US\$23.8 million, compared to a loss of US\$13.1 million in the prior period.

Net (loss) income As a result of the above factors, we had net loss of US\$71.2 million in the fiscal year ended March 31, 2020, compared to net income of US\$5.5 million in the fiscal year ended March 31, 2019.

Changes in Financial Position

As of March 31, 2021, our cash and cash equivalents were US\$15.1 million, representing an increase of US\$4.2 million from US\$10.9 million as of March 31, 2020, mainly due to an increase in cash generated from operating activities. For the fiscal year ended March 31, 2021, our net cash used in investing activities was US\$0.1 million, compared to that of US\$12.8 million for the fiscal year ended March 31, 2020, primarily attributable to the payment of consideration for long-term investment.

As of March 31, 2020, our cash and cash equivalents were US\$6.7 million, representing a decrease of US\$23.6 million from US\$30.2 million as of March 31, 2019, mainly due to a net loss of US\$47.4 million. For the fiscal year ended March 31, 2020, our net cash generated from investing activities was US\$17.4 million, compared to the net cash used in investing activities of US\$22.4 for the fiscal year ended March 31, 2019, primarily attributable to the collection of loan receivables of US\$33.8 million.

Recent Accounting Pronouncements

Recently adopted accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early application is permitted for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Group adopted the new standard beginning April 1, 2020 using the modified retrospective transition approach. Based on the nature of the Company's financial instruments within the scope of this standard, which are primarily accounts receivable, loans receivable and other receivables, the adoption of the new standard did not have a material effect on the Company's consolidated financial statements.

Recently issued accounting pronouncements not yet adopted

In January 2020, the FASB issued ASU 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), which clarifies that a company should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323, Investments—Equity Method and Joint Ventures, for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. The ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted, including early adoption in an interim period, for periods for which financial statements have not yet been issued. The Company is currently evaluating the impact of this update on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Simplifying the Accounting for Income Taxes, as part of its initiative to reduce complexity in accounting standards. The amendments in the ASU are effective for fiscal years beginning after December 15, 2020, including interim periods therein. Early adoption of the standard is permitted, including adoption in interim or annual periods for which financial statements have not yet been issued. The adoption of this standard is not expected to have a material impact on the Group's consolidated financial statements.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated balance sheets, consolidated statements of comprehensive loss and consolidated statements of cash flows.

B. Liquidity and Capital Resources

We have financed our operations primarily through cash provided by operating activities, capital raised from our initial public offering and the proceeds from the three-year senior unsecured note we issued to Majik Fund SPC. We plan to finance our future operations primarily from cash generated from our operations and cash on hand. As of March 31, 2019, 2010 and 2021, we had US\$35.7 million, US\$6.7 million, and US\$15.1 million, respectively, in cash on hand and cash deposited with banks. As of March 31, 2019, 2010 and 2021, our working capital (excluding the amount due from related parties) amounted to US\$70.9 million, US\$36.7 million and US\$17.3 million, respectively. We believe that our current cash, cash flows provided by operating activities, net proceeds from our initial public offering and the proceeds from the three-year senior unsecured note we issued to Majik Fund SPC will be sufficient to meet our working capital needs in the next 12 months from the date of this annual report on Form 20-F.

In October 2018, we entered into an agreement with Shell Energy (China) Limited, a subsidiary of Royal Dutch Shell, to support liquidity and market developments of China's national emissions trading scheme ("ETS"). Under the ETS, polluting companies have emission quotas and they can trade carbon credits to meet the imposed quotas. Cleaner companies are rewarded by selling such credits to companies that exceed their quotas. According to the agreement, we will provide price hedging for a substantial volume of National Carbon Allowances for three years, beginning when the cement sector is enrolled in the ETS and when the Chinese carbon offsets, such as Chinese Certified Emission Reduction can be used for compliance purposes.

Substantially all of our operations are conducted in China, and all of our revenue, expenses, cash and cash equivalents are denominated in RMB. RMB is subject to the exchange control regulation in China, and, as a result, we may have difficulty distributing any dividends outside of China due to PRC exchange control regulations that restrict our ability to convert RMB into U.S. dollars.

We have limited financial obligations denominated in U.S. dollars, thus the foreign currency restrictions and regulations in the PRC on dividend distribution will not have a material impact on our liquidity, financial condition and results of operations.

Holding Company Structure

We are a holding company with no material operations of our own. We conduct our operations primarily through our PRC subsidiaries, including our joint venture and our consolidated affiliated entities in China. As a result, our ability to pay dividends and to finance any debt we may incur depends upon direct and indirect dividends paid by our subsidiaries and consolidated affiliated entities. If any of our subsidiaries or consolidated affiliated entities or any newly formed subsidiaries or consolidated affiliated entities incurs 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 PRC subsidiaries and consolidated entities are permitted to pay dividends only out of their respective retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, our PRC subsidiaries, consolidated affiliated entities and their subsidiaries, except for our joint venture, are required to set aside a portion of their respective after-tax profits each year to fund a statutory reserve. Our PRC subsidiaries and consolidated entities may also set aside a portion of their respective after-tax profits to fund the employee welfare fund at the discretion of the board of directors or the enterprise itself. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation of these subsidiaries or consolidated affiliated entities, as applicable.

C. Capital Expenditures

Our capital expenditures consist primarily of expenditures for the purchase of property, equipment and software. We made capital expenditures of US\$0.9 million, US\$0.3 million and US\$0.02million for the fiscal years ended March 31, 2019, 2020 and 2021, respectively, primarily due to purchases of electronics, office equipment, vehicle and leasehold improvements for our office as a result of our business growth.

D. Research and Development

As of March 31, 2021, we have a dedicated product development team consisting of 36 full-time employees. This team is responsible for developing and implementing new products to introduce on to our marketplace.

E. Trend Information

Other than as disclosed elsewhere in this annual report on Form 20-F, we are not aware of any trends, uncertainties, demands, commitments or events for the fiscal year ended March 31, 2021 that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

F. Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of March 31, 2021.

G. Tabular Disclosure of Contractual Obligations**Contractual obligations and commitments**

We lease our main office space under an irrevocable operating lease agreement. Rental expenses under operating leases for the fiscal years ended March 31, 2019, 2020 and 2021 were US\$2,219,743, US\$1,976,738, and US\$ 398,709 respectively. Effective on April 1, 2019, the Company adopted the new lease accounting standard using a modified retrospective transition method in relation to right of use lease assets. See "Item 18. Financial Statements — Note 11 — Right of Use Lease Assets."

As of March 31, 2021, the Company had no future minimum lease payment.

In March 2019, we issued a US\$20 million three-year senior unsecured note due 2022 to Majik Fund SPC, an exempted company managed by a subsidiary of Yunfeng Financial Group Limited. Under the arrangement, the senior unsecured note bears a fixed interest rate of 12.0% per annum, with interest payable semi-annually in arrears.

[Table of Contents](#)

Other than those shown above, we did not have any significant capital and other commitments, long-term obligations, or guarantees as of March 31, 2019, 2020 and 2021, respectively.

H. Safe Harbor

This annual report on Form 20-F contains forward-looking statements. These statements are made under the “safe harbor” provisions of Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “confident” and similar statements. Among other things, the sections titled “Item 3. Key Information—D. Risk Factors,” “Item 4. Information on the Company,” and “Item 5. Operating and Financial Review and Prospects” in this annual report on Form 20-F, as well as our strategic and operational plans, contain forward-looking statements. We may also make written or oral forward-looking statements in our filings with the SEC, in our annual report to shareholders, in press releases and other written materials and in oral statements made by our officers, directors or employees to third parties. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements and are subject to change, and such change may be material and may have a material and adverse effect on our financial condition and results of operations for one or more prior periods. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained, either expressly or impliedly, in any of the forward-looking statements in this annual report on Form 20-F. Potential risks and uncertainties include, but are not limited to, our goals and strategies, our future business development, financial condition and results of operations, ability to retain and grow our user base and network of local merchants for our online marketplace, the growth of, and trends in, the markets for our services in China, the demand for and market acceptance of our brand and services, competition in our industry in China, our ability to maintain the network infrastructure necessary to operate our website and mobile applications, relevant government policies and regulations relating to our corporate structure, business and industry, and our ability to protect our users’ information and adequately address privacy concerns. All information provided in this annual report on Form 20-F and in the exhibits is as of the date of this annual report on Form 20-F, and we do not undertake any obligation to update any such information, except as required under applicable law.

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 on Form 20-F.

Name	Age	Position with the Company
Executive Directors and Officers:		
Xiaobo An	38	Director, Chairman and Chief Executive Officer
Rui (Kerrie) Zhang	38	Chief Financial Officer
Wenjuan (Vivian) Liu	35	Director
Non-Executive Directors:		
Stephen Markscheid	67	Independent director
Dagang Guo	49	Independent director
David Wei Tang	54	Independent director

Executive Officers

Mr. Xiaobo An, aged 38, founded and has held the position of our chairman since the inception of our business. He became our director in February 2017 and our chief executive officer in May 2019. Before founding our company and the creation of the “Hexin” brand, Mr. An founded Beijing Zhongdashixing Business Co., Ltd, Hexin Wealth Management Co., Ltd, Hexindai and Hexin Financial Information (Beijing) Co., Ltd. He served as a credit approval manager in Huaxia Bank from 2004 to 2008 where his responsibilities included the supervision of credit card application review. Mr. An received a bachelor’s degree in advertising from Hebei University. He was awarded the “Outstanding Innovator of the Financial Industry in China” title by the prestigious Economy magazine and Huazun Prize panel in 2014.

Ms. Rui (Kerrie) Zhang, aged 38, has served as our chief financial officer since August 2019. Ms. Zhang joined the Company in 2017 where she served as our financial reporting director. From May 2016 to April 2017, Ms. Zhang served as the strategy development director and board secretary for Shanghai AkPurna Investment Management Co., Ltd., Akcome's fintech platform, where she was responsible for formulating and developing the company's long-term strategy, operational planning, and providing ongoing support to the Board of Directors. From April 2011 to May 2016, Ms. Zhang served in various departmental roles including board secretary, project investment manager, investor relations manager, and group finance manager at ReneSola Ltd. (NYSE: SOL) where she helped create and improve their corporate governance framework. Ms. Zhang received a bachelor's degree in business administration from Northwest University for Nationalities and a master's degree in professional accounting from the University of Sydney.

Ms. Wenjuan (Vivian) Liu, aged 35, was appointed as our director on July 14, 2021. Ms. Liu has served as the Chief Executive Officer of Hebei Chuangjie Technology Co., Ltd. since August 2018. From May 2015 to July 2018, Ms. Liu served as the Key Client Manager of Hebei Branch of Guosen Co., Ltd. Ms. Liu has extensive experience in financial investments, capital market operations and enterprise management. Ms. Liu obtained her bachelor's degree in marketing from the Department of Economics and Management at Nankai University of China.

Non-executive Directors

Mr. Stephen Markscheid, aged 67, has served as our independent director since October 24, 2017. Mr. Markscheid currently serves as an independent director of ZZ Capital International, a Hong Kong GEM Board-listed company (HK GEM: 08295), Fanhua Inc., formerly known as "CNinsure Inc.", a NASDAQ —listed company (NASDAQ: FANH), and Jinko Solar Inc., a New York Stock Exchange-listed company (NYSE: JKS), and Mericsson Acquisition Corporation. From 1998 to 2006, Mr. Markscheid served as director and later as senior vice president at different group companies of General Electric, where he led GE Capital's business development activities in China and Asia Pacific, primarily acquisitions and direct investments. Prior to General Electric, from 1994 to 1997, Mr. Markscheid worked with the Boston Consulting Group throughout Asia. Mr. Markscheid was a commercial banker for ten years in London, Chicago, New York, Hong Kong and Beijing with Chase Manhattan Bank and First National Bank of Chicago and has years of professional experience in the financial services industries. He obtained a bachelor of arts degree from Princeton University in 1976, a master's degree in international affairs from Johns Hopkins University in 1980, and a master's degree in business administration from Columbia University in 1991.

Mr. Dagang Guo, aged 49, has served as our independent director since October 24, 2017. From 2014 to 2018, Mr. Guo served as the Secretary General of Beijing Internet Finance Industry Association. From 2012 to 2014, Mr. Guo served as Investment Director in Beyond Fund and Member of Investment Committee in Guotai Venture Capital Co. Ltd. From 2009 to 2012, Mr. Guo served as the General Manger of Business Development in ECS Technology China Ltd. From 2002 to 2009, Mr. Guo served as Product Director of Digital China, a Shenzhen Stock Exchange-listed company (SZ: 000034). Mr. Guo obtained his bachelor's degree in Taiyuan University of Technology in 1994, and his master's degree in FMBA from Cheung Kong Graduate School of Business in 2015.

Mr. David Wei Tang, aged 54, has served as our independent director since October 24, 2017. Mr. Tang currently serves as an independent director of Luokung Technology Corp. a NASDAQ-listed company (NASDAQ: LKCO). Prior to joining our Company, Mr. Tang served as President of Huakang Financial Holdings, a Chinese multi-disciplinary financial holdings group with subsidiaries in investments, insurance, wealth management and financial technology. From 2008 to 2010 and from 2012 to 2013, Mr. Tang served as Vice President, Chief Financial Officer and Chief Strategy Officer of Vimicro Corporation, a NASDAQ-listed company (NASDAQ: VIMC). Prior to that, from 2006 to 2008 he served as the Chief Financial Officer of Fanhua Inc., formerly known as "CNinsure Inc.", a NASDAQ-listed company (NASDAQ: FANH), from 2003 to 2004, he served as the Chief Financial Officer of IRICO Group, a Hong Kong Stock Exchange-listed company (HKSE: 438) and in 2000, he served as the Chief Financial Officer of Chinasoft International, a Hong Kong Stock Exchange-listed company (HKSE: 354). Prior to those positions, he worked as an equity research analyst at Merrill Lynch & Co. in New York. Mr. Tang received a master's degree in business administration from the Stern School of Business, New York University.

Our insider trading policy allows directors, officers and other employees covered under the policy to establish, under limited circumstances contemplated by Rule 10b5-1 under the Securities Exchange Act of 1934, written programs that permit automatic trading of our stock or trading of our shares or ADSs by an independent person who is not aware of material non-public information at the time of the trade. From time to time, certain of our directors, executive officers, and employees have adopted Rule 10b5-1 trading plans.

B. Compensation

For the fiscal year ended March 31, 2021, we paid an aggregate of approximately US\$326,534 in cash to our executive officers and directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. For incentive share grants to our officers and directors, see "—Share Incentive Plan."

Share Incentive Plan

Amended and Restated 2016 Equity Incentive Plan

Our Amended and Restated 2016 Equity Incentive Plan was adopted to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentive to employees, directors and consultants and promote the success of our business. The equity incentive plan provides for the grant of an option, restricted shares, restricted share units and local awards.

Authorized Shares The maximum aggregate number of shares that may be issued under the Amended and Restated 2016 Equity Incentive Plan is 6,312,000 of our ordinary shares, adjusted for the nominal share issuance (please see Note 18 to the consolidated financial statements for additional information related to the nominal share issuance), plus an annual increase on the last day of the last fiscal year, starting in the fiscal year ended March 31, 2017, by an amount equal to (i) 15% of the total number of outstanding shares of our common shares less (ii) the total number of unissued shares under the Amended and Restated 2016 Equity Incentive Plan less (iii) the total number of shares subject to then-outstanding awards under the Amended and Restated 2016 Equity Incentive Plan, in each case of (i), (ii) and (iii) as of the last calendar day of the last immediately preceding fiscal year. Ordinary shares issued pursuant to awards under the Amended and Restated 2016 Equity Incentive Plan that are forfeited or cancelled or otherwise expired, will become available for future grant under the Amended and Restated 2016 Equity Incentive Plan. The shares that are tendered by a participant of the Amended and Restated 2016 Equity Incentive Plan or withheld by us to pay the exercise price of an option or to satisfy the participant's tax withholding obligations in connection with an award shall not be added back to the limit of the Amended and Restated 2016 Equity Incentive Plan. During the term of the Amended and Restated 2016 Equity Incentive Plan, we will at all times reserve and keep available a sufficient number of ordinary shares available for issue to satisfy the requirements of the Amended and Restated 2016 Equity Incentive Plan.

Plan Administration The Amended and Restated 2016 Equity Incentive Plan is administered by the board or our compensation committee. The administrators may delegate limited authority over the day-to-day administration of the Amended and Restated 2016 Equity Incentive Plan to such other subcommittees or specified officers. Subject to the provisions of the Amended and Restated 2016 Equity Incentive Plan, the administrator has the power to determine the terms of awards, including the eligible participants, the exercise price, if any, the number of shares subject to each award, the fair market value of a share of our ordinary shares, the vesting schedule applicable to the awards, together with any vesting acceleration, and the form of settlement of awards in shares or cash or a combination thereof and the terms of the award agreement for use under the Amended and Restated 2016 Equity Incentive Plan. In the event that any dividend or other distribution, recapitalization, share division, share consolidation, reorganization or any change in the corporate structure of the Company affecting the shares occurs, the administrators will make an adjustment with respect to the number and class of shares that may be delivered under the Amended and Restated 2016 Equity Incentive Plan and/or the number, class and price of shares covered by outstanding awards, in order to prevent diminution of the benefits intended to be made available under the Amended and Restated 2016 Equity Incentive Plan.

Awards under the Equity Incentive Plan

Share Options Share options may be granted under the Amended and Restated 2016 Equity Incentive Plan. The exercise price of each option shall be determined by the administrator; provided, however, that the per share exercise price may be no less than 100% of the fair market value per share on the date of grant. Our administrator shall also determine the time or times at which the options shall vest and may be exercised and will determine any conditions that must be satisfied. One-third of the shares subject to an award will vest on each of the first, second and third annual anniversaries of the vesting commencement date, unless otherwise provided in the award agreement.

Restricted Shares A restricted share award agreement will specify restrictions on the duration of the restricted period, the number of shares granted, and any other terms and conditions specified by the administrator. Except to the extent otherwise provided in the award agreement, the holder of restricted shares will be entitled to receive all dividends and other distributions paid with respect to the shares, subject to the same restrictions on transferability and forfeitability as the underlying shares of restricted shares. Restricted shares may not be sold, transferred, assigned or pledged until the end of the restricted period and may be subject to forfeiture upon a termination of employment or service with us.

Restricted Share Units Awards of restricted share units may be granted by the administrator. At the time of the grant of restricted share units, the administrator may impose conditions that must be satisfied, such as continued employment or service or attainment of corporate performance goals, and may place restrictions on the grant and/or vesting of the restricted share units. A restricted share unit award agreement will specify applicable vesting criteria, the number of restricted share units granted, the terms and conditions on time and form of payment and any such terms and conditions determined by the administrator. Each restricted share unit, upon fulfilment of any applicable conditions, represents a right to receive an amount equal to the fair market value of one share.

Administrator may cause a local PRC subsidiary of our Company to grant local cash-settled awards in lieu of any other award under the Amended and Restated 2016 Equity Incentive Plan, which such local awards shall be paid wholly by such PRC subsidiary. Each local award shall be linked to the fair market value of a share.

Change in Control The Amended and Restated 2016 Equity Incentive Plan provides that in the event of a change in control of our Company, each outstanding award will be assumed or substituted by the successor corporation. Unless the administrator determines otherwise, in the event that the successor corporation does not assume or substitute for the award, the portion of the award that remains outstanding will fully vest and all applicable restrictions will lapse. The holders of any outstanding options will be provided notice and a specified period of time to exercise awards to the extent vested (with awards terminating upon the expiration of the specified period of time). An award will be considered assumed if, following the change in control transaction, the award confers the right to purchase or receive, for each share subject to the award, the same consideration received in the change in control transaction by the holders of ordinary shares for each share held on the effective date of the transaction.

Plan Amendment and Termination Our board of directors may amend, alter, suspend or terminate the Amended and Restated 2016 Equity Incentive Plan, subject to certain exceptions. The Amended and Restated 2016 Equity Incentive Plan will automatically terminate in 2026, unless we terminate it sooner. The termination of the Amended and Restated 2016 Equity Incentive Plan will not limit the administrator's ability to exercise the powers granted to it with respect to awards granted under the plan prior to the date of termination.

Granted Options and Restricted Share Units As of March 31, 2021, the aggregate numbers of our ordinary shares underlying our outstanding options and restricted share units were 833,890 and nil, respectively. For the fiscal year ended March 31, 2021, 12,167 of the options granted had been vested, and 32,234 of the restricted share units granted had been vested. As of March 31, 2021, none of the options granted had been exercised, and 32,234 of the restricted share units granted had vested.

The following table summarizes, as of March 31, 2021, the outstanding options granted to the individual executive officers and directors named below and to other individuals as a group.

Name	Number of Ordinary Shares Underlying Options	Exercise Price (US\$/Share)	Date of Grant	Date of Expiration
Xiaobo An	—	—	—	—
Stephen Markscheid	—	—	—	—
Dagang Guo	—	—	—	—
David Wei Tang	—	—	—	—
Rui (Kerrie) Zhang	*	0.88 ⁽¹⁾	April 1, 2016	March 31, 2026
Other Individuals as a Group	736,598	0.88 ⁽¹⁾	April 1, 2016	March 31, 2026
	*	8.60 ⁽¹⁾	July 31, 2018	July 30, 2028

* Upon exercise of all options granted, would beneficially own less than 1% of our total outstanding ordinary shares.

(1) Pursuant to the declaration of a special cash dividend of US\$0.40 per ordinary share / ADS by our board of director in July 2018, our board entered into a written resolution adjusting the exercise price of the outstanding options granted on April 1, 2016 from US\$1.28 to US\$0.88, and the exercise price of the outstanding options granted on July 31, 2018 from US\$9.0 to US\$8.60.

The following table summarizes, as of March 31, 2021 the outstanding restricted share units granted to the individual executive officers and directors named below and to other individuals as a group.

Name	Number of Ordinary Shares Underlying Restricted Share Units	Date of Grant	Date of Expiration
Xiaobo An	—	—	—
Stephen Markscheid	*	July 31, 2018	July 30, 2028
Dagang Guo	*	July 31, 2018	July 30, 2028
David Wei Tang	*	July 31, 2018	July 30, 2028
Other Individuals as a Group	*	July 31, 2018	July 30, 2028

* Upon vesting of all restricted share units, would beneficially own less than 1% of our total outstanding ordinary shares.

C. Board Practices

Our board of directors consists of five directors, including two executive directors and three non-executive directors. The powers and duties of our directors include convening general meetings and reporting our board's work at our shareholders' meetings, declaring dividends and distributions, determining our business and investment plans, appointing officers and determining the term of office of the officers, preparing our annual financial budgets and financial reports, formulating proposals for the increase or reduction of our authorized capital as well as exercising other powers, functions and duties as conferred by our articles of association. Our directors may exercise all the powers of our company to borrow money, mortgage its business, property and uncalled capital and issue debentures or other securities whenever money is borrowed or as security for any obligation of our company or of any third party.

A director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein, and if he does so, his vote shall be counted, and he may be counted in the quorum at any meeting of the directors at which any such contract or proposed contract or arrangement is considered. A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with us is required to declare the nature of his interest at a meeting of our directors. A general notice given to the directors by any director to the effect that he is a member, shareholder, director, partner, officer or employee of any specified company or firm and is to be regarded as interested in any contract or transaction with that company or firm shall be deemed a sufficient declaration of interest for the purposes of voting on a resolution in respect to a contract or transaction in which he has an interest, and after such general notice, it shall not be necessary to give special notice relating to any particular transaction.

Committees of the Board of Directors

We have established an audit committee, a compensation committee and a nominating and corporate governance committee under the board of directors. 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 three members and is chaired by Mr. David Wei Tang. Each of Mr. Stephen Markscheid, Mr. Dagang Guo and Mr. David Wei Tang satisfies the "independence" requirements of the listing rules of NASDAQ and meets the independence standards under Rule 10A-3 under the Exchange Act. We have determined that each of Mr. Stephen Markscheid and Mr. David Wei Tang qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

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

- meeting separately and periodically with management and the independent registered public accounting firm; and
- reporting regularly to the board of directors.

Compensation Committee. Our compensation committee consists of three members and is chaired by Mr. Stephen Markscheid. Each of Mr. David Wei Tang, Mr. Stephen Markscheid and Mr. Dagang Guo satisfies the “independence” requirements of the listing rules of NASDAQ. The compensation committee assists the board of directors in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our executive officers may not be present at any committee meeting during which their compensation is deliberated upon. The compensation committee is responsible for, among other things:

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

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of three members and is chaired by Mr. Dagang Guo. Each of Mr. Dagang Guo, Mr. Stephen Markscheid and Mr. David Wei Tang satisfies the “independence” requirements of the listing rules of NASDAQ. 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 of directors and its committees. The nominating and corporate governance committee is responsible for, among other things:

- recommending nominees to the board of directors for election or re-election to the board of directors, or for appointment to fill any vacancy on the board of directors;
- reviewing annually with the board of directors the current composition of the board of directors with regards to characteristics such as independence, age, skills, experience and availability of service to us;
- selecting and recommending to the board of directors the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including 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 act with skills they actually possess and exercise 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 our company, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time, and the rights vested thereunder in the holders of the shares. Our directors owe their fiduciary duties to our company and not to our company’s individual shareholders, and it is our company which has the right to seek damages if a duty owed by our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Terms of Directors and Officers

Pursuant to our amended and restated memorandum and articles of association, subject to the approval of our shareholders, our board of directors has the power from time to time and at any time to appoint any person as a director to fill a casual vacancy on the board or as an addition to the existing board (subject to the maximum size limit). Our directors are not subject to a term of office and will hold their offices until such time as they are removed from office by an ordinary resolution of our shareholders.

In addition, the office of any of our directors shall be vacated if the director (a) becomes bankrupt or makes any arrangement or composition with his creditors; (b) dies or becomes of unsound mind; (c) resigns his office by notice in writing to our company; (d) without special leave of absence from our board of directors, is absent from meetings of the board for three consecutive meetings and the board of directors resolves that his office be vacated; (e) is prohibited by law or designated stock exchange rules from being a director; or (f) is removed from office pursuant to our memorandum and articles of association.

Our officers are elected by and serve at the discretion of the board of directors. Our senior executive officers are employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the senior executive officers, such as the officer's fraudulent or illegal conduct that is materially detrimental to our business, the officer's uncured material breach of our confidentiality agreement or the officer's uncured material breach of the applicable employment agreement. We may also terminate a senior executive officer's employment without cause with advance written notice. Each senior executive officer may terminate employment at any time with advance written notice at the election of such officer.

Employment Agreements and Confidentiality Agreements

We have entered into employment agreements and confidentiality agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified period of time. The employment agreements provide that the employment can be terminated pursuant to the PRC Employment Contract Law and relevant regulations. Under such law and regulations, we may terminate employment with an employee (i) for cause, at any time, without advance notice or remuneration, including for certain acts of the employee, such as conviction of a crime, malpractices which caused significant damage to us, or violation of our internal policies; or (ii) without cause by paying severance compensation to the employee.

According to the confidentiality agreements entered into with our executive officers, our executive officers may resign at any time with a 30-day advance written notice. Each executive officer has agreed, both during and within two years after the termination or expiry of his or her employment agreement to (i) hold, in strict confidence and not to use any of our confidential information or trade secrets, any confidential information or trade secrets of our users, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations; and (ii) be bound by non-competition restrictions. Each executive officer has agreed not to, without our express consent, assume employment by, or provide direct or indirect services to, any of our competitors, whether as a shareholder, partner, executive, supervisor, consultant or otherwise, or to engage in any business that is similar to our business. Each executive officer has agreed to indemnify us against any actual loss incurred by us as a result of his or her breach of the confidentiality and non-competition obligations.

[Table of Contents](#)

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

D. Employees

We had 552, 182 and 113 full-time employees as of March 31, 2019, 2020 and 2021, respectively. The decrease in the number of employees was primarily due to the winding down of our P2P business. None of our employees are represented by a labor union. We have not experienced any work stoppages, and we consider our relations with our employees to be good. The following table sets forth the number of our full-time employees categorized by function as of March 31, 2021:

Function	Number of Employees
Technology	29
Risk Management	3
Operations	23
Product Development	7
Sales and Marketing	7
General and Administrative	44
Total	113

We invest significant resources in the recruitment of employees in support of our business operations. We have established comprehensive training programs, including orientation programs and on-the-job-training, to enhance performance and service quality.

As required by PRC Laws and regulations, we participate in various government statutory employee benefit plans, including a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan and a housing provident fund. We are required under PRC law to contribute to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees up to a maximum amount specified by the local government from time to time.

We enter into standard labor contracts with our employees. We also enter into standard confidentiality and non-compete agreements with our executive officers. See “—B. Compensation—Employment Agreements and Confidentiality Agreements.”

E. Share Ownership

Please refer to “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholder” and “—B. Compensation—Share Incentive Plan.”

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table presents information regarding the beneficial ownership of our ordinary shares as of the date of this annual report by:

- each person or entity that we know beneficially owns or will beneficially own more than 5% of our outstanding ordinary shares;

[Table of Contents](#)

- each director or executive officer who beneficially owns or will beneficially own more than 1% of our outstanding ordinary shares; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of ordinary shares beneficially owned by a person and the percentage ownership of that person, we have included ordinary 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 ordinary shares, however, are not included in the computation of the percentage ownership of any other person.

The percentage of beneficial ownership of our ordinary shares is based on 52,458,550 ordinary shares outstanding immediately as of the date of this annual report, including 2,442,093 ordinary shares issued to our depositary and reserved for the future exercise of awards granted under our Amended and Restated 2016 Equity Incentive Plan.

	Ordinary Shares Beneficially Owned	
	Number	% (2)
Directors and Executive Officers (1) :		
Xiaobo An (3)	—	—
Stephen Markscheid (4)	*	*
Dagang Guo (5)	*	*
David Wei Tang (6)	*	*
Rui (Kerrie) Zhang	—	—
Wenjuan (Vivian) Liu	—	—
All directors and executive officers as a group	*	*
Principal Shareholders:		
Webao Limited (7)	31,980,800	61.0%

Notes:

* Less than 5% of our total outstanding ordinary shares.

(1) Except for Mr. Stephen Markscheid, Mr. Dagang Guo and Mr. David Wei Tang, the business address of our directors and executive officers is Room 515, Floor 5, Jia No. 92-4 to 24 Jianguo Road Chaoyang District, Beijing 100020, People's Republic of China.

(2) For each person and group included in this column, percentage ownership is calculated by dividing the number of ordinary shares beneficially owned by such person or group, including shares that such person or group has the right to acquire within 60 days after June 30, 2021, by the sum of (i) 52,458,550, which is the total number of ordinary shares outstanding as of the date of this annual report (including 2,442,093 ordinary shares issued to our depositary and reserved for the future exercise of awards granted under our Amended and Restated 2016 Equity Incentive Plan), and (ii) the number of ordinary shares such person or group has the right to acquire within 60 days after June 30, 2021.

(3) Mr. Xiaobo An does not hold any ordinary share in our company directly. Mr. Xiaobo An, through Hexin Holding Limited, a British Virgin Islands company wholly-owned by him, owns nill of the total outstanding shares of our company. The registered office address of Hexin Holding Limited is NovaSage Chambers, Wickham's Cay II, Road Town, Tortola, British Virgin Islands.

- (4) The business address of Mr. Stephen Markscheid is 419 Washington Avenue, Wilmette IL 60091, United States.
- (5) The business address of Mr. Dagang Guo is Room 2201, Unit 3, Building 30, Innovation park, Changping District, Beijing, People's Republic of China.
- (6) The business address of Mr. David Wei Tang is 91 Jianguo Road, Chaoyang District, Beijing, People's Republic of China.
- (7) Represents 31,980,800 ordinary shares held by Webao Limited. The registered office address of Webao Limited is 12 / F, Santai building, 137-139 Connaught Road Central, Hong Kong.

As of the date of this annual report, a total of 7,899,843 ordinary shares were held by two record holders in the United States, including 7,479,043 ordinary shares (of which 2,442,093 ordinary shares were reserved for the future exercise of awards granted under our Amended and Restated 2016 Equity Incentive Plan) held by Citibank N.A., our depositary, representing 15.1% of our total outstanding shares, but excluding 1,165,883 ordinary shares represented by the ADSs repurchased by the Company.

B. Related Party Transactions

Contractual Arrangements

As part of our corporate restructurings prior to our disposal of Hexin E-Commerce in December 2020, Mr. Ming Jia and Mr. Shiwei Wu transferred their equity interests of Wusu Company to Hexin E-Commerce, and therefore, Hexin E-Commerce became the sole shareholder of Wusu Company on November 20, 2020.

On December 16, 2020, Hexin Yongheng, Kuaishangche, Hexin E-Commerce, Xiaobo An, Xiaoning An, and Xiaobin Zhai entered into an assignment and assumption agreement. Pursuant to this agreement, Hexin Yongheng has agreed to assign and transfer to Kuaishangche the control over Hexin E-Commerce, in exchange for cash consideration of RMB5.0 million(US\$726,781). Upon the closing of the disposition, Kuaishangche became the primary beneficiary of and obtained control of Hexin E-Commerce, and as a result, assume all assets and liabilities of Hexin E-Commerce and subsidiaries owned or controlled by Hexin E-Commerce, excluding any rights, titles, interests or claims that Hexin E-Commerce had in Wusu Company, which remained a consolidated variable interest entity of the Hexin Yongheng by way of the December 1, 2020 contractual arrangements. We closed the disposition of Hexin E-Commerce on December 30, 2020.

As a result of the Company's P2P disposal and leases termination, on October 15, 2020, the Company entered into a lease agreement with Mr. Xiaobo An, who provided office space to the Company at no charge. The lease term was 1 year.

Contractual Arrangements with Our Variable Interest Entities and Their Shareholders

PRC laws and regulations currently restrict foreign ownership and investment in value-added telecommunications services in China. As a result, we operate our relevant business through contractual arrangements among Hexin Yongheng, our wholly-owned PRC subsidiary, Hexin Jiuding, Wusu Company and Hexin Digital, our variable interest entities, and the shareholders of Hexin Jiuding, Wusu Company and Hexin Digital. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with Hexin Jiuding, Wusu Company and Hexin Digital." We operate our social e-commerce business through contractual arrangements among Hexin Yongheng, our PRC subsidiary, Hexin Digital, our variable interest entity, and Hexin Jinke, the shareholders of Hexin Digital. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with Hexin Jiuding, Wusu Company and Hexin Digital."

Employment Agreements and Indemnification Agreements

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

Share Incentive Plans

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

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Please refer to Item 18.

Legal Proceedings

From time to time, the Company may become involved in litigation and other legal actions. The Company estimates the range of liability related to any pending litigation where the amount and range of loss can be estimated. The Company records its best estimate of a loss when the loss is considered probable. Where a liability is probable and there is a range of estimated loss with no best estimate in the range, the Company records a charge equal to at least the minimum estimated liability for a loss contingency when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that a liability had been incurred at the date of the financial statements and (ii) the range of loss can be reasonably estimated.

In January 2019, we were attacked by a short seller, alleging fraud in our financial reporting system. We conducted an internal investigation, with the assistance of forensic accountant, to evaluate these allegations. Based on the information reasonably available and reviewed as part of the investigation, the investigation did not identify any conclusive proof of fraud. In addition, two law firms launched investigations in connection with the short seller attack, though no securities lawsuits have been initiated, nor has there been any additional investigation notices as of the date of this annual report on Form 20-F.

Dividend Policy

Our board of directors has discretion regarding whether to declare or pay dividends. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided always that we are able to pay our debts as they fall due in the ordinary course of business. On July 19, 2018, our board of directors approved an annual dividend policy. Under this policy, annual dividends will be set at an amount equivalent to approximately 15-25% of our anticipated net income after tax in each year commencing from the fiscal year ended March 31, 2019. On July 19, 2018, our board of directors also approved a special cash dividend of US\$0.13 per ordinary share of our company (or US\$0.13 per ADS), in addition to an annual dividend pursuant to the newly adopted annual dividend policy of US\$0.27 per ordinary share (or US\$0.27 per ADS), for a total dividend of US\$0.40 per ordinary share (or US\$0.40 per ADS). The aggregated dividend payments to shareholders amounted to US\$19,547,532 in the fiscal year ended March 31, 2019. The determination to declare and pay such annual dividend and special dividend and the amount of any dividend in any particular year will be based upon our operations, earnings, financial condition, cash requirements and availability and other factors as our board of directors may deem relevant at such time.

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 PRC Laws Regulating Our Business and Industry—We rely on dividends and other distributions on equity paid by our PRC subsidiary to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiary to make payments to us could have a material adverse effect on our ability to conduct our business” and “Item 3. Key Information—D. Risk Factors—Risks Related to PRC Laws Regulating Our Business and Industry—Enhanced scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.”

If we pay any dividends, we will pay such dividends on the shares represented by ADSs to the depositary, and the depositary will pay such dividends to our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Item 12. Description of Securities other than Equity Securities—D. American Depository Shares.” Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

B. Significant Changes

We have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report on Form 20-F.

ITEM 9. THE OFFER AND LISTING

A. Offering and Listing Details

Our ADSs, each representing three ordinary shares, have been listed on the NASDAQ since November 3, 2017. The ratio of ADS representing its ordinary shares was amended from one (1) ADS representing one (1) ordinary share to one (1) ADS representing three (3) ordinary shares with effect from August 24, 2020. Our ADSs trade under the symbol “HX.”

B. Plan of Distribution

Not applicable.

C. Markets

See “Item 9. The Offer and Listing—A. Offering and Listing Details.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time and the Companies Act of the Cayman Islands, which is referred to as the Companies Act below, and the common law of the Cayman Islands.

The following are summaries of the material provisions of our amended and restated memorandum and articles of association and the Companies Act insofar as they relate to the material terms of our ordinary shares. This summary is not complete, and you should read our amended and restated memorandum and articles of association, which has been filed as Exhibit 3.2 to our Form F-1 (File No. 333-220720), as amended, filed with the SEC on October 25, 2017.

Registered Office and Objects

Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104. As set forth in article 3 of our amended and restated memorandum of association, the objects for which our company is established are unrestricted.

Board of Directors

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

Ordinary Shares

General Our authorized share capital is US\$50,000 consisting of 500,000,000 ordinary shares with par value of US\$0.0001 each. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Our ordinary shares are issued in registered form, and are issued when registered in our register of members. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares. Under our amended and restated memorandum and articles of association, our company may issue only non-negotiable shares and may not issue bearer shares.

Dividends The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, our company may declare and pay a dividend only out of funds legally available therefor, namely out of either profit or our share premium account, provided that in no circumstances may we pay a dividend if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights Holders of our ordinary shares vote as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. In respect of matters requiring shareholders' vote, on a poll each ordinary share is entitled to one vote. At any general meeting a resolution put to the vote of the meeting shall be decided by a show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one or more shareholders who together hold not less than 10% of the votes attaching to all issued and outstanding shares of our company entitled to vote at general meetings.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attached to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attached to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. A special resolution is required for important matters such as a change of name or any amendment to our memorandum and articles of association. Holders of our ordinary shares may effect certain changes by ordinary resolution, including increasing the amount of our authorized share capital, consolidating all or any of our share capital into shares of larger amount than our existing shares, sub-dividing our shares or any of them into shares of an amount smaller than that fixed by our memorandum, and cancelling any unissued shares. Both ordinary resolution and special resolution may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Act and our amended and restated memorandum and articles of association.

Appointment and Removal of Directors Our board of directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting, appoint any person as a director, to fill a casual vacancy on the board or as an addition to the existing board. Directors may be removed by ordinary resolution of our shareholders.

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

Shareholders' annual general meetings and any other general meetings of our shareholders may be convened by a majority of our board of directors or the chairman of the board. Advance notice of at least ten calendar days is required for the convening of our annual general shareholders' meeting and any other general meeting of our shareholders. A quorum required for a general meeting of shareholders consists of one or more shareholders present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative, who hold in aggregate not less than one-third of the votes attaching to all issued and outstanding shares of our company entitled to vote at general meetings.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our amended and restated memorandum and articles of association allow any two or more of our shareholders holding in the aggregate not less than one-third of the votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings, to requisition an extraordinary general meeting of the shareholders, in which case our directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our amended and restated memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Transfer of Shares Subject to the restrictions of our amended and restated memorandum and articles of association set out below, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or ordinary form or any other form approved by our board of directors.

Our board of directors may, in its sole discretion, decline to register any transfer of any ordinary share which is not fully paid up. Our directors may also decline to register any transfer of any ordinary share unless (a) 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; (b) the instrument of transfer is properly stamped, if required; (c) 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; (d) the share to be transferred is free of any lien in favor of us; (e) a fee of such maximum sum as NASDAQ may determine to be payable, or such lesser sum as our board of directors may from time to time require, is paid to us in respect thereof; and (f) the instrument of transfer is in respect of only one class of shares.

If our directors refuse to register a transfer they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal. The registration of transfers may, after compliance with any notice required of NASDAQ, be suspended and our register of members 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 of members closed for more than 30 days in any year as our board of directors may determine.

Liquidation On a winding up of our company, if the assets available for distribution among our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed among our shareholders on a pro rata basis in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

The liquidator may, with the sanction of a special resolution of our shareholders, divide amongst the shareholders in species or in kind the whole or any part of the assets of our company and may for that purpose value any assets and determine how the division shall be carried out as between our shareholders or different classes of shareholders.

We are an exempted company with limited liability incorporated under the Companies Act, and under the Companies Act, the liability of our members is limited to the amount, if any, unpaid on the shares respectively held by them. Our memorandum of association contains a declaration that the liability of our members is so limited.

Calls on Shares and Forfeiture of Shares Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 calendar days prior to the specified time and place of payment. The ordinary shares that have been called upon and remain unpaid on the specified time 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, on such terms and in such manner as may be determined by our board of directors, before the issue of such shares, or by a special resolution of our shareholders. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our board of directors or by ordinary resolution of our shareholders, or are otherwise authorized by our memorandum and articles of association. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares If at any time, our share capital is divided into different classes of shares, all or any of the special rights attached to any class of shares may be varied either with the written consent of the holders of two-thirds in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights will not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu with such existing class of shares.

Inspection of Books and Records Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, at the discretion of our board of directors, we intend to provide our shareholders with annual audited financial statements.

Changes in Capital Our shareholders may from time to time by ordinary resolution:

- increase our share capital by such sum, to be divided into shares of such 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 that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled.

Our shareholders may, by special resolution and subject to confirmation by the Grand Court of the Cayman Islands on an application by our company for an order confirming such reduction, reduce our share capital and any capital redemption reserve in any manner authorized by law.

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

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

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

The issuance of convertible redeemable preferred shares may be used as an anti-takeover device without further action on the part of the shareholders. Issuance of these shares may dilute the voting power of holders of ordinary shares.

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

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

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our amended and restated 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.

C. Material Contracts

Other than a series of contractual arrangements entered into among Hexin Yongheng, Hexin Fengze and Hexin Jiuding in January 2021, we have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company” or elsewhere in this annual report on Form 20-F.

D. Exchange Controls

There is no exchange control legislation under Cayman Islands law, and accordingly, there are no exchange control regulations imposed under Cayman Islands law. See also “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Foreign Exchange—Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents,” “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations Relating to Foreign Exchange—Regulation on Foreign Currency Exchange” and “Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Dividend Distribution.”

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 ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this registration statement, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, PRC and the United States.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the 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 the ordinary shares, nor will gains derived from the disposal of the ordinary shares be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

PRC Enterprise Income Tax Law

Under the EIT Law, which became effective on January 1, 2008 and amended by the PRC National People's Congress in December 2018, an enterprise established outside the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise" for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. In 2009, the SAT issued SAT 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. In 2011, the SAT issued SAT Bulletin 45 to provide more guidance on the implementation of SAT Circular 82.

According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be considered a PRC resident enterprise by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following conditions are met: (a) the senior management and core management departments in charge of its daily operations function have their presence mainly in the PRC; (b) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (d) more than half of the enterprise's directors or senior management with voting rights habitually reside in the PRC. Although SAT Circular 82 and SAT Bulletin 45 only apply to offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups and not those controlled by PRC individuals or foreigners, the determination criteria set forth therein may reflect the SAT's general position on how the term "de facto management body" could be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, individuals or foreigners.

We believe that we do not meet all of the criteria described above. We believe that neither we nor our subsidiaries outside of China are PRC resident enterprises, because neither we nor they are controlled by a PRC enterprise or PRC enterprise group, and because our records and their records (including the resolutions of the respective boards of directors and the resolutions of shareholders) are maintained outside the PRC. However, as 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" when applied to our offshore entities, we may be considered as a PRC resident enterprise and therefore may be subject to PRC enterprise income tax at 25% on our worldwide income. In addition, if the PRC tax authorities determine that we are a PRC resident enterprise for PRC enterprise income tax purposes, dividends we pay to non-PRC holders may be subject to PRC withholding tax, and gains realized on the sale or other disposition of ADSs or ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such dividends or gains are deemed to be from PRC sources.

If we are considered a "non-resident enterprise" by the PRC tax authorities, the dividends we receive from our PRC subsidiaries will be subject to a 10% withholding tax. The EIT Law also imposes a withholding income tax of 10% on dividends distributed by a foreign invested enterprise to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. 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, the dividend withholding tax rate may be reduced to 5%, if a Hong Kong resident enterprise that receives a dividend is considered a non-PRC tax resident enterprise and holds at least 25% of the equity interests in the PRC enterprise distributing the dividends, subject to approval of the PRC local tax authority. However, if the Hong Kong resident enterprise is not considered to be the beneficial owner of such dividends under applicable PRC tax regulations, such dividends may remain subject to withholding tax at a rate of 10%. Accordingly, Hexindai HK may be able to enjoy the 5% withholding tax rate for the dividends it receives from its PRC subsidiaries if it satisfies the relevant conditions under tax rules and regulations, and obtains the approvals as required.

The SAT issued an SAT Circular 59 together with the Ministry of Finance in April 2009 and a SAT Circular 698 in December 2009. By promulgating and implementing these two circulars, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. Under SAT Circular 698, where a non-resident enterprise transfers the equity interests of a PRC “resident enterprise” indirectly by disposition of the equity interests of an overseas holding company, and the overseas holding company is located in a tax jurisdiction that: (1) has an effective tax rate less than 12.5% or (2) does not tax foreign income of its residents, the non-resident enterprise, being the transferor, must report to the relevant tax authority of the PRC “resident enterprise” the indirect transfer. On February 3, 2015, the SAT issued the SAT Announcement 7. SAT Announcement 7 supersedes the rules with respect to the indirect transfer under SAT Circular 698, but does not touch upon the other provisions of SAT Circular 698, which remain in force. SAT Announcement 7 has introduced a new tax regime that is significantly different from the previous one under SAT Circular 698. SAT Announcement 7 extends its tax jurisdiction to not only indirect transfers set forth under SAT Circular 698 but also transactions involving transfer of other taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Announcement 7 provides clearer criteria than SAT Circular 698 for assessment of reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Announcement 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an indirect transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such indirect transfer to the relevant tax authority. 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. Factors that may be taken into consideration when determining whether there is a reasonable commercial purpose include, among other factors, the value of the transferred equity, offshore taxable situation of the transaction, the offshore structure’s economic essence and duration and trading fungibility. If an equity transfer transaction satisfies all the requirements mentioned above, such transaction will be considered an arrangement with reasonable commercial purpose. If an overseas holding company lacks a reasonable commercial purpose, gains derived from an indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

Accordingly, if we sell all or a part of our company and if the PRC tax authorities determine that we are a holding company that lacks a “reasonable commercial purpose”, such sale may be considered an indirect transfer under Circular 59, Circular 698, the SAT Announcement 7 and Bulletin 37 and subject non-PRC holders of our ordinary shares and ADSs to a PRC enterprise income tax, currently at a rate of 10%, on any gains derived by non-PRC holders on such sale. Additionally, a purchaser of all or a part of our company may determine that, under Circular 59, Circular 698, the SAT Announcement 7 and Bulletin 37, it is required to withhold the potentially applicable PRC tax rate of 10% from any consideration paid to non-PRC holders of our ordinary shares and ADSs.

U.S. Federal Income Tax Considerations

The following is a discussion of the material U.S. federal income tax considerations relevant to the acquisition, ownership, and disposition of our ADSs or ordinary shares by U.S. Holders (as defined below) that will hold our ADSs or ordinary shares as “capital assets” (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended, or the Code. This discussion is based upon applicable provisions of the Code, U.S. Treasury regulations promulgated thereunder, pertinent judicial decisions, interpretive rulings of the Internal Revenue Service, or the IRS, and such other authorities as we have considered relevant, all of which are subject to change, possibly with retroactive effect. This discussion does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual investment circumstances, including investors subject to special tax rules (for example, certain financial institutions; insurance companies; broker-dealers; pension plans; regulated investment companies; real estate investment trusts; tax-exempt organizations (including private foundations); U.S. expatriates; holders who own (directly, indirectly, or constructively) 10% or more of our stock (by vote or value); investors that will hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale, or other integrated transaction for U.S. federal income tax purposes; investors required to accelerate the recognition of any item of gross income with respect to our ADSs or ordinary shares as a result of such income being recognized on an “applicable financial statement” (as defined in section 451 of the Code); investors that are traders in securities that have elected the mark-to-market method of accounting; or investors that have a functional currency other than the U.S. dollar), all of whom may be subject to tax rules that differ significantly from those discussed below.

In addition, this discussion does not address tax considerations relevant to U.S. Holders under any non-U.S., state or local tax laws, the Medicare tax on net investment income, U.S. federal estate or gift tax, or the alternative minimum tax. Each U.S. Holder is urged to consult its tax advisors regarding the U.S. federal, state, local, and non-U.S. income and other tax considerations of an investment in ADSs or ordinary shares.

The discussion below of U.S. federal income tax consequences applies to you if you are a “U.S. Holder.” You are a U.S. Holder if you are a beneficial owner of our ADSs or ordinary shares and you are: (i) an individual who is a citizen or resident of the United States for U.S. federal income tax purposes; (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created in, or organized under the law of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is includable in gross income for U.S. federal income tax purposes regardless of its source; or (iv) a trust (A) the administration of which is subject to the primary supervision of a 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 you are a partner in a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) that holds our ADSs or ordinary shares, your tax treatment generally will depend on your status and the activities of the partnership. Partners in a partnership holding our ADSs or ordinary shares should consult their tax advisors regarding the tax consequences of an investment in the ADSs or ordinary shares.

Except as described in “—PFIC Rules” below, this discussion assumes that we are not, and will not become, a passive foreign investment company, or PFIC, for any taxable year.

ADSs

If you hold ADSs, for U.S. federal income tax purposes, you generally will be treated as the owner of the underlying ordinary shares that are represented by such ADSs. Accordingly, deposits or withdrawals of ordinary shares for ADSs will not be subject to U.S. federal income tax.

Dividends

Subject to the PFIC rules discussed below, any cash distributions (including the amount of any PRC tax withheld) paid on our ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includable in your gross income as dividend income on the day actually or constructively received by you, 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 under U.S. federal income tax principles, any distribution paid 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 under the Code.

A non-corporate recipient will be subject to tax at preferential tax rates applicable to “qualified dividend income,” provided that certain conditions are satisfied, including that (1) our stock (or ADSs representing such stock) is readily tradable on an established securities market in the United States, or, in the event that we are deemed to be a PRC tax resident enterprise under the PRC tax law, we are eligible for the benefit of the United States-PRC income tax treaty, or 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 was paid and the preceding taxable year, and (3) certain holding period requirements are met. The ADSs are readily tradable on the NASDAQ Global Market, and as such, we believe that dividends paid on the ADSs constitute qualified dividend income. There can be no assurance that our ADSs will continue to be considered readily tradable on an established securities market in later years. Our ordinary shares are not traded on an established securities market in the United States. Accordingly, we do not believe that dividends paid on our ordinary shares that are not backed by ADSs currently meet the conditions required for the reduced tax rate.

In the event that we are deemed to be a PRC tax resident enterprise under PRC tax law, you may be subject to PRC withholding taxes on dividends paid on our ADSs or ordinary shares, as described under “Taxation—People’s Republic of China Taxation.” If we are deemed to be a PRC tax resident enterprise, we may, however, 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 our ADSs, may be eligible for the reduced rates of taxation applicable to qualified dividend income, as discussed above.

For U.S. foreign tax credit purposes, dividends generally will be treated as income from foreign sources and generally will constitute passive category income. Depending on your particular circumstances, you may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on our ADSs or ordinary shares. If you do not elect to claim a foreign tax credit for foreign tax withheld, you may instead claim a deduction, for U.S. federal income tax purposes, for the foreign tax withheld, but only for a year in which you elect to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisor regarding the availability of the foreign tax credit under your particular circumstances.

Sale or Other Disposition of ADSs or Ordinary Shares

Subject to the PFIC rules discussed below, you generally will recognize capital gain or loss upon the sale or other disposition of our ADSs or ordinary shares in an amount equal to the difference, if any, between the amount realized upon the disposition and your adjusted tax basis in such ADSs or ordinary shares. Any capital gain or loss will be long-term capital gain or loss if you have held the ADSs or ordinary shares for more than one year, and will generally be U.S.-source gain or loss for U.S. foreign tax credit purposes. The deductibility of a capital loss may be subject to limitations. In the event that we are deemed to be a PRC tax resident enterprise under PRC tax law, gain from the disposition of the ADSs or ordinary shares may be subject to tax in the PRC, as described under “Taxation—People’s Republic of China Taxation.” If we are treated as a PRC resident enterprise and PRC tax were imposed on any gain from your disposition of the ADSs or ordinary shares, you would be able to elect to treat the gain as PRC source income for foreign tax credit purposes if you are eligible for the benefits of the Treaty. You are urged to consult your tax advisor regarding the tax consequences if a foreign tax is imposed on a disposition of our ADSs or ordinary shares, including the availability of the foreign tax credit under your particular circumstances.

PFIC Rules

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. For this purpose, cash is categorized as a passive asset and the company’s goodwill associated with active business activity is taken into account as a non-passive asset. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

Based on the projected composition of our assets and income, we do not believe that we were a PFIC for our taxable year ended March 31, 2020 and we do not anticipate becoming a PFIC for our taxable year ending March 31, 2021. While we do not anticipate becoming a PFIC, because the value of our assets for purposes of the PFIC asset test will generally be determined by reference to the market price of our ADSs or ordinary shares, fluctuations in the market price of our ADSs or ordinary shares may cause us to become a PFIC for the current or any subsequent taxable year. The determination of whether we will become a PFIC will also depend, in part, on the composition of our income and assets, which will be affected by how, and how quickly, we use our liquid assets and the cash raised in our initial public offering. Additionally, although the law in this regard is unclear, we treat our VIE as being owned by us for U.S. federal income tax purposes, not only because we exercise effective control over the operation of such entity but also because we are entitled to substantially all of its economic benefits, and, as a result, we consolidate their results of operation in our combined and consolidated financial statements. Whether we are a PFIC is a factual determination and we must make a separate determination each taxable year as to whether we are a PFIC (after the close of each taxable year). Accordingly, we cannot assure you that we will not be a PFIC for our taxable year ending March 31, 2021 or any future taxable year. If we are classified as a PFIC for any taxable year during which you hold our ADSs or ordinary shares, we generally will continue to be treated as a PFIC, unless you make certain elections, for all succeeding years during which you hold our ADSs or ordinary shares even if we cease to qualify as a PFIC under the rules set forth above. If we are a PFIC for any taxable year during which you hold our ADSs or ordinary shares, you will be subject to special tax rules with respect to any “excess distribution” that you receive and any gain you realize from a sale or other disposition (including a pledge) of our ADSs or ordinary shares, unless you make a “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or ordinary shares;
- amounts allocated to the current taxable year and any taxable years in your holding period prior to the first taxable year in which we are classified as a PFIC, or a pre-PFIC year, will be taxable as ordinary income; and
- amounts allocated to each prior taxable year, other than the current taxable year or a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to you for that year, and such amounts will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to such years.
- If we are a PFIC for any taxable year during which you hold our ADSs or ordinary shares and any of our non-U.S. subsidiaries is also a PFIC, you will be treated as owning a proportionate amount (by value) of the shares of each such non-U.S. subsidiary classified as a PFIC for purposes of the application of these rules.

A U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election for such stock of a PFIC to elect out of the tax treatment discussed in the two preceding paragraphs. If you make a valid mark-to-market election for the ADSs, you will include in income each year an amount equal to the excess, if any, of the fair market value of the ADSs as of the close of your taxable year over your adjusted basis in such ADSs. You will be allowed a deduction for the excess, if any, of the adjusted basis of the ADSs over their fair market value as of the close of the taxable year. However, deductions will be allowable only to the extent of any net mark-to-market gains on the ADSs included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs, will be treated as ordinary income. Ordinary loss treatment will also apply to the deductible portion of any mark-to-market loss on the ADSs, as well as to any loss realized on the actual sale or disposition of the ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs. Your basis in the ADSs will be adjusted to reflect any such income or loss amounts. If you make a mark-to-market election, tax rules that apply to distributions by corporations which are not PFICs (described above in “—Dividends”) would apply to distributions by us (except that the preferential rates for qualified dividend income would not apply).

The mark-to-market election is available only for “marketable stock” which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. We expect that the ADSs will be listed on the NASDAQ Global Market, which is a qualified exchange for these purposes. If the ADSs are regularly traded, and the ADSs qualify as “marketable stock” for purposes of the mark-to-market rules, then the mark-to-market election might be available to you if we were to become a PFIC.

Because, as a technical matter, a mark-to-market election cannot be made for any lower-tier PFICs that we may own, you may continue to be subject to the PFIC rules with respect to your 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 currently intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If you own our ADSs or ordinary shares during any taxable year that we are a PFIC, you must file an annual report on IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with the IRS, generally with your federal income tax returns for such year, subject to certain exceptions based on the value of the ADSs or ordinary shares held. A failure to file a required annual report will suspend the statute of limitations with respect to any tax return, event, or period to which such report relates (potentially including with respect to items that do not relate to your investment in the ADSs or ordinary shares). You are urged to consult your tax advisor concerning the U.S. federal income tax consequences of purchasing, holding, 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.

Information with Respect to Specified Foreign Financial Assets

You may be required to submit to the IRS certain information with respect to your beneficial ownership of our ADSs or ordinary shares, if such ADSs or ordinary shares are not held on your behalf by certain financial institutions. Penalties also may be imposed if you are required to submit such information to the IRS and fail to do so.

Information Reporting and Backup Withholding

Dividend payments with respect to ADSs or ordinary shares and proceeds from the sale, exchange or redemption of ADSs or ordinary shares may be subject to information reporting to the IRS and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on IRS Form W-9 or an acceptable substitute form.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information. You are urged to consult your tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable.

H. Documents on Display

We previously filed with the SEC our registration statement on Form F-1, as amended, to register our ordinary shares in relation to our initial public offering. We have also filed with the SEC a related registration statement on F-6 (Registration No. 333-220966) to register the ADSs.

We are subject to periodic reporting and other information requirements of the Securities Exchange Act of 1934, as amended, or the “Exchange Act.” Under the Exchange Act, we are required to file reports and other information with the SEC, including filing annually a Form 20-F within four months after the end of each fiscal year, which is March 31. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the Securities and Exchange Commission at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the Commission at 1-800-SEC-0330. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish Citibank, N.A., the depositary of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders’ meeting 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 written request, will mail to all record holders of ADSs the information contained in any notice of a shareholders’ meeting received by the depositary from us.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**Foreign Exchange Risk**

Substantially all of our revenue and substantially all of our expenses are denominated in RMB. In our consolidated financial statements, our financial information that uses RMB as the functional currency has been translated into U.S. dollars. Due to foreign currency translation adjustments, we had a foreign exchange translation loss of US\$ 6.1 million for the fiscal year ended March 31, 2019, a foreign exchange translation loss of US\$5.6 million for the fiscal year ended March 31, 2020, and a foreign exchange gain of US\$3.9 million for the fiscal year ended March 31, 2021. Appreciation or depreciation in the value of the RMB relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. Currently our exposure to foreign exchange risk primarily relates to our cash denominated in U.S. dollars as a result of the proceeds from our initial public offering and the proceeds from the three-year senior unsecured note we issued to Majik Fund SPC..

The conversion of RMB into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. In 2015 and 2016, the value of the RMB depreciated against the U.S. dollar. The RMB appreciated by 6.71% against the U.S. dollar in 2017 but has depreciated against the U.S. dollar since April 2018. From April 2018 to March 2019, the RMB depreciated by approximately 6.89% against the U.S. dollars. The exchange rate between RMB and U.S. dollars experienced fluctuations from April 2019 to March 2020, and the RMB appreciated by approximately 1.1% against the U.S. dollars. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into RMB for our operations, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amounts available to us.

It is difficult to predict how market forces, including the volatile market conditions arising from the COVID-19 pandemic, or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. Dollar in the future.

See “Item 3. Key Information—D. Risk Factors—Risks Related to PRC Laws Regulating Our Business and Industry—Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment.”

Interest Risk

We have not been exposed to material risks due to changes in market interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure. However, we cannot provide assurance that we will not be exposed to material risks due to changes in market interest rate in the future. Our future interest income may fall short of expectations due to changes in market interest rates.

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 Depository Shares

Fees and Charges Our ADS Holders May Have to Pay

As an ADS holder, you will be required to pay the following service fees to the depositary and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs):

[Table of Contents](#)

Service	Fees
(1) Issuance of ADSs (e.g. , an issuance upon a deposit of Shares, upon a change in ADS(s)-to-Share(s) ratio, or for any other reason), excluding issuances as a result of distributions described in paragraph (4) below.	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) issued
(2) Cancellation of ADSs (e.g. , a cancellation of ADSs for delivery of deposited Shares, upon a change in the ADS(s)-to-Shares(s) ratio, or for any other reason.	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) cancelled.
(3) Distribution of cash dividends or other cash distributions (e.g. , upon a sale of rights and other entitlements)	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) held.
(4) Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) an exercise of rights to purchase additional ADSs.	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) held.
(5) Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g. , spin-off shares).	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) held.
(6) ADS Services.	Up to U.S. \$5.00 per 100 ADSs (or fraction thereof) held on the applicable record date(s) established by the depositary.

As an ADS holder, you will also be responsible to pay certain fees and expenses incurred by the depositary and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs) such as the following:

- Fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares).
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex, fax and electronic transmissions and for delivery of securities.
- Taxes and duties upon the transfer of securities, including any applicable stamp duties, any stock transfer charges or withholding taxes (i.e., when ordinary shares are deposited or withdrawn from deposit).
- Fees and expenses incurred in connection with the delivery of ordinary shares on deposit or the servicing of ordinary shares, deposited securities and/or ADSs.
- Fees and expenses incurred in connection with complying with exchange control regulations and other regulatory requirements applicable to ordinary shares, deposited securities, ADSs and ADRs.

ADS fees and charges payable upon (i) deposit of the ordinary shares against issuance of ADSs and (ii) surrender of ADSs for cancellation and withdrawal of the ordinary shares are charged to the person to whom the ADSs are delivered (in the case of ADS issuances) and to the person who delivers the ADSs for cancellation (in the case of ADS cancellations). In the case of ADSs issued by the depositary bank into DTC or presented to the depositary bank via DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC and may be charged to the DTC participant(s) receiving the ADSs or the DTC participant(s) surrendering the ADSs for cancellation, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account(s) of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participant(s) as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges, and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC and may be charged to the DTC participants, in accordance with the procedures and practices prescribed by DTC, and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs.

In the event of refusal to pay the depositary bank fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary bank fees from any distribution to be made to the ADS holder. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary bank. You will receive prior notice of such changes.

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

The charges described above may be amended from time to time by agreement between us and the depositary.

Fees and Other Payments Made by the Depositary to Us

The depositary bank may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank agree from time to time.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

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

Material Modifications to the Rights of Security Holders

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

Use of Proceeds

The following “Use of Proceeds” information relates to (i) the registration statement on Form F-1, as amended (File Number: 333-220720) in relation to our initial public offering of 5,036,950 ADSs representing 5,036,950 ordinary shares, at an initial offering price of US\$10.00 per ADS. Our initial public offering closed on November 3, 2017. Network 1 Financial Securities, Inc. was the representative of the underwriters for our initial public offering. As a result of our initial public offering, we raised an aggregate of approximately US\$43.3 million in net proceeds, after deducting related costs and expenses.

As of the date of this annual report, we had used all the net proceeds received from our initial public offering.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and our chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of the end of the period covered by this annual report on Form 20-F, as required by Rule 13a-15(b) under the Exchange Act.

Based on that evaluation, our management concluded that, as of March 31, 2021, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file and furnish under the Exchange Act was recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act. Our management evaluated the effectiveness of our internal control over financial reporting, as required by Rule 13a-15(c) of the Exchange Act, based on criteria established in the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that the material weaknesses identified during the fiscal year ended March 31, 2018 have been remediated, and our internal control over financial reporting was effective as of March 31, 2019, 2020 and 2021.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Attestation Report of the Independent Registered Public Accounting Firm

This annual report does not include an attestation report of our company's independent registered public accounting firm because we qualify as an "emerging growth company" as such term is defined in the JOBS Act as of March 31, 2021.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fiscal year ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. A. AUDIT COMMITTEE FINANCIAL EXPERT

Our audit committee consists of three members and is chaired by Mr. David Wei Tang. Each of Mr. Stephen Markscheid, Mr. Dagang Guo and Mr. David Wei Tang satisfies the "independence" requirements of the listing rules of NASDAQ and meet the independence standards under Rule 10A-3 under the Exchange Act. We have determined that each of Mr. Stephen Markscheid and Mr. David Wei Tang qualifies as an "audit committee financial expert."

ITEM 16.B. CODE OF ETHICS

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers, employees and advisors, which became effective in November 2017. We have posted a copy of our code of business conduct and ethics on our website at ir.xiaobaimaimai.com.

ITEM 16.C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by the categories specified in connection with certain professional services rendered by Wei, Wei & Co., LLP, our independent registered public accounting firm for the fiscal years ended March 31, 2020 and 2021. We did not pay any other fees to our auditor during the periods indicated below.

	By Wei, Wei & Co., LLP Year ended March 31,	
	2020	2021
Audit fees (1)	434,000	365,000
Tax fees (2)	—	—

(1) “Audit fees” represent the aggregate fees for professional services rendered by our principal auditors for the review of our interim consolidated financial statements, the audit of our annual consolidated financial statements and/or services that are normally provided by the auditors in connection with statutory and regulatory filings or engagements.

(2) “Tax fees” represent the aggregate fees for professional services rendered by our principal auditors for tax compliance, tax advice and tax planning.

The policy of our audit committee is to pre-approve all audit and non-audit services to be provided by Wei, Wei & Co., LLP, including audit services, audit-related services, tax services and other services as are described above, other than those for de minimis services which are approved by the audit committee prior to the completion of the audit.

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

Not applicable.

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

The following table sets forth information about our purchases of outstanding ADSs from December 10, 2019 to June 30, 2021.

Period	Total Number of ADSs Purchased	Average Price Paid per ADS (1)	Total Number of ADSs Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Program (2)
December 10, 2019 to December 31, 2019	—	—	—	US\$ 21.01 million
January 2020	—	—	—	US\$ 21.01 million
February 2020	—	—	—	US\$ 21.01 million
March 2020	—	—	—	US\$ 21.01 million
April 2020	—	—	—	US\$ 21.01 million
May 2020	—	—	—	US\$ 21.01 million
June 2020	—	—	—	US\$ 21.01 million
From July 1, 2020 to June 30, 2021	—	—	—	US\$ 21.01 million

(1) Each of our ADSs represents three ordinary shares. The average price per ADS is calculated using the execution price for each repurchase excluding commissions paid to brokers.

ITEM 16.F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

On December 6, 2019, we dismissed Deloitte Touche Tohmatsu, or Deloitte, as our independent registered public accounting firm in connection with the audit of our consolidated financial statements for the fiscal year ended March 31, 2019.

The audit report of Deloitte on our consolidated financial statements as of March 31, 2019 and for the fiscal year ended March 31, 2019 did not contain an adverse opinion or disclaimer of opinion, were not qualified or modified as to uncertainty, audit scope or accounting principles and included explanatory paragraphs regarding to modified retrospective adoption of ASC 606.

The decision to change the independent registered public accounting firm was recommended and approved by our Audit Committee and the Board of Directors.

During the fiscal year ended March 31, 2019 and through December 6, 2019, the date of dismissal, (a) there were no disagreements with Deloitte on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Deloitte, would have caused it to make reference thereto in its reports on the financial statements for such years, and (b) there were no “reportable events” (as that term is described in Item 304(a)(1)(v) of Regulation S-K). There is no disagreement with Deloitte on the above matters.

We provided a copy of this disclosure to Deloitte and requested that Deloitte furnish us with a letter addressed to the SEC stating whether it agrees with the above statements, and if not, stating the respects in which it does not agree. A copy of the letter from Deloitte addressed to the SEC, dated August 13, 2020, was filed as Exhibit 16.1 to the Form 20-F for the year ended March 31, 2020 which we filed with the SEC on August 13, 2020.

With the dismissal of Deloitte, we engaged Wei, Wei & Co., LLP, or WWC, as our independent registered public accounting firm for the fiscal year ended March 31, 2020. The engagement of WWC was approved by our Audit Committee and the Board of Directors. During the fiscal year ended March 31, 2019 and any subsequent interim periods prior to the engagement of WWC, neither we, nor someone on our behalf, have consulted WWC regarding:

1. the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on our consolidated financial statements, and neither a written report was provided to us or oral advice was provided that WWC concluded was an important factor considered by us in reaching a decision as to the accounting, auditing or financial reporting issue; or
2. any matter that was the subject of a disagreement as defined in Item 16F(a)(1)(iv) of Form 20-F and related instructions to Item 16F of Form 20-F, or any reportable event as described in Item 16F(a)(1)(v) of Form 20-F.

ITEM 16.G. CORPORATE GOVERNANCE

As a Cayman Islands exempted company listed on NASDAQ, we are subject to the NASDAQ corporate governance listing standards. However, NASDAQ rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NASDAQ corporate governance listing standards. Currently, pursuant to the home country rule exemption set forth under NASDAQ Listing Rule 5615, we have elected to be exempt from the requirement under NASDAQ Listing Rule 5635 to obtain shareholder approval of a business combination and to obtain shareholder approval for the issuance of 20% or more of our outstanding ordinary shares, which are not required under the Companies Act of the Cayman Islands. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our ADSs—We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.”

ITEM 16.H. MINE SAFETY DISCLOSURE

Not applicable.

PART III**ITEM 17. FINANCIAL STATEMENTS**

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of Xiaobai Maimai Inc., its subsidiaries and its consolidated variable interest entities are included at the end of this annual report on Form 20-F.

ITEM 19. EXHIBITS**EXHIBIT INDEX**

Exhibit Number	Description of Document
1.1	Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.2 to the registration statement on Form F-1 (File No. 333-220720), as amended, initially filed with the Securities and Exchange Commission on September 29, 2017)
2.1	Registrant's Specimen American Depository Receipt (included in Exhibit 2.3)
2.2	Registrant's Specimen Certificate for Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-220720), initially filed with the Securities and Exchange Commission on September 29, 2017)
2.3	Deposit Agreement by and among the Registrant, the Depositary, and the Holders and Beneficial Owners of the American Depository Shares, dated as of November 2, 2017 (incorporated herein by reference to Exhibit (a)(ii) to the Post-Effective Amendment No. 1 to Form F-6 registration statement (File No. 333 - 220966), initially filed with the Securities and Exchange Commission on August 10, 2020)
2.4	Form of Amendment No. 1 to the Deposit Agreement by and among the Registrant, the Depositary, and the Holders and Beneficial Owners of the American Depository Shares, and Form of American Depository Receipt (incorporated herein by reference to Exhibit (a) (i) to the Post-Effective Amendment No. 1 to Form F-6 registration statement (File No. 333 - 220966), initially filed with the Securities and Exchange Commission on August 10, 2020)
2.5	Description of securities of the Registrant registered under Section 12 of the Securities Exchange Act of 1934 (incorporated herein by reference to Exhibit 2.5 to the annual report on Form 20-F filed with the SEC on August 14, 2020)
4.1	Amended and Restated 2016 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.17 to the registration statement on Form F-1 (File No. 333-220720), as amended, initially filed with the Securities and Exchange Commission on September 29, 2017)
4.2	Form of Option Agreement (incorporated herein by reference to Exhibit 10.18 to the registration statement on Form F-1 (File No. 333-220720), as amended, initially filed with the Securities and Exchange Commission on September 29, 2017)

[Table of Contents](#)

4.3 [Form of Indemnification Agreement with Executive Officers and Directors \(incorporated herein by reference to Exhibit 10.19 to the registration statement on Form F-1 \(File No. 333-220720\), as amended, initially filed with the Securities and Exchange Commission on September 29, 2017\)](#)

4.4* [Assignment and Assumption Agreement among Hexin E-Commerce, Xiaobo An, Xiaoning An, Xiaobin Zhai, Hexin Yongheng and Kuaishangche dated December 16, 2020](#)

4.5* [English translation of VIE Termination Agreement among Hexin Yongheng, Wusu Company, Hexin E-Commerce, Jia Ming, Wu Shiwei and Wang Huan dated November 20, 2020](#)

4.6* [English translation of the Equity Interest Pledge Agreement among Hexin Yongheng, Hexin E-Commerce and Wusu Company, dated December 1, 2020](#)

4.7* [English translation of the Exclusive Option Agreement among Hexin Yongheng, Hexin E-Commerce and Wusu Company, dated December 1, 2020](#)

4.8* [English translation of the Exclusive Business Cooperation Agreement between Hexin Yongheng and Wusu Company, dated December 1, 2020](#)

4.9* [English translation of the Power of Attorney granted to Hexin Yongheng by Hexin E-Commerce, dated December 1, 2020](#)

4.10 [English translation of the Exclusive Business Cooperation Agreement between Hexin Jiuding and Hexin Yongheng, dated January 1, 2021 \(incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-3 \(File No. 21554255\), as amended, initially filed with the Securities and Exchange Commission on January 26, 2021\)](#)

4.11 [English translation of the Exclusive Option Agreement among Hexin Fengze, Hexin Jiuding and Hexin Yongheng dated January 1, 2021 \(incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-3 \(File No. 21554255\), as amended, initially filed with the Securities and Exchange Commission on January 26, 2021\)](#)

4.12 [English translation of the Equity Interest Pledge Agreement among Hexin Fengze, Hexin Jiuding and Hexin Yongheng dated January 1, 2021 \(incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-3 \(File No. 21554255\), as amended, initially filed with the Securities and Exchange Commission on January 26, 2021\)](#)

4.13 [English translation of Power of Attorney granted to Hexin Yongheng by Hexin Fengze dated January 1, 2021 \(incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-3 \(File No. 21554255\), as amended, initially filed with the Securities and Exchange Commission on January 26, 2021\)](#)

4.14 [Form of Escrow Agreement \(incorporated herein by reference to Exhibit 10.20 to the registration statement on Form F-1 \(File No. 333-220720\), as amended, initially filed with the Securities and Exchange Commission on September 29, 2017\)](#)

4.15 [Form of Subscription Agreement \(incorporated herein by reference to Exhibit 10.21 to the registration statement on Form F-1 \(File No. 333-220720\), as amended, initially filed with the Securities and Exchange Commission on September 29, 2017\)](#)

4.16* [English version of the Equity Transfer Agreement among Hexin E-Commerce, Jia Ming and Shiwei Wu, dated November 20, 2020](#)

[Table of Contents](#)

4.17	English version of the Equity Interest Pledge Agreement between Hexin Yongheng, Hexin Jinke and Hexin Digital, dated August 1, 2019 (incorporated herein by reference to Exhibit 4.38 to the annual report on Form 20-F (File No. 201105530), initially filed with the Securities and Exchange Commission on August 14, 2020)
4.18	English version of the Power of Attorney granted to Hexin Yongheng by Hexin Jinke, dated August 1, 2019 (incorporated herein by reference to Exhibit 4.39 to the annual report on Form 20-F (File No. 201105530), initially filed with the Securities and Exchange Commission on August 14, 2020)
4.19	English version of the Exclusive Business Cooperation Agreement between Hexin Yongheng and Hexin Digital, dated August 1, 2019 (incorporated herein by reference to Exhibit 4.40 to the annual report on Form 20-F (File No. 201105530), initially filed with the Securities and Exchange Commission on August 14, 2020)
4.20	English version of the Exclusive Option Agreement between Hexin Yongheng, Hexin Jinke and Hexin Digital, dated August 1, 2019 (incorporated herein by reference to Exhibit 4.41 to the annual report on Form 20-F (File No. 201105530), initially filed with the Securities and Exchange Commission on August 14, 2020)
4.21	English version of the Loan Agreement between Hexin Yongheng and Hexin Jinke, dated August 1, 2019 (incorporated herein by reference to Exhibit 4.42 to the annual report on Form 20-F (File No. 201105530), initially filed with the Securities and Exchange Commission on August 14, 2020)
8.1*	List of Subsidiaries of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-220720), as amended, initially filed with the Securities and Exchange Commission on September 29, 2017)
12.1*	Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Han Kun Law Offices
15.2*	Consent of Wei, Wei & Co., LLP, an independent registered public accounting firm
15.3*	Consent of Deloitte Touche Tohmatsu, an independent registered public accounting firm
16.1*	Letter dated August 13, 2020 from Deloitte Touche Tohmatsu, pertaining to Item 16F (initially filed with the Securities and Exchange Commission on August 14, 2020)
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

** Furnished herewith

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F, and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Xiaobai Maimai Inc.

By: /s/ Xiaobo An

Name: Xiaobo An

Title: Chairman and Chief Executive Officer

Date: July 28, 2021

125

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
TABLE OF CONTENTS

	<u>Page</u>
Consolidated Financial Statements	
Reports of Independent Registered Public Accounting Firms	F-2
Consolidated Balance Sheets	F-4
Consolidated Statements of Operations and Comprehensive Income (Loss)	F-5
Consolidated Statements of Changes in Shareholders' Equity	F-6
Consolidated Statements of Cash Flows	F-7
Notes to the Consolidated Financial Statements	F-8—F-32
Schedule I — Additional information of the Parent Company	F-33—F-35

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Xiaobai Maimai, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Xiaobai Maimai, Inc. and Subsidiaries (the “Company”) as of March 31, 2021 and 2020, and the related consolidated statements of operations and comprehensive income (loss), changes in shareholders’ equity, and cash flows for each of the two years in the period ended March 31, 2021, and the related notes (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 March 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments for the retrospective adjustments for the discontinued operations discussed in the change in accounting discussed in Note 4 to the consolidated financial statements that were applied to restate the consolidated financial statements for the year ended March 31, 2019 (“2019 consolidated financial statements”). In our opinion, such adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review or apply any procedures to the 2019 consolidated financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 consolidated financial statements taken as a whole.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Wei, Wei & Co. LLP

Flushing, New York
July 28, 2021

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Xiaobai Maimai Inc. (formerly known as Hexindai Inc.)

Opinion on the Financial Statements

We have audited, before the effects of the retrospective adjustments for the discontinued operations discussed in Note 4 to the consolidated financial statements, the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows of Xiaobai Maimai Inc. (the "Company"), its subsidiaries, its variable interest entities ("VIE") and its VIE's subsidiaries (collectively referred to as the "Group") for the year ended March 31, 2019, and the related notes and the financial statement schedule included in Schedule I (collectively referred to as the "financial statements") (the 2019 financial statements before the effects of the retrospective adjustments discussed in Note 4 to the financial statements are not presented herein).

In our opinion, the 2019 financial statements, before the effects of the retrospective adjustments for the discontinued operations discussed in Note 4 to the financial statements, present fairly, in all material respects, the results of its operations and its cash flows for the year ended March 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review or apply new procedures to the retrospective adjustments for the discontinued operations discussed in Note 4 to the financial statements and, accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditors.

Adoption of Accounting Standards Updates

Effective April 1, 2018, the Group changed its method for recognizing revenue as a result of the modified retrospective adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended.

Basis for Opinion

These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on the Group's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte Touche Tohmatsu
Hong Kong
July 31, 2019

We have served as the Group's auditor since 2018. In 2019, we became the predecessor auditor.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of March 31, 2021 USD	As of March 31, 2020 USD
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	15,128,719	6,668,104
Accounts receivable, net	28,362	1,884
Loans receivable, net - current	5,488,045	12,626,200
Prepayments and other assets	604,524	426,137
Other receivable - current	8,872,838	23,609,338
Current assets of discontinued operations	—	8,686,507
TOTAL CURRENT ASSETS	30,122,488	52,018,170
Loans receivable, net - non-current	—	14,070,741
Long-term investments, net	—	1,600,000
Property, equipment and software, net	66,887	92,832
Right-of-use assets	—	670,738
Other receivable - non-current	1,496,121	8,237,346
Non-current assets of discontinued operations	—	3,786,332
TOTAL ASSETS	31,685,496	80,476,159
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accrued expenses and other current liabilities	1,142,507	1,149,599
Taxes payable (receivable)	302,682	(43,361)
Lease liabilities - current	—	740,752
Amount due to related parties	2,968,782	2,093,684
Current liabilities of discontinued operations	—	8,421,098
Note payable - current	10,000,000	—
TOTAL CURRENT LIABILITIES	14,413,971	12,361,772
Note payable- non-current	—	20,000,000
Lease liabilities - non-current	—	13,498
TOTAL LIABILITIES	14,413,971	32,375,270
COMMITMENTS AND CONTINGENCIES (Note 23)		
SHAREHOLDERS' EQUITY:		
Ordinary shares (US\$0.0001 par value; 500,000,000 shares authorized, 50,016,457 and 49,984,223 shares issued, 48,850,574 and 48,818,340 shares outstanding as of March 31, 2021 and 2020, respectively)	5,002	4,999
Additional paid-in capital	60,615,048	60,559,583
Treasury stock (1,165,883 shares as of March 31, 2021 and 2020, respectively)	(3,988,370)	(3,988,370)
Deficit	(36,256,612)	(1,429,623)
Accumulated other comprehensive loss	(3,103,543)	(7,045,700)
TOTAL SHAREHOLDERS' EQUITY	17,271,525	48,100,889
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	31,685,496	80,476,159

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

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	For years ended March 31,		
	2021 USD	2020 USD	2019 USD
REVENUES			
Commission services	82,054	—	—
Recommendation service and other	—	3,916,276	184,968
Interest income	1,690,448	3,043,096	3,552,759
Tax and surcharges	(17,567)	(44,898)	(42,510)
Net Revenues	1,754,935	6,914,474	3,695,217
OPERATING EXPENSE			
Service and development	544,572	1,032,562	—
Sales and marketing	1,087,009	1,462,798	1,167,469
General and administrative	27,217,613	20,488,796	3,131,550
Impairment charge on long-term investments	1,600,000	29,189,836	—
Finance cost	2,154,621	2,498,706	—
Share-based compensation	55,468	347,466	6,585,386
Total Operating Expenses	32,659,283	55,020,164	10,884,405
LOSS FROM CONTINUING OPERATIONS	(30,904,348)	(48,105,690)	(7,189,188)
OTHER INCOME (EXPENSE)			
Other income	100,067	1,239,705	386,415
Other expense	(264,985)	(7,545)	(5,265)
Total Other Income (Expense), net	(164,918)	1,232,160	381,150
(LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(31,069,266)	(46,873,530)	(6,808,038)
PROVISION FOR INCOME TAXES	482,976	489,955	807,710
NET (LOSS) FROM CONTINUING OPERATIONS	(31,552,242)	(47,363,485)	(7,615,748)
Net (loss) income from discontinued operations, net of income taxes	(6,439,549)	(23,834,894)	13,148,329
Gain from disposal of discontinued operations, net of income taxes	3,164,802	—	—
Total loss from discontinued operations	(3,274,747)	(23,834,894)	13,148,329
NET (LOSS) INCOME	(34,826,989)	(71,198,379)	5,532,581
OTHER COMPREHENSIVE (LOSS) INCOME			
Foreign currency translation adjustment	3,942,157	(5,288,742)	(6,136,187)
COMPREHENSIVE (LOSS)	(30,884,832)	(76,487,121)	(603,606)
Net (loss) per share			
Continuing operations			
Basic	(0.64)	(0.97)	(0.16)
Diluted	(0.64)	(0.97)	(0.14)
Discontinued operations			
Basic	(0.07)	(0.49)	0.27
Diluted	(0.07)	(0.49)	0.25
Net (loss) income per share			
Basic	(0.71)	(1.46)	0.11
Diluted	(0.71)	(1.46)	0.10
Weighted average shares			
Basic	48,837,977	48,757,199	48,693,162
Diluted	48,837,977	48,757,199	52,912,826

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

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Ordinary Shares		Additional Paid-in Capital USD	Treasury stock		Retained Earnings (Deficit) USD	Accumulated Other Comprehensive (Loss) income USD	Total USD
	Number of Shares	Amount USD		Number of Shares	Amount USD			
April 1, 2018	47,958,550	4,796	58,417,971	—	—	77,430,759	4,379,229	140,232,755
Share-based compensation	—	—	6,585,386	—	—	—	—	6,585,386
Exercise of share options	1,127,853	113	1,156,510	—	—	—	—	1,156,623
Exercise of restricted stock unit ("RSU")	538,900	54	(54)	—	—	—	—	—
Dividends to shareholders	—	—	(6,352,948)	—	—	(13,194,584)	—	(19,547,532)
Repurchase of ordinary shares	—	—	—	(421,220)	(1,320,468)	—	—	(1,320,468)
Net income for the year	—	—	—	—	—	5,532,581	—	5,532,581
Foreign currency translation adjustment	—	—	—	—	—	—	(6,136,187)	(6,136,187)
March 31, 2019	49,625,303	4,963	59,806,865	(421,220)	(1,320,468)	69,768,756	(1,756,958)	126,503,158
Share-based compensation	—	—	347,466	—	—	—	—	347,466
Exercise of share options	320,020	32	281,585	—	—	—	—	281,617
Exercise of RSU	38,900	4	(4)	—	—	—	—	—
Repurchase of ordinary shares	—	—	—	(744,663)	(2,667,902)	—	—	(2,667,902)
Net loss for the year	—	—	—	—	—	(71,198,379)	—	(71,198,379)
Shareholder's contribution	—	—	123,671	—	—	—	—	123,671
Foreign currency translation adjustment	—	—	—	—	—	—	(5,288,742)	(5,288,742)
March 31, 2020	49,984,223	4,999	60,559,583	(1,165,883)	(3,988,370)	(1,429,623)	(7,045,700)	48,100,889
Share-based compensation	—	—	55,468	—	—	—	—	55,468
Exercise of RSU	32,234	3	(3)	—	—	—	—	—
Net loss	—	—	—	—	—	(34,826,989)	—	(34,826,989)
Foreign currency translation adjustment	—	—	—	—	—	—	3,942,157	3,942,157
March 31, 2021	50,016,457	5,002	60,615,048	(1,165,883)	(3,988,370)	(36,256,612)	(3,103,543)	17,271,525

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

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended March 31,		
	2021 USD	2020 USD	2019 USD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) from continuing operations	(31,552,242)	(47,363,485)	(7,615,748)
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Gain from disposal of discontinued operations	(3,164,802)	—	—
Depreciation and amortization	15,161	120,520	17,233
Loss on disposal of property, equipment, and software	17,137	15,993	4,613
Share-based compensation	55,468	347,466	6,585,386
Allowance for uncollectible loans receivable	22,159,416	14,225,449	1,084,225
Allowance for accounts receivable and contract assets	—	63,849	—
Impairment on long-term investments	1,600,000	29,189,836	—
Changes in operating assets and liabilities:			
Accounts receivable and contract assets	(25,427)	(65,765)	—
Prepayments and other assets	(112,562)	109,106	(351,900)
Other receivable	23,195,854	(32,265,179)	—
Deferred tax assets/liabilities	—	3,308,297	(46,261)
Interest receivable	—	—	519,601
Right-of-use assets	700,148	(984,818)	—
Accounts payable, accrued expenses and other current liabilities	(82,096)	(176,600)	732,225
Interest payments on unsecured senior notes and short-term bank loan	(2,114,388)	(2,413,014)	—
Taxes payable	336,883	(334,234)	192,274
Lease liabilities	(787,322)	753,622	—
Net cash provided by (used in) continuing operations	10,241,228	(35,468,957)	1,121,648
Net (used in) discontinued operations	(182,758)	(22,809,777)	(2,852,723)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	10,058,470	(58,278,734)	(1,731,075)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash paid for loan originations	—	(1,596,609)	(123,471,487)
Cash received from loan repayments	407,419	33,759,916	72,868,460
Purchase of long-term investments	—	(14,594,918)	(16,500,465)
Proceeds from disposal of property, equipment and software	—	7,815	5,901
Acquisitions of property, equipment and software	—	(200,360)	(7,590)
Net cash provided by (used in) continuing operations	407,419	17,375,844	(67,105,181)
Net cash (used in) discontinued operations	(408,081)	(4,600,481)	(1,001,376)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(662)	12,775,363	(68,106,557)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from (repayments to) related parties	925,837	(6,653,236)	51,419,093
Proceeds from exercise of share options	5	281,617	1,156,623
Proceeds from issuance of unsecured notes	—	—	20,000,000
Cash received from third party as deposit	—	710,429	—
Capital contributions by shareholders	—	123,671	—
Dividends paid to shareholders	—	—	(19,547,532)
Repurchase of ordinary shares	—	(2,667,902)	(1,320,468)
Repayments of unsecured senior notes	(10,000,000)	—	—
Payments for offering cost	—	—	(318,000)
Net cash provided by (used in) continuing operations	(9,074,158)	(8,205,421)	51,389,716
Net cash provided by (used in) discontinued operations	36,935	6,653,236	(51,419,093)
NET CASH USED IN FINANCING ACTIVITIES	(9,037,223)	(1,552,185)	(29,377)
EFFECT OF EXCHANGE RATE CHANGE ON CASH	3,182,926	608,636	(5,383,330)
NET INCREASE (DECREASE) IN CASH	4,203,511	(46,446,920)	(75,250,339)
CASH AND CASH EQUIVALENTS - beginning of year	10,925,208	57,372,128	132,622,467
CASH AND CASH EQUIVALENTS - end of year	15,128,719	10,925,208	57,372,128
Less: cash and cash equivalents, restricted cash of discontinued operations at end of period	—	4,257,104	21,714,782
Cash and cash equivalents, restricted cash of continuing operations, at end of period	15,128,719	6,668,104	35,657,346
SUPPLEMENTAL CASH FLOW DISCLOSURES:			
Cash paid for income tax	9,764	3,209,378	12,248,230
Cash paid for interest	2,114,388	2,413,014	—
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITY:			
Purchase of long-term investments included in consideration payable	—	—	14,289,371
Accrued lease liabilities	—	791,537	—

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

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1-BUSINESS DESCRIPTION

Organization and description of business

Xiaobai Maimai Inc., formerly known as Hexindai Inc., is a limited company incorporated under the laws of the Cayman Islands on April 25, 2016. Xiaobai Maimai Inc., its subsidiaries, and consolidated variable interest entities (“VIEs”) (collectively the “Company”), previously operated an online Peer to Peer (“P2P”) marketplace business and micro-lending business in the People’s Republic of China (the “PRC”). Since May 2019, the Company has ceased to issue new loans through its micro-lending business and since October 2019, the Company has ceased to conduct its P2P business. In May 2020, the Company launched its social e-commerce platform to offer high-quality and affordable branded products through collaboration with online and offline merchants. On December 16, 2020, the shareholders approved the Company’s plan to change its name to “Xiaobai Maimai Inc.” On December 30, 2020, the Company completed the disposition transaction of its P2P business.

As of March 31, 2021, the Company’s principal subsidiaries and consolidated VIEs are as follows:

	Date of incorporation / acquisition	Place of incorporation	Percentage of legal ownership	Principal activities
Wholly owned subsidiaries				
Hexindai Hong Kong Limited (“HK Hexindai”)	May 17, 2016	Hong Kong	100%	Investment holding
Beijing Hexin Yongheng Technology Development Co., Ltd (Wholly Owned Foreign Enterprise ,”WOFE”)	August 8, 2016	PRC	100%	Provision of consultancy and information technology (“IT”) support
Tianjin Haohongyuan Technology Co., Ltd (“Tianjin Haohongyuan”)	May 25, 2018	PRC	100%	Provision of consultancy and IT support
HX Asia Investment Limited	June 25, 2018	BVI	100%	Investment holding
HX China Investment Limited	January 16, 2019	BVI	100%	Investment holding
Hexin Investment Private Limited	July 15, 2020	Singapore	100%	Investment holding
VIEs				
Wusu Hexin Yongheng Trading Co., Ltd (“Wusu Company”)	August 28, 2017	PRC	Consolidated VIE	Trading branded products and product promotion
Hexin Digital Technology Co., Ltd.(“Hexin Digital ”)	August 1, 2019	PRC	Consolidated VIE	Provision of consultancy and IT support
Beijing Hexin Jiuding Technology Co., Ltd. (“ Hexin Jiuding ”)	January 1, 2021,	PRC	Consolidated VIE	Provision of consultancy and IT support

Recent developments

On January 1, 2021, the Company obtained control and became the primary beneficiary of Beijing Hexin Jiuding Technology Co., Ltd. (“Hexin Jiuding”), by entering into a series of contractual arrangements with Hexin Jiuding and Hexin Fengze Asset Management (Beijing) Co., Ltd., (“Hexin Fengze”), the shareholder of Hexin Jiuding and a wholly-owned subsidiary of Hexin Jinke Group Co., Ltd.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 2 - GOING CONCERN

As indicated in the accompanying consolidated financial statements, the Company had a net loss of approximately \$34.8 million for the year ended March 31, 2021 and approximately \$71.2 million for the year ended March 31, 2020. Management of the Company has considered whether there is substantial doubt about its ability to continue as a going concern due to the Company's business transformation from the P2P business to the social E-commerce business and volatile market conditions arising from the COVID-19 pandemic, and evaluated its available cash balance against its working capital requirements over the next twelve months.

While management cannot accurately predict the prospects and regulatory environment of the social E-commerce industry and the full impact of COVID-19 on the Company's business in fiscal 2022, however, based on its latest cash flows projection, management believes that the Company should be able to generate sufficient cash flows from operations to meet its working capital requirements for fiscal 2022, and that its capital resources are currently sufficient to maintain its business operations for the next twelve months.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The accompanying consolidated financial statements do not include any adjustments related to the recoverability and/or classification of the recorded asset amounts and/or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and have been consistently applied. Certain prior year balances in the consolidated statements of operations and comprehensive (loss) income and cash flows have been reclassified to the current year’s presentation.

Basis of consolidation

The accompanying consolidated financial statements include the financial statements of the Company, its subsidiaries, its consolidated VIEs and VIE’s subsidiaries for which the Company is the primary beneficiary. All inter-company transactions and balances have been eliminated upon consolidation.

Due to the disposal of the P2P business, which represented a strategic shift and had a major effect on the Company’s results of operations, revenues, costs and expenses related to the P2P Business have been reclassified in the accompanying consolidated financial statements as discontinued operations for all the periods presented. Assets and liabilities of the P2P business were reclassified separately from other assets and liabilities of the Company on the consolidated balance sheets. Refer to Notes 1 and Note 4.

Consolidated VIEs

VIE arrangements

Foreign ownership of internet-based businesses, including distribution of online information (such as an online marketplace connecting borrowers and investors), is subject to restrictions under current PRC laws and regulations. The Company’s holding company, Xiaobai Maimai Inc., is a Cayman Islands company and its WOFE (a PRC subsidiary) and Tianjin Haohongyuan are considered foreign invested enterprises. To comply with these regulations, the Company conducts the majority of its business activities in the PRC through its VIEs

VIEs hold the requisite licenses and permits necessary to conduct the Company’s online marketplace connecting borrowers and investors. The WOFE has entered into the following contractual arrangements with the shareholders of the VIEs that enable the Company to (1) have power to direct the activities that most significantly affects the economic performance of the VIEs and (2) receive the economic benefits of the VIEs that could be significant to the VIEs. The Company is fully and exclusively responsible for the management of the VIEs, assumes all of risk of losses of the VIEs and has the exclusive right to exercise all voting rights of the VIEs’ shareholders. Therefore, in accordance with Accounting Standards Codification (“ASC”) 810 Business Consolidation, the Company is considered the primary beneficiary of the VIEs and has consolidated the VIEs’ assets, liabilities, results of operations, and cash flows in the accompanying consolidated financial statements.

Exclusive Business Cooperation Agreements

The Exclusive Business Cooperation Agreements enable the WOFE to receive substantially all of the assets and business of the VIEs in the PRC. Under these Agreements, the WOFE has the exclusive right to provide the VIEs with comprehensive technical support, consulting services and other services during the term of these Agreements, including but not limited to software licensing; development, maintenance and update of software, network systems, hardware and database; technical support and training for employees; consultancy on technology and market information; business management consultation; marketing and promotion services, etc. The WOFE has the right to determine the fees associated with the services it provides based on the technical difficulty and complexity of the services, the actual labor costs it incurs for providing the services and some other factors during the relevant period. This Agreements remain effective unless otherwise terminated in writing by WOFE.

Equity Interest Pledge Agreements

Pursuant to the Equity Interest Pledge Agreements, each Shareholder of the VIEs agreed to pledge their equity interest in the VIEs to the WOFE to secure the performance of the VIEs’ obligations under the Exclusive Business Cooperation Agreements and any such agreements to be entered into in the future. Shareholders of the VIEs agreed not to transfer, sell, pledge, dispose of or otherwise create any encumbrance on their equity interests in the VIEs without the prior written consent of the WOFE. The Pledges became effective on such date when the pledge of the Equity Interest contemplated herein were registered with the relevant administration for industry and commerce (the “AIC”) and remain effective until all contract obligations have been fully performed and all secured indebtedness has been fully paid.

Exclusive Option Agreements

Pursuant to the Exclusive Option Agreements, each of the Shareholders of the VIE irrevocably grant the WOFE an irrevocable and exclusive right to purchase, or designate one or more persons (including individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations) to purchase the equity interests in the VIEs then held by such Shareholder of the VIEs once or at multiple times at any time in part or in whole at the WOFE’s sole and absolute discretion to the extent permitted by Chinese laws at the price of RMB 1 or at the price of the minimum amount of consideration permitted by the applicable PRC law at the time when such purchase occurs. These three Agreements remain effective until all equity interests held by the shareholders of the VIEs in the VIEs have been transferred or assigned to the WOFE and/or its designees.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation - continued

Consolidated VIEs (Continued)

Loan Agreements

Pursuant to the three Loan Agreements, the WOFE agreed to lend each of the Shareholders of VIEs a loan only to subscribe to the registered capital of the VIEs. The repayment of the loan shall be made by permitting the WOFE to execute its exclusive right to purchase shares from the shareholders of the VIEs under the Exclusive Option Agreement as the repayment is equivalent to the consideration of the purchased shares. The term of these loans is 10 years, which may be extended upon mutual written consent of all parties.

Power of Attorney

Each Shareholder of the VIEs, executed a Power of Attorney agreement with the WOFE and the VIEs, whereby Shareholders of the VIEs irrevocably appoint and constitute the WOFE as their attorney-in-fact to exercise on the shareholders' behalf any and all rights that Shareholders of the VIEs have in respect of their equity interests in the VIEs. These three Power of Attorney documents remain irrevocable and continuously effective and valid as long as the original shareholders of the VIEs remain as the Shareholders of the VIEs.

Risks in relation to the VIE structure

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

- revoke the business and operating licenses of the Company's PRC subsidiary and VIEs;
- discontinue or restrict the operations of any related-party transactions between the Company's PRC subsidiary and VIEs;
- limit the Company's business expansion in the PRC by way of entering into contractual arrangements;
- impose fines or other requirements with which the Company's PRC subsidiary and VIEs may not be able to comply;
- require the Company or the Company's PRC subsidiary and VIEs to restructure the relevant ownership structure or operations; and/or
- restrict or prohibit the Company's use of the proceeds of the additional public offering to finance the Company's business and operations in the PRC.

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

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

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation - continued

Consolidated VIEs (Continued)

The following financial statement amounts and balances of the consolidated VIEs were included in the accompanying consolidated financial statements after elimination of intercompany transactions and balances.

	As of March 31, 2021 USD	As of March 31, 2020 USD
Current Assets:		
Cash and cash equivalents	10,246,074	1,119,651
Accounts receivable and contract assets, net	28,362	1,884
Loans receivable, net - current	5,488,045	12,626,200
Prepayments and other assets	381,297	303,710
Other receivable - current	8,872,838	23,609,338
Amounts due from related parties	13,936,237	318,811
Current assets of discontinued operations	—	8,686,507
Total Current Assets	38,952,853	46,666,101
Loans receivable, net - non-current,	—	14,070,741
Property, equipment and software, net	64,268	92,832
Right-of-use assets	—	670,738
Other receivable - non-current	1,496,121	8,237,346
Non-current assets of discontinued operations	—	3,786,332
Total Assets	40,513,242	73,524,090
Current Liabilities		
Accrued expenses and other current liabilities	246,210	252,842
Taxes payable (deductible)	363,484	(47,920)
Lease liabilities - current	—	740,753
Current liabilities of discontinued operations	—	8,421,098
Total Current Liabilities	609,694	9,366,773
Lease liabilities - non-current	—	13,498
Total Liabilities	609,694	9,380,271
	Year ended March 31, 2021 USD	Year ended March 31, 2020 USD
Net revenues	1,759,941	5,944,541
Net (loss) income	(24,258,182)	(12,532,634)
	Year ended March 31, 2021 USD	Year ended March 31, 2020 USD
Net cash provided by (used in) operating activities	21,401,699	(65,068,631)
Net cash provided by (used in) investing activities	407,419	46,074,236
Net cash provided by (used in) financing activities	(13,127,699)	123,671

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Uses of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during each reporting period. Actual results could differ from such estimates. Significant accounting estimates reflected in the Company's consolidated financial statements include estimates and judgments applied in allocation of revenue with various performance obligations, allowance for accounts receivable and contract assets, impairment on long-term investments, valuation allowance for deferred tax assets, valuation of share-based compensation and allowance for loans receivable.

Fair value of financial instruments

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and the market-based risk measurement or assumptions that market participants would use when pricing the asset or liability.

The Company follows the provisions of Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures. ASC 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2 - Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3 - Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts reported in the balance sheets for cash, receivables, prepayments and other assets, loan principal and interest receivable, approximate their fair value based on the short-term maturity of these instruments. The Company did not transfer any assets or liabilities in or out of level 3 during the years ended March 31, 2021, 2020 and 2019.

The Company's long-term investments consist of equity securities and available-for-sale investments. For long-term investments without readily determinable fair value, the Company is not able to estimate fair value, hence, the Company uses the cost minus impairment method as alternative.

Discontinued Operations

A component of a reporting entity or a group of components of a reporting entity that are disposed or meet the criteria to be classified as held for sale, such as the management, having the authority to approve the action, commits to a plan to sell the disposal group, should be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. Discontinued operations are reported when a component of an entity comprising operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity is classified as held for disposal or has been disposed of, if the component either (1) represents a strategic shift or (2) have a major impact on an entity's financial results and operations. Included in the consolidated statements of operations and comprehensive (loss) income, result from discontinued operations is reported separately from the income and expenses from continuing operations and prior periods are presented on a comparative basis. In order to present the financial effects of the continuing operations and discontinued operations, revenues and expenses arising from intra-group transactions are eliminated except for those revenues and expenses that are considered to continue after the disposal of the discontinued operations.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

In May 2020, the Company launched its social e-commerce platform and built collaboration with domestic mainstream E-commerce marketplaces. The Company provides recommendation services by referring certain interested users to those marketplaces for high-quality and affordable branded products. Prior to business transformation, the Company through its P2P business offered online consumer lending-related service in fiscal year 2020, which was discontinued in fiscal year 2021 and disposed on December 30, 2020. The Company presents value added taxes (“VAT”) as a reduction of revenues.

Revenues generated are accounted under Accounting Standards Update (ASU) 2014-09, “Revenue from contracts with Customers” (Topic 606). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, the Company 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

Online marketplace services

Commission revenue: The commission services revenue primarily consists of commission fees charged to the online E-commerce marketplace for recommending users to purchase on their marketplaces, where the Company generally is acting as an agent and its performance obligation is to provide recommendation services for purchasing specified goods or services by those third-party sellers, is not responsible for fulfilling the promise to provide the specified goods or services, and does not have the ability to control the related shipping services when utilized by the third-party sellers. Upon successful sales, the Company will charge the online E-commerce companies a negotiated amount or a fixed rate commission fee based on the sales amount. Commission services revenues are recognized on a net basis at the point of receipt of products, net of a return allowance and incentives to consumers or channels.

In order to promote its online marketplace and attract more registered consumers, the Company at its own discretion offers incentives to consumers. Consumers are not customers of the Company, therefore incentives offered to consumers are not considered payments to customers. Such incentives offered to consumers were as a reward for purchasing by themselves or their sharing through our platform. Incentives provided to consumers are specific to any merchant and are recognized as a reduction of commission service revenue. For the year ended March 31, 2021, the total amount of incentives was US\$159,996.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition - continued

· **Recommendation service**

The Company started to provide recommendation services by referring certain borrowers to Funding Partners since July 2019. Such services primarily include referral through the Company's marketplace that directs users to third party financial institutions. The Company received a referral fee from the third-party financial institutions and such revenue was recognized at the point that the recommendation services are performed and the related funds are drawdown by borrowers. For the years ended March 31, 2021 and 2020, the Company earned nil and US\$3,754,738 recommendation service revenue from its partnership with a financial services provider in China, or the Funding Partner.

· **Interest income**

Started in August 2017, the Company lent funds to borrowers up to their approved credit through its consolidated VIE, and since May 2019, the Company has ceased to issue new loans through its microlending business. Interest income on loans receivable is recognized monthly based on the contractual interest rates of the loan. Accrual of interest is generally discontinued when reasonable doubt exists as to the full, timely collection of interest or principal. When a loan is discontinued from interest accrual, the Company stops accruing interest and reverses all accrued but unpaid interest as of such date. Interest income from continuing operations was US\$1,690,448, US\$3,043,096, and US\$3,552,759 for the years ended March 31, 2021, 2020 and 2019, respectively, which was included as net revenues in the accompanying consolidated statements of operations and comprehensive (loss) income.

· **Other revenue**

Other revenue includes one-time fees for loan transfers, other general fees charged to borrowers and sales, which are recognized when the related performance is completed.

Interest income and recommendation service revenue was presented as revenue from continuing operation as the Company currently had no intention to sell or plan to find a buyer for the disposal of such business and might continue to carry out them in the foreseeable future when the economic condition improved and the pandemic controlled.

· **Disaggregation of revenue**

All of the Company's revenue for the years ended March 31, 2021, 2020 and 2019 were generated from the PRC. The following table illustrates the disaggregation of revenue:

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
	USD	USD	USD
Revenue			
Commission service	82,054	—	—
Recommendation service	—	3,754,738	—
Interest income	1,690,448	3,043,096	3,552,759
Other	—	161,538	184,968
Total revenues	1,772,502	6,959,372	3,737,727
Tax and surcharges	(17,567)	(44,898)	(42,510)
Net Revenues	1,754,935	6,914,474	3,695,217

Cash and cash equivalents

Cash and cash equivalents represent cash on hand, unrestricted demand deposits, and other short-term highly liquid investments placed with banks, which have original maturities of three months or less and are readily convertible to known amounts of cash.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable and allowance for uncollectible accounts

Accounts receivable are mainly receivables from online E-commerce marketplaces and recommendation services, which are stated at the historical carrying amount net of allowance for uncollectible accounts. The Company establishes an allowance for uncollectible accounts receivable based on estimates, historical experience and other factors surrounding the credit risk of specific customers. Uncollectible accounts receivables are written off when a settlement is reached for an amount that is less than the outstanding historical balance or when the Company has determined that is not probable for the balance to be collected. Beginning on April 1, 2020, the Company evaluates its accounts receivable for expected credit losses on a regular basis. The Company maintains an estimated allowance for credit losses to reduce its accounts receivable to the amount that it believes will be collected. The Company uses the length of time a balance has been outstanding, the payment history, creditworthiness and financial conditions of the customers and industry trend as credit quality indicators to monitor the Company's receivables within the scope of expected credit losses model and use these as a basis to develop the Company's expected loss estimates. The Company adjusts the allowance percentage periodically when there are significant differences between estimated bad debts and actual bad debts. If there is strong evidence indicating that the accounts receivable is likely to be unrecoverable, the Company also makes a specific allowance in the period in which a loss is determined to be probable. Accounts receivable balances are written off after all collection efforts have been exhausted. As of March 31, 2021 and 2020, the allowance for uncollectible accounts receivable balance was US\$67,864 and US\$ 62,794 respectively.

Loans receivable

Since August 2017, the Company engaged in the micro-lending business and target borrowers in the PRC. Loans receivable represent loans originated by the Company, which is due from the qualified individual borrowers. For the years ended March 31, 2021 and 2020, the total amount of new loans the Company issued was nil and US\$74,003. As of March 31, 2021 and 2020, the loans are terms ranging from 12 months to 36 months with annual interest charges from 6% to 8%. The Company has the intent and the ability to hold such loans for the foreseeable future or until maturity or payoff. Loans receivable are recorded at the historical carrying amount, net of allowance for uncollectible loans receivable.

The Company evaluates the credit risk associated with the loans, and estimates the cash flow expected to be collected over the lives of loans on an individual basis based on the Company's past experiences, the borrowers' financial position, their financial performance, and their ability to continue to generate sufficient cash flows. A valuation allowance is established for the loans unable to collect. As of March 31, 2021 and 2020, the allowance for uncollectible loan receivable balance was US\$39,172,141 and US\$ 15,017,029 respectively.

Non-accrual policies

Loan principal and interest receivable are placed on non-accrual status when payments are 90 days past due contractually. When loan principal and interest receivable is placed on non-accrual status, interest accrual ceases. If the loan is non-accrual, the cost recovery method is used and cash collected is applied to first reduce the carrying value of the loan. Otherwise, interest income may be recognized to the extent cash is received. Loan principal and interest receivable may be returned to accrual status when all of the borrower's delinquent balances of loan principal and interest have been settled and the borrower continues to perform in accordance with the loan terms.

Charge-off policies

Loan principal and interest receivable are generally charged-off when a settlement is reached for an amount that is less than the outstanding balance or when the Company has determined the balance is uncollectable. In accordance with ASC 310-10-35-41, the Company determines that any loans with outstanding balance that are 180 days past due are deemed uncollectable and thereof charged-off. For the year ended March 31, 2019, in order to align the Company's charge-off policy with ASC 310-10-35-41 and industry practice, the Company revised its charge-off policy such that all loans that are 180 days past due are therefore deemed uncollectible and charged-off.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, equipment and software, net

Property, equipment and software acquired are stated at cost. Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives:

	Useful life
Office equipment	3-5 years
Software	5 years

The Company eliminates the cost and related accumulated depreciation and amortization of assets sold or otherwise retired from the accounts and includes any gains or losses from disposal of property, equipment, and software in other income. The Company charges maintenance, repairs, and minor renewals directly to expense as incurred; major additions and betterments to equipment are capitalized.

Impairment of long-lived assets

The carrying value of the long-lived assets are reviewed for impairment, whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is evaluated by a comparison of the carrying amount of assets to future undiscounted net cash flows expected to be generated by the assets. Such assets are considered to be impaired if the sum of the expected undiscounted cash flows is less than carrying amount of the assets. The impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets. No impairment loss was recognized for the years ended March 31, 2021, 2020 and 2019.

Investment in equity securities

The Company's investment in equity securities was mainly comprised of equity investments in privately held companies. Upon adoption of ASU 2016-01 on April 1, 2018, the Company elected to measure these investments at cost minus impairment, if any, adjusted up or down for observable price changes (i.e., prices in orderly transactions for the identical or similar investment of the same issuer). Any adjustment to the carrying amount is recorded in operations.

The Company also makes a qualitative assessment at the end of each reporting period and if the assessment indicates that the fair value of the investment is less than the carrying value, the investment in equity securities will be written down to its fair value, with the difference between the fair value of the investment and its carrying amount as an impairment loss recorded in consolidated statements of operations and comprehensive (loss) income.

Advertising and promotion expenses

The Company recognizes its advertising and promotion expenses as sales and marketing expense. Advertising expenses represent expenses for placing advertisements on television, radio and in newspapers, as well as on Internet websites and search engines. Advertising and promotion cost are expensed as incurred. For the years ended March 31, 2021, 2020 and 2019, the advertising and promotion expense was US\$176,193, US\$736,522, and US\$1,080,905, respectively.

Research and development costs

The Company recognizes its research and development costs as service and development expense. Research and development costs are mainly labor costs of the research and development department. For the years ended March 31, 2021, 2020 and 2019, research and development expense was US\$ 441,405, US\$117,942 and US\$ nil, respectively, and included in service and development expense.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Service and development expense

Service and development expense consists primarily of research and development costs. Including costs related to salaries, benefits and service costs directly relating to originating social e-commerce business. These expenses relate to credit assessment, maintenance and upgrading of our proprietary technology and risk management systems, live customer support, and third-party payment agent fees for fund management, payment, settlement and clearing services.

Lease

Upon the adoption of FASB ASC 842 on April 1, 2019 using the modified retrospective method, the Company determines if an arrangement is a lease or contains a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets and operating lease liabilities, in the Company’s consolidated balance sheets. The Company does not have any finance leases as of the adoption date or March 31, 2021.

ROU represents the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. When determining the lease term, the Company includes options to extend or terminate the lease when it is reasonably certain that it will exercise that option, if any. As the Company’s leases do not provide an implicit rate, the Company uses its incremental borrowing rate, which it calculates based on the credit quality of the Company and by comparing interest rates available in the market for similar borrowings, and adjusting this amount based on the impact of collateral over the term of each lease.

As of March 31, 2021, the Company has terminated all existing leases and the balance of ROU assets and lease liabilities are nil as of March 31, 2021. No penalties were charged for the termination.

Share-based compensation

Under the Amended and Restated 2016 Equity Incentive Plan, the Company grants share options to the Company’s selected employees, and directors. Awards granted to employees with service conditions attached are measured at the fair value on the grant date and are recognized as an expense using straight-line method, net of estimated forfeitures, over the requisite service period, which is generally the vesting period. The estimate of forfeitures will be adjusted over the requisite service period to the extent that actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures will be recognized through a cumulative catch-up adjustment in the period of change and will also impact the amount of share-based compensation expense to be recognized in future periods.

Awards granted to employees with performance conditions attached are measured at fair value on the grant date and are recognized as compensation expense in the period and thereafter when the performance goal becomes probable to achieve. Awards granted to employees with market conditions attached are measured at fair value on the grant date and are recognized as compensation expense over the estimated requisite service period, regardless of whether the market condition has been satisfied if the requisite service period is fulfilled.

Binomial option-pricing models are adopted to measure the value of awards at each grant date or measurement date. The determination of fair value is affected by assumptions relating to a number of complex and subjective variables, including but not limited to the expected share price volatility, actual and projected employee share option exercise behavior, risk-free interest rates and expected dividends. The use of the option-pricing model requires extensive actual employee exercise behavior data for the relative probability estimation purpose, and a number of complex assumptions.

Treasury stock

Treasury stock represents ordinary shares repurchased by the Company that are no longer outstanding and are held by the Company. The repurchase of ordinary shares is accounted for under the cost method whereby the entire cost of the acquired shares are recorded as treasury stock. The cost of treasury stock is transferred to “additional paid-in capital” when it is re-issued for the purpose of share options exercised and share awards.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The Company's subsidiaries and its consolidated VIEs in the PRC are subject to the income tax laws of the relevant tax jurisdictions. No taxable income was generated outside the PRC for the years ended March 31, 2021, 2020 and 2019. The Company accounts for income tax under the asset and liability method, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of the events that have been included in the financial statements or tax returns. Under this method, deferred income taxes will be recognized if significant temporary differences between tax and financial statements occur. A valuation allowance is established against net deferred tax assets when it is more likely that some portion or all of the net deferred tax asset will not be realized. The Company has provided no valuation allowance for the year ended March 31, 2019. For the years ended March 31, 2020 and 2021, the Company provided a full valuation allowance on the net deferred tax assets.

The Company may be subject to challenges from taxing authorities regarding the amounts of taxes due. These challenges may alter the timing or amount of taxable income or deductions. Management determines whether the benefits of its tax positions are more-likely-than-not of being sustained upon audit based on the technical merits of the tax position. The Company records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated.

An uncertain tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Penalties and interest incurred related to underpayment of income taxes are classified as income tax expense in the period incurred. The Company evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measures the unrecognized benefits associated with the tax positions. As of March 31, 2021 and 2020, the Company did not have any significant unrecognized uncertain tax positions. All tax returns since the Company's inception are still subject to examination by tax authorities. The Company does not believe that its unrecognized tax benefits will change over the next twelve months.

Earnings (loss) per share

The Company computes earnings per share ("EPS") in accordance with FASB ASC 260, "Earnings per Share" ("ASC 260"). ASC 260 requires public companies with capital structures to present basic and diluted EPS. Basic EPS is measured as net income (loss) attributed to ordinary shareholders divided by the weighted average number of ordinary shares outstanding for the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of potential ordinary shares (e.g., convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential ordinary shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

Foreign currency translation

Since the Company operates primarily in the PRC, the Company's functional currency is the Chinese Yuan ("RMB"). The Company's financial statements have been translated into the reporting currency, the United States Dollar ("USD"). Assets and liabilities of the Company are translated at the exchange rate at each reporting period end date. Equity is translated at historical rates. Income and expense accounts are translated at the average exchange rate during the reporting period. The resulting translation adjustments are reported under accumulated other comprehensive income (loss). Transactions denominated in currencies other than functional currency are translated into the functional currency at the exchange rates quoted by authoritative banks prevailing at the dates of the transactions. Exchange gains and losses resulting from those foreign currency transactions denominated in a currency other than the functional currency are recorded in "other income (expense)" in the consolidated statements of operations and comprehensive income. The RMB is not freely convertible into foreign currency and all foreign exchange transactions must take place through authorized institutions. No representation is made that any RMB amounts could have been, or could be, converted, realized or settled into USD at the rates used in translation.

Spot exchange rates and average exchange rates were used in the translation of the consolidated financial statements.

	Fiscal year 2021	Fiscal year 2020
US Exchange Rate		
Year-end RMB	6.5518	7.0808
Year average RMB	6.7834	6.9637

Segment reporting

The Company's chief operating decision maker, the Chief Executive Officer, reviews the consolidated financial results when making decisions about allocating resources and assessing performance of the Company as a whole and hence, the Company has only one operating and one reportable segment. The Company does not distinguish between markets or segments for the purpose of internal reporting. The Company's long-lived assets are substantially all located in the PRC and substantially all of the Company's revenue and expense are derived from within the PRC. Therefore, no geographical segments are presented.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant risks and uncertainties

Foreign currency risk

RMB is not a freely convertible currency. The State Administration for Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into foreign currencies. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. The Company's cash and cash equivalents denominated in RMB amounted to US\$ 15,128,719 and US\$ 6,668,104 at March 31, 2021 and 2020, respectively.

Concentration of credit risk

Financial instruments that potentially expose the Company to significant concentration of credit risk primarily included in the financial lines of cash and cash equivalents, accounts receivable, loan receivables, other receivables and prepayments and other assets. As of March 31, 2021, substantially all of the Company's cash and cash equivalents were deposited in financial institutions located in the PRC. According to the China Bank Deposit Insurance Ordinance, the deposits at each bank is covered by insurance with an upper limit of RMB500,000 (US\$ 76,315) at each bank. As of March 31, 2021, the total amount not covered by issuance in the PRC was US\$13,656,927. To limit exposure to credit risk relating to deposits, the Company primarily place cash and cash equivalent deposits with large financial institutions in China which management believes are of high credit quality and management also continually monitors the financial institutions' credit worthiness. Accounts receivable are typically unsecured and are derived from revenue earned from customers in the PRC. The risk with respect to accounts receivable is mitigated by credit evaluations the Company performs on its customers and its ongoing monitoring process of outstanding balances.

There are no revenues from customers which individually represent greater than 10% of the total net revenues for any year of the three years period ended March 31, 2021. There are no customers of the Company that accounted for greater than 10% of the Company's carrying amount of accounts receivable as of March 31, 2021 and 2020.

COVID-19 impacts

Starting from January 2020, a novel strain of coronavirus, COVID-19, has spread worldwide. As COVID-19 has negatively affected the broader Chinese economy and the global economy, China has experienced lower domestic consumption in the first half of 2020, and may experience further economic uncertainty, which may also impact us in a materially negative way. Starting from the fourth quarter of 2020 and extending to the first quarter of 2021, a few waves of COVID-19 infections emerged in various regions of China, and varying levels of travel restrictions were reinstated. Our business has been and is likely to continue to be materially adversely affected by the outbreak of COVID-19 in China.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

Recently adopted accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early application is permitted for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Group adopted the new standard beginning April 1, 2020 using the modified retrospective transition approach. Based on the nature of the Company's financial instruments within the scope of this standard, which are primarily accounts receivable, loans receivable and other receivables, the adoption of the new standard did not have a material effect on the Company's consolidated financial statements.

Recently issued accounting pronouncements not yet adopted

In January 2020, the FASB issued ASU 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), which clarifies that a company should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323, Investments—Equity Method and Joint Ventures, for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. The ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted, including early adoption in an interim period, for periods for which financial statements have not yet been issued. The Company is currently evaluating the impact of this update on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, Simplifying the Accounting for Income Taxes, as part of its initiative to reduce complexity in accounting standards. The amendments in the ASU are effective for fiscal years beginning after December 15, 2020, including interim periods therein. Early adoption of the standard is permitted, including adoption in interim or annual periods for which financial statements have not yet been issued. The adoption of this standard is not expected to have a material impact on the Group's consolidated financial statements.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated balance sheets, consolidated statements of operations and comprehensive loss (income) and consolidated statements of cash flows.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 4 — DISCONTINUED OPERATION

On December 16, 2020, Beijing Hexin Yongheng Technology Development Co., Ltd. (“Hexin Yongheng”), a wholly-owned subsidiary of the Company, Kuaishangche Automobile Leasing Co., Ltd. (“Kuaishangche”), a company not directly associated with the Company, Hexin E-Commerce Company Limited (“Hexin E-Commerce”), and individual shareholders of Hexin E-Commerce entered into an assignment and assumption agreement (the “Agreement”). Pursuant to the Agreement, Hexin Yongheng agreed to assign and transfer to Kuaishangche the control over Hexin E-Commerce, in exchange for cash consideration of RMB 5 million (US\$726,781) (the “Disposition”). Upon the closing of the Disposition, Kuaishangche will become the primary beneficiary of and have control of Hexin E-Commerce, and as a result, assume all assets and liabilities of Hexin E-Commerce and subsidiaries owned or controlled by Hexin E-Commerce, excluding any rights, titles, interests or claims that Hexin E-Commerce may have in Wusu Hexin Yongheng Commercial and Trading Co., Ltd. (“Wusu Company”), shall remain as a consolidated variable interest entity of the Company. As a result of the Disposition, the Company will cease to conduct its P2P business and focus on developing and investing resources into its social e-commerce platform, Xaobai Maimai.

The discontinued operation represents a strategic shift that has a major effect on the Company’s operations and financial results, which trigger discontinued operations accounting in accordance with FASB ASC 205-20-45. The assets and liabilities related to the discontinued operations are classified as assets/liabilities of discontinued operations as of March 31, 2021 and 2020, while results of operations related to the discontinued operations for the years ended March 31, 2021, 2020 and 2019, were reported as income (loss) from discontinued operations.

The results of discontinued operations for years ended March 31, 2021, 2020 and 2019 are as follows:

	For the years ended March 31,		
	2021 USD	2020 USD	2019 USD
Net Revenues	545,718	4,520,585	57,635,286
Operating costs and development	8,082,165	24,942,630	45,348,331
(Loss) income from discontinued operations	(7,536,447)	(20,422,045)	12,286,955
Other income (expense), net	1,097,265	365,927	1,926,334
(Loss) income before tax	(6,439,182)	(20,056,118)	14,213,289
Income tax provision	367	3,778,776	1,064,960
Net (loss) income from discontinued operations, net of tax	(6,439,549)	(23,834,894)	13,148,329
Gain on sale of discontinued operations, net of taxes	3,164,802	—	—
Net loss from disposition subsidiaries	(3,274,747)	(23,834,894)	13,148,329

Assets and liabilities of the discontinued operations are as follows:

	March 31, 2020 USD
Cash and cash equivalents	4,257,104
Prepayments and other assets	771,431
Loan receivables-current, net of allowance	1,564,288
Amount due from related parties	2,093,684
Total Current Assets of Discontinued Operations	8,686,507
Loans receivable-non-current, net of allowance	2,908,597
Property, equipment and software, net	797,975
Right-of-use assets	79,760
Total Non-Current Assets of Discontinued Operations	3,786,332
Total Assets of Discontinued Operations	12,472,839
Accrued expenses and other current liabilities	1,768,816
Deferred revenue-current	220,910
Lease liabilities	37,287
Taxes payable	6,394,085
Total Liabilities of Discontinued Operations	8,421,098

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5 - ACCOUNTS RECEIVABLE, NET

	As of March 31, 2021 USD	As of March 31, 2020 USD
Accounts receivable	96,226	64,678
Allowance for uncollectible accounts receivable	(67,864)	(62,794)
Accounts receivable, net	28,362	1,884

Note 6 - LOANS RECEIVABLE, NET

	As of March 31, 2021 USD	As of March 31, 2020 USD
Loans receivable	44,660,186	41,713,970
Allowance for uncollectible loans receivable	(39,172,141)	(15,017,029)
Loans receivable, net	5,488,045	26,696,941
Loans receivable, net — current	5,488,045	12,626,200
Loans receivable, net — non-current	—	14,070,741

Movement of allowance for uncollectible loans receivable during the years ended March 31, 2021 and 2020 is as follows:

	Year ended March 31, 2021 USD	Year ended March 31, 2020 USD
Balance at beginning of the year	15,017,029	1,083,385
Provision for allowance of uncollectible loans receivable	22,159,416	14,225,450
Foreign currency translation adjustments	1,995,696	(291,806)
Balance at end of the year	39,172,141	15,017,029

Note 7 - PREPAYMENTS AND OTHER ASSETS

	As of March 31, 2021 USD	As of March 31, 2020 USD
Rental and other deposits	252,394	230,073
Prepayments to suppliers and others	309,164	146,540
Interest receivable	11,746	25,317
Staff advances	31,220	24,207
Total prepayments and other assets	604,524	426,137

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8 - OTHER RECEIVABLE

	As of March 31, 2021 USD	As of March 31, 2020 USD
Other Receivable	10,368,959	31,846,684
Other receivable — current	8,872,838	23,609,338
Other receivable — non-current	<u>1,496,121</u>	<u>8,237,346</u>

To further diversify our business, in July 2019, Xiaobai Maimai entered into a business development agreement with a third-party vendor named Beijing Jiuzheng Network Technology Co., Ltd for the purpose of expanding its loan recommendation service in the consumer financing market. Due to changes in market dynamics, both parties executed an amendment in November 2019 with the intention of establishing an e-commerce online trading marketplace. In connection with the original agreement and subsequent amendment (the “Transactions”), a deposit of approximately US\$30.9 million was paid to the counter party. The Transactions were reported to the Board afterwards in late November 2019. After reviewing the Transactions, the Board concluded that it is in the best interest for the Company to terminate the business cooperation with the vendor in order to avoid significant expenditures and reduce uncertainties associated with the related business development. Meantime, an independent law firm was engaged by the Company’s Audit Committee to assess the independence of the counter party in the Transactions. The law firm’s assessment report concluded the counter party in the Transactions is not related to the Company. The Company therefore decided to terminate the agreement at the end of November 2019. Due to business disruption caused by COVID-19 pandemic, the Company, through a series of negotiations, finally entered a termination agreement with the vendor on April 8, 2020. Pursuant to the settlement agreement, the Company terminated the Transactions with the vendor. For the deposit made by the Company, the vendor agreed to refund approximately US\$15.5 million by May 2020 and the remaining balance shall be refunded on monthly basis of approximately US\$693,905 in next two years with an annual interest charge of 2%. The repayment by the counterparty is guaranteed by a licensed guarantee company in the PRC with registered capital of approximately US\$142.9 million. Based on the above arrangement, as of March 31, 2021 and 2020, the Company included approximately US\$8.9 million and US\$23.6 million in the current portion of other receivable and approximately US\$1.5 million and US\$8.2 million in the long-term portion of other receivable of the Company’s consolidated balance sheet. The third-party vendor has refunded approximately \$26.2 million (or approximately 76% of the Company’s deposit) by June 30, 2021. According to the repayment schedule as agreed by the parties, approximately US\$6.75 million will be refunded by March 31, 2022, and approximately US\$4.50 million will be refunded by May 2022.

Note 9 - PROPERTY, EQUIPMENT AND SOFTWARE, NET

	As of March 31, 2021 USD	As of March 31, 2020 USD
Cost:		
Office equipment	131,967	103,345
Vehicle	—	35,182
Total	131,967	138,527
Less: Accumulated depreciation	(65,080)	(45,695)
Property, equipment and software, net	<u>66,887</u>	<u>92,832</u>

Depreciation and amortization expense on property, equipment and software for the years ended March 31, 2021, 2020 and 2019 were US\$15,161, US\$120,520, and US\$ 17,233, respectively.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10 — LONG-TERM INVESTMENTS, NET

	As of March 31, 2021 USD	As of March 31, 2020 USD
Investments in equity security without readily determinable fair value		
Phoenix Intelligent Credit Group Ltd (“Phoenix Intelligent Credit”) ^(a)	29,189,836	29,189,836
Musketeer Group Inc. (“Musketeer”) ^(b)	1,600,000	1,600,000
	<u>30,789,836</u>	<u>30,789,836</u>
Impairment on investments	(30,789,836)	(29,189,836)
Long term investments, net	<u>—</u>	<u>1,600,000</u>

(a) On January 8, 2019, the Company signed an agreement to acquire a 5.88% equity stake in Phoenix Intelligent Credit Group Ltd (“Phoenix Intelligent Credit”), a wholly owned subsidiary of Phoenix Financial Group Ltd (“Phoenix Finance”), which is unrelated to the Company, and operator of one of China’s leading peer-to-peer lending platforms, for a total consideration of approximately US\$29 million (RMB 200 million). The acquisition was completed as of March 31, 2019 and the Company had an acquisition price payable to Phoenix Finance in the amount of US\$14,289,371 as of March 31, 2019, which was fully paid in April 2019. Pursuant to the investment agreement, such investment is redeemable at the option of the Company if certain future performance condition cannot be met. The Company accounted the investment as investment in an equity security without readily determinable fair value. In light of the significant change in the regulatory environment in the PRC related to the peer-to-peer lending industry and the impact of COVID-19 on Phoenix Intelligent Credit, the Company recognized a full impairment of this investment as of March 31, 2021 and 2020.

(b) On August 9, 2018, the Company acquired a 19.99% equity stake in Musketeer Group Inc. (“Musketeer”), an Indonesian online lending platform that offers consumption installment loans, for approximately US\$1.6 million. The investment was accounted for using the cost method because the Company does not have any significant influence over Musketeer. Since Musketeer is a start-up company in its early stage, there was no readily determinable fair value. On August 14, 2019, Musketeer completed its registration for a peer-to-peer (P2P) lending platform with the Indonesian Financial Services Authority (OJK). In light of the significant changes of market conditions and the impact of COVID-19 in Indonesia, the Company recognized full impairment of this investment as of March 31, 2021.

For the year ended March 31, 2021 and 2020, the Company recognized impairment losses for the long-term investments of US\$1,600,000 and \$29,189,836, respectively.

NOTE 11 — RIGHT OF USE LEASE ASSETS

The Company had several operating leases for offices in the PRC. The related lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Effective April 1, 2019, the Company adopted the new lease accounting standard using a modified retrospective transition method which allowed the Company not to recast comparative periods presented in its consolidated financial statements. In addition, the Company elected the package of practical expedients, which allowed the Company to not reassess whether any existing contracts contain a lease, to not reassess historical lease classification as operating or finance leases, and to not reassess initial direct costs. The Company has not elected the practical expedient to use hindsight to determine the lease term for its leases at transition. The Company combines the lease and non-lease components in determining the ROU assets and the related lease obligation. Adoption of this standard resulted in the recording of operating lease ROU assets and corresponding operating lease liabilities as disclosed below and had no impact on deficit as of March 31, 2020. ROU assets and related lease obligations are recognized at commencement date based on the present value of remaining lease payments over the lease term. As of April 1, 2019, the Company recorded a ROU asset and lease liability of US\$ 2,559,646.

The Company’s operating leases primarily include leases for office space. The current portion of operating lease liabilities and the non-current portion of operating lease liabilities are presented on the consolidated balance sheets. Total lease expense amounted to US\$398,709 and US\$1,976,738 for the years ended March 31, 2021 and 2020, respectively. Total cash paid for operating leases amounted to US\$398,709 and US\$2,100,320 for the years ended March 31, 2021 and 2020, respectively. As the Company closed its P2P business, the leases were terminated. No penalties were charged for the termination.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As of March 31, 2021 USD	As of March 31, 2020 USD
Accrued payroll and benefits	293,324	342,485
Professional fees and other accrued expenses	849,183	807,114
	<u>1,142,507</u>	<u>1,149,599</u>

Note 13 - NOTE PAYABLE

On March 29, 2019, the Company issued a senior unsecured note (the “Note”) to Majik Fund SPC, an exempted company managed by a subsidiary of Yunfeng Financial Group Limited (“Yunfeng Financial Group”), which is unrelated to the Company. The principal is US\$20 million with a term of three-year term due in March 2022. The Note bears a fixed interest rate of 12.0% per annum, with interest payable semi-annually in arrears on June 30th and December 31st of each year, beginning in March 2019. According to the covenants in the Note, as long as any Note remains outstanding, the Company shall not consolidate with, merge or amalgamate into or dispose of or transfer all or a substantial part of its assets to any corporation or convey or transfer its properties and assets substantially to any person. On December 14 2020, for the purpose of disposal of our P2P business, the Company and Majik Fund SPC entered into an Amendment and Supplemental Agreement to the Note, pursuant to which the Company shall make a payment to the Noteholder of US\$10,000,000 of principal together with all accrued but unpaid interest on the full outstanding amount, within 5 working days from the effective date of the Amendment and Supplemental Agreement. The Company made a payment of US\$5,000,000 of the Principal on December 14, 2020 and a payment of US\$5,000,000 of principal and US\$513,333 of interest on December 15, 2020. As of March 31, 2021 and 2020, the note payable balance amounted to US\$10 million and US\$20 million, respectively. For the year ended March 31, 2021 and 2020, interest expense amounted to US\$2.1 million and US\$2.4 million, respectively.

Note 14 - RELATED PARTY BALANCES AND TRANSACTIONS

As part of our corporate restructurings prior to our disposal of Hexin E-Commerce in December 2020, Mr. Ming Jia and Mr. Shiwei Wu transferred their equity interests of Wusu Company to Hexin E-Commerce, and therefore, Hexin E-Commerce became the sole shareholder of Wusu Company on November 20, 2020.

On December 16, 2020, Hexin Yongheng, Kuaishangche, Hexin E-Commerce, Xiaobo An, Xiaoning An, and Xiaobin Zhai entered into an assignment and assumption agreement. Pursuant to this agreement, Hexin Yongheng has agreed to assign and transfer to Kuaishangche the control over Hexin E-Commerce, in exchange for cash consideration of RMB5.0 million(US\$726,781). Upon the closing of the disposition, Kuaishangche became the primary beneficiary of and obtained control of Hexin E-Commerce, and as a result, assume all assets and liabilities of Hexin E-Commerce and subsidiaries owned or controlled by Hexin E-Commerce, excluding any rights, titles, interests or claims that Hexin E-Commerce had in Wusu Company, which remained a consolidated variable interest entity of the Hexin Yongheng by way of the December 1, 2020 contractual arrangements. We closed the disposition of Hexin E-Commerce on December 30, 2020.

As a result of the Company’s P2P disposal and leases termination, on October 15, 2020, the Company entered into a lease agreement with Mr. Xiaobo An, who provided office space to the Company at no charge. The lease term is 1 year.

As of March 31, 2020, the balance of amount due to related parties was US\$2,093,684, which represented working capital the Company borrowed from the P2P business before its disposal. After disposal, the Company borrowed a total of US\$ 875,098 (RMB4,880,000), as a result, the amount due to related parties was US\$2,968,782 as of March 31, 2021.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 15 - EMPLOYEE BENEFITS

The Company has made the required employee benefit contributions in accordance with relevant rules and regulations in the PRC. Such contributions includes funding for retirement insurance, unemployment insurance, medical insurance, work injury insurance and maternity insurance. The Company recorded the contributions in salary and employee charges at specified percentages of the salaries, bonuses and certain allowances of its employees, up to a maximum amount specified by the local government. The contributions made by the Company were US\$ 435,689, US\$ 399,104, and US\$ 35,469 for the years ended March 31, 2021, 2020 and 2019, respectively.

Note 16 — TAXES PAYABLE

	As of March 31, 2021 USD	As of March 31, 2020 USD
Income taxes payable	419,709	—
VAT receivable	(117,336)	(43,361)
Other taxes payable	309	—
Total taxes payable (receivable)	<u>302,682</u>	<u>(43,361)</u>

Note 17 - INCOME TAXES*Cayman Islands*

Xiaobai Maimai Inc. was incorporated in the Cayman Islands and is not subject to income taxes or capital gain under current laws of Cayman Islands.

Hong Kong

HK Hexindai is an investment holding company registered in Hong Kong and exempted from income tax on its foreign-derived income.

PRC

The Company's subsidiaries and VIEs established in the PRC are subject to the PRC statutory income tax rate of 25%, according to the PRC Enterprise Income Tax ("EIT") law. The Company's VIE Hexin Digital has been granted as the "high technology enterprise" status in 2020 and is qualified to a preferred income tax rate of 15% since October 1, 2020.

i) The components of the income tax expenses (benefit) are as follows:

	Year ended March 31, 2021 USD	Year ended March 31, 2020 USD	Year ended March 31, 2019 USD
Current	482,976	446,769	853,970
Deferred	—	43,186	(46,260)
Total	<u>482,976</u>	<u>489,955</u>	<u>807,710</u>

All income taxes are related to income derived in the PRC during the years ended March 31, 2021, 2020 and 2019.

ii) The following table summarizes net deferred tax assets resulting from differences between financial accounting basis and tax basis of assets and liabilities:

	As of March 31, 2021 USD	As of March 31, 2020 USD
Advertising expenses	—	67,925
Provision for loan loss	5,539,854	3,754,257
Provision for accounts receivable and contract assets	—	15,698
Net operating loss carry forwards	<u>1,004,821</u>	<u>422,446</u>
Total deferred tax assets	<u>6,544,675</u>	<u>4,260,326</u>
Less: Valuation allowance	<u>(6,544,675)</u>	<u>(4,260,326)</u>
Total net deferred tax assets	<u>—</u>	<u>—</u>

The Company considers available evidence to determine whether some portion or all of the deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, the Company's experience with tax attributes expiring unused and tax planning alternatives. A valuation allowance has been established for net deferred tax assets based on a more-likely-than-not threshold. The Company's ability to realize deferred tax assets depends on its ability to generate sufficient taxable income within the carry forward periods provided for in the tax law. The Company has provided US\$6,544,675 and US\$ 4,260,326 and nil valuation allowance for the years ended March 31, 2021, 2020 and 2019, respectively.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 17 - INCOME TAX - *continued*

The following table reconciles the PRC statutory rates to the Company's effective tax rate for the years ended March 31, 2021, 2020 and 2019.

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
PRC Income tax statutory rate	(25.0)%	(25.0)%	(25.0)%
Effect of tax holiday and preferential tax rate	1.0%	—	—
Non-deductible foreign losses	4.8%	18.5%	33.0%
Change in valuation allowance	21.1%	9.1%	—%
Non-deductible expenses and others	(0.3)%	(1.5)%	3.8%
Effective tax rate	1.6%	1.1%	11.8%

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of income taxes is due to computational errors made by the taxpayer. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined, but an underpayment of income tax liability exceeding US\$15,263 (RMB100,000) is specifically listed as a special circumstance. In the case of a transfer pricing related adjustment, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion. Aggregate undistributed earnings of the Company's PRC subsidiaries and VIEs that are available for distribution was approximately negative US\$36 million and US\$75 million as of March 31, 2021 and 2020 respectively.

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 the tax treaty between the PRC and Hong Kong, if the foreign investor is incorporated in Hong Kong and qualifies as the beneficial owner, the applicable withholding tax rate is reduced to 5%, if the investor holds at least 25% in the FIE, or 10%, if the investor holds less than 25% in the FIE. On July 19, 2018, the board of directors approved an annual dividend policy. Under this policy, annual dividends will be set at an amount equivalent to approximately 15-25% of the Company's anticipated net income after tax in each year commencing from fiscal year ended March 31, 2019, which will be derived from the earnings of the Company's PRC entities. On July 23, 2018, the board of directors declared an annual dividend for the fiscal year ended March 31, 2019 pursuant to the newly adopted annual dividend policy of US\$0.27 per ordinary share (or US\$0.27 per ADS). The aggregated dividend payments to shareholders derived from the earnings of the Company's PRC entities amounted to US\$13.2 million for the year ended March 31, 2019. As a result, the Company incurred and paid withholding tax of US\$1.3 million for the cash dividend during the year ended March 31, 2019.

A deferred tax liability should be recognized for the undistributed profits of PRC subsidiaries unless the Company has sufficient evidence to demonstrate that the undistributed dividends will be reinvested and the remittance of the dividends will be postponed indefinitely. The Company plans to indefinitely reinvest undistributed profits earned from its China subsidiaries in its operations in the PRC. Therefore, no withholding income taxes for undistributed profits of the Company's subsidiaries have been provided as of March 31, 2021 and 2020. Under applicable accounting principles, a deferred tax liability should be recorded for taxable temporary differences attributable to the excess of the financial reporting basis over the 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 Company completed its feasibility analysis on a method, which the Company will ultimately execute if necessary to repatriate the undistributed earnings of the VIE without significant tax costs. As such, the Company does not accrue deferred tax liabilities on the earnings of the VIE given that the Company will ultimately use the means.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 18 — EARNINGS (LOSS) PER SHARE (“EPS”)

Basic EPS is the amount of net earnings available to each share of ordinary shares outstanding during the reporting period. Diluted EPS is the amount of net earnings available to each share of ordinary shares outstanding during the reporting period adjusted to include the effect of potentially dilutive ordinary shares. The following table details the outstanding shares for basic and diluted net earnings per share:

	Year ended March 31, 2021 USD	Year ended March 31, 2020 USD	Year ended March 31, 2019 USD
Numerator:			
Net (loss) from continuing operation	(31,552,242)	(47,363,485)	(7,615,748)
Net (loss) income from discontinued operation	(3,274,747)	(23,834,894)	13,148,329
Net (loss) income	<u>(34,826,989)</u>	<u>(71,198,379)</u>	<u>5,532,581</u>
Denominator:			
Weighted average number of ordinary shares outstanding-basic	48,837,977	48,757,199	48,693,162
Weighted average number of dilutive potential ordinary shares from share options	—	—	4,219,664
Weighted average number of ordinary shares outstanding-diluted	<u>48,837,977</u>	<u>48,757,199</u>	<u>52,912,826</u>
Basic (loss) income per common share	(0.71)	(1.46)	0.11
Diluted (loss) income per common share	(0.71)	(1.46)	0.10

Note 19 - SHAREHOLDERS' EQUITY

Xiaobai Maimai Inc. was established under the laws of the Cayman Islands on April 25, 2016. The authorized number of ordinary shares is 500,000,000 shares with par value of US\$0.0001 each. As of March 31, 2021 and 2020, 48,850,574 and 48,818,340 ordinary shares were outstanding. On August 24, 2020, the Company amended the ratio of ADS representing its ordinary shares from one (1) ADS representing one (1) ordinary share to one (1) ADS representing three (3) ordinary shares. The change in the ADS ratio has the same effect as a one-for-three reverse ADS split. There was no change to our ordinary shares in connection with the change of the ADS ratio.

Note 20 - SHARE-BASED COMPENSATION

2016 Equity Incentive Plan

On April 1, 2016 (the “Award date”), to reward the Company’s employees and further align their interests with the Company in the future, the Company granted stock options to purchase 6,312,000 ordinary shares under the 2016 Equity Incentive Plan, adjusted for the nominal share issuance, to the Company’s officers, and key employees with the exercise price equal to US\$1.28. The Company determined the grant date to be April 1, 2016 in accordance with ASC 718-10-20 and 718-10-25-5. It is because the Company and employee have reached a mutual understanding of the key terms and conditions of these stock option awards on April 1, 2016 including a specific exercise price and vesting and exercise conditions. All necessary approvals for the stock option awards were obtained and communicated to employees on April 1, 2016. Subsequently, after the board of directors declared a cash dividend of \$0.40 per ordinary share (or US\$0.40 per ADS) on July 23, 2018, the board of directors further approved an adjustment to the exercise price of outstanding options from US\$1.28 to US\$0.88. The Options vested and became exercisable in three equal installments with the first vesting commencement date being the later of the first anniversary of the grant date or the closing date of a Qualified IPO. Subject to the continued employment or service through each applicable vesting date of the option holder, shares subject to the Option shall become vested as to the remaining two-thirds of the total number of share options under the 2016 Equity Incentive Plan in two (2) substantially equal annual installments, with the first installment vesting on the second anniversary of the grant date and the second installment vesting on the third anniversary of the grant date; provided that a Qualified IPO shall have occurred on or prior to the second anniversary of the grant date. The maximum contractual term is 4 years from the April 1, 2016. These options expired on March 31, 2020 and cannot be exercised if they have not vested by the expiration date or the termination date of the options. If a Qualified IPO does not occur within two years of April 1, 2016, such option will immediately expire to the extent unvested. As vesting is triggered only upon a Qualified IPO, such unvested options will be forfeited.

The options contain an explicit service condition (i.e., the options vest at each of three years following a successful initial public offering) and a performance condition (i.e., the options can only be exercised upon successful completion of an initial public offering by employees that are still employed by the Company upon the completion of the initial public offering). Under ASC 718-10-55-76, if the vesting (or exercisability) of an award is based on the satisfaction of both a service and performance condition, the entity must initially determine which outcomes are probable and recognize the compensation cost over the longer of the explicit or implicit service period. Because an initial public offering generally is not considered to be probable until the initial public offering is effective, no compensation cost will be recognized until the initial public offering occurs.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 20 - SHARE-BASED COMPENSATION (Continued)

2016 Equity Incentive Plan - continued

The Company has elected to recognize share-based compensation expense using a straight-line method for the entire employee equity awards granted with graded vesting based on service conditions provided that the amount of compensation cost recognized at any date is at least equal to the portion of the grant-date value of the equity awards that are vested at that date. Upon successful completion of a Qualified IPO, the Company will recognize share-based compensation for the portion of the requisite service that has been rendered as of that date for the portion for the period from April 1, 2016 to the date of the Completion of Qualified IPO on November 3, 2017. The Company is responsible for determining the fair value of options granted to employees and uses the Binomial option-pricing model assuming as of the valuation date, the fair market value per share was US\$1.41, exercise price per share was US\$1.28, the risk-free interest rate was 1.81%, and the dividend yield was 0%. For the options granted under 2016 Equity Incentive Plan, the expiry date was March 31, 2020, the life of option was 4 years and volatility was 47.4%.

The following table sets forth the stock option shares activities under the Company's 2016 Equity Incentive Plan for the years ended March 31, 2021, 2020 and 2019.

	Number of options	Weighted Average Exercise Price USD	Weighted Average Remaining Life in Years	Grant Date Fair Value USD	Aggregate Intrinsic Value USD
Outstanding, March 31, 2018	6,184,000	1.28	2	3,441,460	62,025,520
Number of Granted	208,400	8.6	2	791,920	—
Number of Exercise	(1,127,853)	1.03	—	(627,662)	—
Number of Forfeit	(278,469)	1.31	—	(201,891)	—
Outstanding, March 31, 2019	4,986,078	1.18	1	3,403,827	7,954,959
Number of Exercise	(320,020)	1.03	1	(185,612)	—
Number of Expired, forfeited or cancelled	(345,104)	3.73	—	(237,392)	—
Outstanding, March 31, 2020	4,320,954	1.01	0.4	2,980,823	—
Number of Exercise	—	—	—	—	—
Number of Expired, forfeited or cancelled	(3,487,064)	0.96	—	(3,332,614)	—
Outstanding, March 31, 2021	833,890	1.23	—	1,022,903	—
Vested and exercisable, March 31, 2019	4,861,604	0.99	1	2,930,826	7,954,959
Vested and exercisable, March 31, 2020	4,298,787	0.97	—	2,646,781	—
Vested and exercisable, March 31, 2021	833,890	1.23	—	1,022,903	—

XIAOBIAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 20 - SHARE-BASED COMPENSATION (Continued)

Restricted Stock Units

During the year ended March 31, 2019, the Company granted 616,700 restricted stock units (“RSU”). One RSU represents one ordinary share of the Company. RSU are share awards that, upon vesting, will deliver to the holder shares of the Company’s ordinary shares. Some of the RSU were to be vested over three years, one third (1/3) vesting and exercisable upon the date of grant, and the remaining two-thirds (2/3) of RSUs equally vesting and exercisable upon each of the second and third anniversary of the grant date. Some of the RSU were exercisable upon the date of grant. The Company satisfies RSU vesting through the issuance of new shares. During the year ended March 31, 2021, 2020 and 2019, 32,234, 38,900 and 538,900 RSU has been vested.

The following table summarized the Company’s RSUs activities under all incentive plans (in US\$, except shares):

	<u>Number of Restricted Shares</u>	<u>Weighted-average grant date fair value USD</u>
Outstanding at March 31, 2018	—	—
Granted	616,700	9.26
Vested	(538,900)	9.26
Forfeited	—	—
Outstanding at March 31, 2019	77,800	9.26
Granted	—	—
Vested	(38,900)	9.26
Forfeited	(3,333)	9.26
Outstanding at March 31, 2020	35,567	9.26
Granted	—	—
Vested	(32,234)	9.26
Forfeited	(3,333)	—
Outstanding at March 31, 2021	—	—

The fair value of the stock options and RSUs on the grant date was approximately US\$3.5 million. The Company accrues the compensation cost based on the number of awards that are expected to vest. The estimated forfeiture rate for the awards in fiscal years ended March 31, 2021, 2020 and 2019 is 13.04%. The forfeiture rate is estimated based on the historical employee turnover rates and expectations about the future.

Stock based compensation

For the years ended March 31, 2021, 2020 and 2019, the Company recognized US\$55,468, US\$347,466, and US\$6,585,386 share-based compensation expense, respectively. As of March 31, 2021 and 2020, the unrecognized compensation cost was nil and US\$64,415, respectively.

Note 21 - TRESURY STOCK

On December 10, 2018, the Company announced that its board of directors authorized a share repurchase program under which the Company may repurchase up to US\$25 million of its ordinary shares in the form of American depositary shares (“ADS”) over the next 12 months. The Company repurchased an aggregate of 1,165,883 ADSs from the open market for a total consideration of US\$3,988,370, which was recorded as treasury stock.

Note 22 - DIVIDEND

On July 19, 2018, the board of directors approved an annual dividend policy. Under this policy, annual dividends will be set at an amount equivalent to approximately 15-25% of the Company’s anticipated net income after tax in each year commencing from fiscal year ended March 31, 2019. On July 23, 2018, the board of directors declared a cash dividend of \$0.40 per ordinary share (or US\$0.40 per ADS). The cash dividend consisted of an annual dividend for the fiscal year ended March 31, 2019 pursuant to the newly adopted annual dividend policy of US\$0.27 per ordinary share (or US\$0.27 per ADS), and a special cash dividend of US\$0.13 per ordinary share (or US\$0.13 per ADS). The aggregated dividend payments to shareholders amounted to US\$19,547,532 for the year ended March 31, 2019.

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 23 - RESTRICTED NET ASSETS

Restricted Net Assets

As a result of the PRC laws and regulations and the requirement that distributions by the PRC entities can only be paid out of distributable profits computed in accordance with the PRC GAAP, the PRC entities are restricted from transferring a portion of their net assets to the Company. The restricted net assets consist of paid in capital, capital reserve and statutory reserves of the Company's PRC entities. As of March 31, 2021 and 2020, the restricted net assets that are not available for distribution amounted to approximately US\$86.9million and US\$81.0 million, respectively, which was included in the additional paid-in capital on the consolidated balance sheets.

Statutory Reserve

Pursuant to the Company Law of the PRC, each of the PRC entities is required to appropriate 10% of its net income to the statutory reserve on an annual basis until the aggregated amount of the reserve reaches 50% of its registered capital. The statutory reserve is not distributable. Subject to the approval of the shareholders, the statutory reserve may be used to offset accumulated losses or converted into capital of the company. As of March 31, 2021 and 2020, the statutory reserves amounted to US\$469,473 and US\$430,704, which was included as retained earnings in the accompanying consolidated balance sheets.

Note 24 - COMMITMENTS AND CONTINGENCIES

Contingencies

In the ordinary course of business, the Company may be subject to legal proceedings regarding contractual and employment relationships and a variety of other matters. The Company records contingent liabilities resulting from such claims, when a loss is assessed to be probable and the amount of the loss is reasonably estimable. As of March 31, 2021 and 2020, no such contingent liabilities are assessed as probable.

Note 25 — SUBSEQUENT EVENTS

On July 13, 2021, Hexin Holding Limited, the shareholder of the Company owned by Mr. Xiaobo An, founder, Chairman and Chief Executive Officer of the Company, entered into a Share Purchase Agreement (“SPA”) with Webao Limited, a company incorporated in Hong Kong, China, to sell a total of 31,980,800 ordinary shares. After the transaction, the number of ordinary shares owned by Hexin Holding Limited decreased to nil accordingly.

XIAOBIAI MAIMAI INC. AND SUBSIDIARIES
Schedule I -CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY

The Company's subsidiaries and VIEs established in the PRC are restricted in their ability to transfer a portion of their net assets to the Company. The payment of dividends by entities organized in China is subject to limitations, procedures and formalities. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. The Company's subsidiaries and its VIEs are also required to set aside at least 10% of its after-tax profit based on the PRC accounting standards each year to its statutory reserves account until the accumulative amount of such reserves reaches 50% of its respective registered capital. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends.

In addition, the Company's operations and revenues are conducted and generated in China, all of the Company's revenues being earned and currency received are denominated in RMB. RMB is subject to the foreign exchange control regulation in China, and, as a result, the Company may be unable to distribute any dividends outside of China due to the PRC foreign exchange control regulations that restrict the Company's ability to convert RMB into US Dollars.

Regulation S-X requires the condensed financial information of a registrant shall be filed when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. For purposes of the above test, restricted net assets of consolidated subsidiaries shall mean that amount of the registrant's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiaries in the form of loans, advances, or cash dividends without the consent of a third party. The condensed parent company financial statements have been prepared in accordance with Rule 12-04, Schedule I of Regulation S-X as the restricted net assets of the Company's PRC subsidiaries and VIEs exceed 25% of the consolidated net assets of the Company.

The condensed financial information of the parent company has been prepared in accordance with SEC Regulation S-X Rule 5-04 and Rule 12-04, using the same accounting policies as set out in the Company's consolidated financial statements, except that the Company uses the equity method to account for investments in its subsidiaries, VIEs and VIEs' subsidiaries. The footnote disclosures generally included in financial statements prepared in accordance with US GAAP have been condensed or omitted. The footnote disclosures contain supplemental information relating to the operations of the Company, as such, these statements are not the general-purpose financial statements of the reporting entity and should be read in conjunction with the notes to the consolidated financial statements of the Company.

CONDENSED BALANCE SHEETS

	As of March 31 2021 USD	As of March 31 2020 USD
ASSETS:		
Cash	1,483,484	1,709,149
Prepayment and other assets	160,450	5,795
Investments in subsidiaries, VIEs and VIEs' subsidiaries	30,793,763	66,588,445
TOTAL ASSETS	32,437,697	68,303,389
LIABILITIES:		
Accrued expenses and other current liabilities	161,882	202,500
Note payable	10,000,000	20,000,000
Due to related party	5,004,290	—
TOTAL LIABILITIES	15,166,172	20,202,500
SHAREHOLDERS' EQUITY:		
Ordinary shares (\$0.0001 par value, 500,000,000 shares authorized, 50,016,457 and 49,984,223 shares issued, 48,850,574 and 48,818,340 shares outstanding as of March 31, 2021 and 2020, respectively.)	5,002	4,999
Additional paid-in capital	49,330,571	60,559,583
Treasury stock	(3,988,370)	(3,988,370)
Retained earnings	(26,760,239)	(1,429,623)
Accumulated other comprehensive loss	(1,315,439)	(7,045,700)
TOTAL SHAREHOLDERS' EQUITY	17,271,525	48,100,889
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	32,437,697	68,303,389

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
Schedule I -CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (Continued)

CONDENSED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

	Years Ended March 31,		
	2021 USD	2020 USD	2019 USD
Equity in (loss) earnings of subsidiaries, VIEs and VIEs' subsidiaries	(28,512,556)	(35,994,910)	14,725,415
General administrative expense and others	(4,714,433)	(6,013,633)	(9,192,834)
Impairment on long-term investments	(1,600,000)	(29,189,836)	—
NET (LOSS) INCOME	(34,826,989)	(71,198,379)	5,532,581
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign currency translation adjustment	3,942,157	(5,288,742)	(6,136,187)
COMPREHENSIVE LOSS	(30,884,832)	(76,487,121)	(603,606)

CONDENSED STATEMENTS OF CASH FLOWS

	For The Years Ended March 31,		
	2021 USD	2020 USD	2019 USD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income	(34,826,989)	(71,198,379)	5,532,581
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in loss (earnings) of subsidiaries, VIEs and VIEs' subsidiaries	28,512,556	35,994,910	(14,725,415)
Impairment long-term investments	1,600,000	29,189,836	—
Share-based compensation	55,468	347,466	6,585,386
Changes in operating assets and liabilities:			
Prepayments and other assets	(154,653)	344,195	(339,995)
Accrued expenses and other current liabilities	(40,618)	184,258	(2,562,074)
Interest payments on unsecured senior notes and short-term bank loan	(2,114,388)	—	—
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(6,968,624)	(5,137,714)	(5,509,517)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Increase in investment in subsidiaries, VIEs and VIE's subsidiaries	—	(1,000,000)	(15,420,961)
Purchase of long-term investments	—	(14,594,918)	(1,600,000)
NET CASH PROVIDED BY (USED IN) IN INVESTING ACTIVITIES	—	(15,594,918)	(17,020,961)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Exercise of share options	3	281,616	1,156,623
Proceeds from issuance of unsecured note	—	—	20,000,000
Principal payments on unsecured senior notes	(10,000,000)	—	—
Repayment from subsidiaries, VIEs and VIE's subsidiaries	11,738,667	—	—
Repurchase of ordinary shares	—	(2,667,902)	(1,320,468)
Payments for offering cost	—	—	(318,000)
Dividend paid	—	(19,547,532)	—
Proceeds from related party	5,004,290	—	—
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	6,742,960	(2,386,286)	(29,377)
NET (DECREASE) INCREASE IN CASH	(225,665)	(23,118,918)	(22,559,855)
CASH-beginning of year	1,709,149	24,828,067	47,387,922
CASH-end of year	1,483,484	1,709,149	24,828,067
SUPPLEMENTAL CASH FLOW DISCLOSURES:			
Cash paid for income tax	—	—	—
Cash paid for interest	2,114,388	2,413,014	—

XIAOBAI MAIMAI INC. AND SUBSIDIARIES
Schedule I-CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (Continued)

Notes to condensed financial statements

- 1 Xiaobai Maimai Inc., formerly known as Hexindai Inc., was founded on April 25, 2016 in the Cayman Islands. The condensed full year results of the Company have been prepared assuming the Reorganization (see Note 1 in the consolidated financial statements) was in effect from November 1, 2016.
- 2 The condensed financial statements of Xiaobai Maimai Inc. have been prepared using the same accounting policies as set out in the consolidated financial statements except that the equity method has been used to account for investments in subsidiaries, VIEs and subsidiaries of VIEs. Such investment in subsidiaries and VIEs are presented on the balance sheets as interests in subsidiaries and VIEs and the income (loss) of the subsidiaries and VIEs is presented as equity in (loss) earnings of subsidiaries and VIEs on the statement of operations.
- 3 As of March 31, 2021 and 2020, there were no material contingencies, significant provisions of long-term obligations of the Company, except for those which have been separately disclosed in the consolidated financial statements.
- 4 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 notes to consolidated financial statements disclosed certain supplemental information relating to the operations of the Company and, as such, these statements should be read in conjunction with the notes to the accompanying Consolidated Financial Statements.

ASSIGNMENT AND ASSUMPTION AGREEMENT

DATED DECEMBER 16, 2020

among

XIAOBO AN

XIAONING AN

XIAOBIN ZHAI

HEXIN E-COMMERCE CO., LTD.

BEIJING HEXIN YONGHENG TECHNOLOGY DEVELOPMENT CO., LTD.

- and -

KUAISHANGCHE AUTOMOBILE LEASING CO., LTD.

CONTENTS

1	DEFINITIONS	2
2	THE ASSIGNMENT OF CONTROL OVER HEXIN E-COMMERCE	6
3	CLOSING	7
4	CLOSING CONDITIONS	8
5	ASSIGNEE'S REPRESENTATIONS AND WARRANTIES	10
6	ASSIGNOR'S REPRESENTATIONS AND WARRANTIES	11
7	HEXIN E-COMMERCE'S REPRESENTATIONS AND WARRANTIES	12
8	INDIVIDUAL SHAREHOLDERS' REPRESENTATIONS AND WARRANTIES	13
9	WARRANTORS' FURTHER REPRESENTATIONS AND WARRANTIES	13
10	COVENANTS	13
11	TERMINATION AND EXPENSES	14
12	RELEASES	15
13	SURVIVAL AND INDEMNIFICATION	15
14	MISCELLANEOUS	18
	ANNEX A -WUSU CONTRACTUAL ARRANGEMENT	27
	ANNEX B- EXCLUSIVE BUSINESS COOPERATION AGREEMENT	28
	ANNEX C- EQUITY INTEREST PLEDGE AGREEMENT	29
	EXHIBIT A- FURTHER REPRESENTATIONS AND WARRANTIES OF THE WARRANTORS	2

AMONG:

- (1) KUAISHANGCHE AUTOMOBILE LEASING CO., LTD., a limited liability company organized and existing under the laws of the PRC with its address at Room 704, Floor 7, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing, People's Republic of China. (the "Assignee");
- (2) XIAOBO AN, holder of Chinese Citizen ID Card no.130183198212131275, XIAONING AN, holder of Chinese Citizen ID Card no.130183198504011275, and XIAOBIN ZHAI, holder of Chinese Citizen ID no.130124198903223339 (each an "**Individual Shareholder**", collectively the "**Individual Shareholders**");
- (3) HEXIN E-COMMERCE CO., LTD., a limited liability company organized and existing under the laws of the PRC, with its address at Floor 13, No. 92 Jianguo Road, Chaoyang District, Beijing, People's Republic of China ("Hexin E-Commerce"); and
- (4) BEIJING HEXIN YONGHENG TECHNOLOGY DEVELOPMENT CO., LTD., a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1301, Floor 13, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing, People's Republic of China (the "Assignor").

The Assignor, the Assignee, each of the Individual Shareholders, and Hexin E-Commerce are referred to herein individually as "**Party**" and collectively as "**Parties**".

BACKGROUND:

- A The Assignor is wholly owned by Hexindai Hong Kong Limited, an investment holding company organized and existing under the laws of Hong Kong, which is wholly owned by Hexindai Inc., a limited company incorporated under the laws of the Cayman Islands and listed on the NASDAQ Global Market (the "**Parent Company**").
- B Hexin E-Commerce is a limited liability company registered in Beijing, China and owns 100% of the equity interest of the following PRC companies: Tianjin Qinhe Electronic Technology Co., Ltd., Tianjin Bozhishuntai Technology Co., Ltd., and Beijing Bozhishuntai Electronic Technology Co., Ltd. (collectively, "**Hexin E-Commerce Subsidiaries**", together with Hexin E-Commerce, "**Hexin E-Commerce Parties**").
- C Xiaobo An, Xiaoning An, and Xiaobin Zhai, subject to the 2016 Hexin E-Commerce VIE Agreements set forth below, each holds 94.99%, 0.01%, and 5% of the equity interest of Hexin E-Commerce.
- D On November 1, 2016, Individual Shareholders, Hexin E-Commerce, and the Assignor entered into a series of agreements as set forth below (the "**2016 Hexin E-Commerce VIE Agreements**"), and as a result of which, the Assignor is the primary beneficiary of and controls Hexin E-Commerce:
 - (i) Equity Interest Pledge Agreements dated November 1, 2016 among each of the Individual Shareholders, Hexin E-Commerce, and the Assignor (the "**2016 Equity Interest Pledge Agreements**");

- (ii) Exclusive Option Agreements dated November 1, 2016, among each of the Individual Shareholders, Hexin E-Commerce, and the Assignor (the “**2016 Exclusive Option Agreements**”);
- (iii) Exclusive Business Cooperation Agreement dated November 1, 2016 between Hexin E-Commerce and the Assignor (the “**2016 Exclusive Business Cooperation Agreement**”);
- (iv) Loan Agreements dated November 1, 2016, among each of the Individual Shareholders, and the Assignor (the “**2016 Loan Agreements**”); and
- (v) Power of Attorney dated November 1, 2016, executed by each of the Individual Shareholders (the “**2016 Power of Attorney**”).

E Prior to November 20, 2020, Hexin E-Commerce, Jia Ming, and Wu Shiwei, subject to the 2018 Wusu VIE Agreements (as set forth below), each held 94%, 5% and 1% of the equity interest of Wusu Hexin Yongheng Commercial and Trading Co., Ltd. (“**Wusu Company**”), respectively. On January 1, 2018, the Assignor, Wusu Company, Hexin E-Commerce, Jia Ming and Wu Shiwei entered into a series of agreements (the “**2018 Wusu VIE Agreements**”), and as a result of which, the Assignor became the primary beneficiary of and controlled Wusu Company.

F On November 20, 2020, for the purpose of internal reorganization and conducted under the sole and continuous control of the Assignor and Parent Company, Jia Ming and Wu Shiwei transferred 5% and 1% equity interest of Wusu Company registered under their names to Hexin E-Commerce, which in turn and became the legal title owner of 100% of the equity interest of Wusu Company. On November 20, 2020, the Assignor, Wusu Company, Hexin E-Commerce, Jia Ming, Wu Shiwei and Wang Huan (the spouse of Jia Ming) entered into a VIE termination agreement (the “**VIE Termination Agreement**”), which terminated all rights and obligations with respect to each party thereto under the 2018 Wusu VIE Agreements.

G On December 1, 2020, Wusu Company, Hexin E-Commerce and the Assignor entered into the agreements as set forth below and attached hereto as Annex A (the “**Wusu Contractual Arrangement**”), and as a result of which, the Assignor remains the primary beneficiary of and controls Wusu Company:

- (i) Equity Interest Pledge Agreement dated December 1, 2020, among Hexin E-Commerce, Wusu Company and the Assignor;
- (ii) Exclusive Option Agreement dated December 1, 2020, among Hexin E-Commerce, Wusu Company and the Assignor;
- (iii) Exclusive Business Cooperation Agreement dated December 1, 2020 between Wusu Company and the Assignor; and
- (iv) Power of Attorney dated December 1, 2020, executed by Hexin E-Commerce.

H For the consideration of RMB 5 million (the “**Assignment Consideration**”) consisting of immediately available cash, subject to the terms and conditions set forth herein, the Assignor desires to assign and transfer to the Assignee, and the Assignee desires to assume and accept from the Assignor the control over Hexin E-Commerce (the “**Assignment of Control**”), and such Assignment of Control shall take the form of the following transactions:

- (a) The assignments of all of the Assignor's rights and obligations to the Assignee under the Exclusive Business Cooperation Agreement;
- (b) The termination of the 2016 Equity Interest Pledge Agreements and the 2016 Loan Agreements by and between each of the Individual Shareholders and the Assignor, and the cancellation of the equity interest pledge registration of Hexin E-Commerce's 100% equity for the benefit of the Assignor (the "**Prior Equity Pledge Registration**");
- (c) The execution and immediate effectiveness of a new set of equity interest pledge agreements by and between each of the Individual Shareholders and the Assignee for the benefit of the Assignee, and the completion of equity interest pledge registration Hexin E-Commerce's 100% equity interest for the benefit of the Assignee;
- (d) The termination of the 2016 Exclusive Option Agreements and the 2016 Power of Attorney by the Assignor and the respective Parties thereto; and
- (e) The execution and immediate effectiveness of exclusive option agreements and powers of attorney by each of the Individual Shareholders for the benefit of the Assignee.

I The Assignee understands and acknowledges that the Assignment of Control excludes any rights, titles, interests or claims that Hexin E-Commerce, the Assignee or any of their respective Affiliates may have in, to or under the Wusu Contractual Arrangement, or as the interest holder of Wusu Company (the "**Excluded Business**").

IT IS AGREED:

1 DEFINITIONS

Certain Definitions

For purpose of this Agreement, the following capitalized terms have the following meanings:

Action means any notice of noncompliance or violation, or any claim, demand, charge, action, suit, litigation, audit, settlement, complaint, stipulation, assessment or arbitration, or any request (including any request for information), inquiry, hearing, proceeding or investigation, by or before any Governmental Authority;

Affiliate means, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person;

Approval means any approval, license, permit, authorization, release, order, consent or franchise required to be obtained from, or any registration, qualification, certificate, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to, any Governmental Authority or any other Person, or any waiver of any of the foregoing;

Ancillary Documents means each agreement, instrument or document attached hereto as an Exhibit, including the other agreements, certificates and instruments to be executed or delivered by any of the parties hereto in connection with or pursuant to this Agreement;

“Business Day” means any day other than a Saturday, Sunday or a legal holiday on which commercial banking institutions in the PRC, Hong Kong and the United States are authorized to close for business;

“Consent” means any consent, approval, waiver, authorization or Permit of, or notice to or declaration or filing with any Governmental Authority or any other Person;

“Contracts” means all contracts, agreements, binding arrangements, bonds, notes, indentures, mortgages, debt instruments, purchase order, licenses, franchises, leases and other instruments or obligations of any kind, written or oral (including any amendments and other modifications thereto);

“Control” of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract, or otherwise. “Controlled”, “Controlling” and “under common Control with” have correlative meanings. Without limiting the foregoing a Person (“**Controlled Person**”) shall be deemed Controlled by:

(a) any other Person (“**10% Owner**”):

(i) owning beneficially, as meant in Rule 13d-3 under the Exchange Act, securities entitling such Person to cast 10% or more of the votes for election of directors or equivalent governing authority of the Controlled Person; or

(ii) entitled to be allocated or receive 10% or more of the profits, losses, or distributions of the Controlled Person;

(b) an officer, director, general partner, partner (other than a limited partner), manager, or member (other than a member having no management authority that is not a 10% Owner) of the Controlled Person; or

(c) a spouse, parent, lineal descendant, sibling, aunt, uncle, niece, nephew, mother-in-law, father-in-law, sister-in-law, or brother-in-law of an Affiliate of the Controlled Person or a trust for the benefit of an Affiliate of the Controlled Person or of which an Affiliate of the Controlled Person is a trustee.

“Charter Documents” means, as to a Person, such Person’s certificate of incorporation, formation or registration (including, if relevant, certificates of change of name), memorandum of association, articles of association or incorporation, charter, by-laws, trust deed, trust instrument, joint venture or shareholders’ agreement or equivalent documents, and business license, in each case as amended; and means, as to PRC limited liability companies, the business license, articles of association, shareholders’ agreement or other equivalent documents;

“Fraud Claim” means any claim based in whole or in part upon fraud, willful misconduct or intentional misrepresentation;

“Financial Statements” means the financial statements of the Hexin E-Commerce Parties provided by the Warrantors consisting of the unaudited balance sheet, income statement and cash flow statement of the Hexin E-Commerce Parties as of and for the fiscal years ended March 31, 2018, 2019, 2020 and as of and for the nine months ended September 30, 2020, prepared by the respective Hexin E-Commerce Party in accordance with PRC or US GAAP applied on a consistent basis;

“GAAP” means generally accepted accounting principles as in effect in the United States of America;

“Governmental Authority” means any government or any agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government (including the government of the PRC and any other relevant jurisdiction);

“Governmental Order” means any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority;

“Hexin E-Commerce Subsidiaries’ Charters” means the Incorporation Documents of the Hexin E-Commerce Subsidiaries, as amended and effective;

“Knowledge” means, with respect to the Warrantors, the actual knowledge of the Warrantors, and that knowledge which should have been acquired by each such individual after making such due inquiry and exercising such due diligence as a prudent business person would have made or exercised in the management of his or her business affairs, including but not limited to due inquiry of all officers, directors, employees, consultants and professional advisers (including attorneys, accountants and auditors) of each Hexin E-Commerce Party who could reasonably be expected to have knowledge of the matters in question, and where any statement in the representations and warranties hereunder is expressed to be given or made to a Person’s Knowledge, or so far as a party is aware, or is qualified in some other manner having a similar effect, the statement shall be deemed to be supplemented by the additional statement that such party has made such due inquiry and due diligence;

“Law” means any federal, state, local, municipal, foreign or other law, statute, legislation, principle of common law, ordinance, code, edict, decree, proclamation, treaty, convention, rule, regulation, directive, requirement, writ, injunction, settlement, Order or Consent that is or has been issued, enacted, adopted, passed, approved, promulgated, made, implemented or otherwise put into effect by or under the authority of any Governmental Authority;

“Liabilities” means any and all liabilities, indebtedness, Actions or obligations of any nature (whether absolute, accrued, contingent or otherwise, whether known or unknown, whether direct or indirect, whether matured or unmatured and whether due or to become due), including tax liabilities due or to become due;

“Lien” means any mortgage, pledge, security interest, attachment, right of first refusal, option, proxy, voting trust, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof), restriction (whether on voting, sale, transfer, disposition or otherwise), any subordination arrangement in favor of another Person, any filing or agreement to file a financing statement as debtor under the Uniform Commercial Code or any similar Law;

“Material Adverse Effect” means any change, effect, event, circumstance, occurrence, fact, condition or development that, taken together with all other changes, effects, events, circumstances, occurrences, facts, conditions and developments, is materially adverse to the business, assets, liabilities, properties, operations or financial conditions of the respective Party or each of the Hexin E-Commerce Parties;

“Order” means any order, decree, ruling, judgment, injunction, writ, determination, binding decision, verdict, judicial award or other action that is or has been made, entered, rendered, or otherwise put into effect by or under the authority of any Governmental Authority;

“Organizational Documents” means the certificate of incorporation, the articles of associations, and bylaws or similar organizational documents, as amended and effective, of the Parties, as applicable;

“Person” means an individual, corporation, partnership (including a general partnership, limited partnership or limited liability partnership), limited liability company, association, trust or other entity or organization, including a government, domestic or foreign, or political subdivision thereof, or an agency or instrumentality thereof;

“Prior Equity Pledge Registration” has the meaning ascribed to it in the recitals;

“PRC” means the People’s Republic of China but solely for purposes of this Agreement and the other Transaction Documents, does not include Hong Kong, Macau and Taiwan;

“Representative” means, as to any Person, such Person’s Affiliates and its and their managers, directors, officers, employees, agents and advisors (including financial advisors, counsel and accountants);

“SAMR” means the State Administration for Market Regulation of the PRC (中华人民共和国国家市场监督管理总局) or its authorized local branch, including its successors and its counterparts;

“Taxes” means:

- (a) all direct or indirect federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, value-added, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, social security and related contributions due in relation to the payment of compensation to employees, excise, severance, stamp, occupation, premium, property, windfall profits, alternative minimum, estimated, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto;
- (b) any Liability for payment of amounts described in (a) whether as a result of being a member of an affiliated, consolidated, combined or unitary group for any period or otherwise through operation of law; and
- (c) any Liability for the payment of amounts described in (a) or (b) as a result of any tax sharing, tax group, tax indemnity or tax allocation agreement with, or any other express or implied agreement to indemnify, any other Person.

“Tax Return” means any return, declaration, report, estimate, claim for refund, claim for extension, information return, or statement relating to any Tax, including any schedule or attachment thereto.

“Warrantors” means the Assignor, together with Hexin E-Commerce and the Individual Shareholders.

2.1 Assignment of Control

At the Closing (as hereinafter defined) and subject to and upon the terms and conditions of this Agreement:

2.1.1 Assignment of the 2016 Exclusive Business Cooperation Agreement

- (a) **Assignment.** The Assignor shall assign and transfer to and for the benefit of the Assignee, all of Assignor's right, title and interest in, to and under the Exclusive Business Cooperation Agreement (the "**Assumed Contract**"), together with all rights, privileges and benefits appertaining thereto, effective as of the date of the Closing.
- (b) **Assumption.** The Assignee shall accept the assignment and transfer of the Assumed Contract by the Assignor pursuant to clause 2.1.1(a) above and shall assume, and undertake and agree to hereafter pay, perform and discharge in accordance with their terms any and all of the liabilities, obligations and commitments of Assignor relating to the Assumed Contract, effective as of the date of the Closing.
- (c) **Consent.** Each of the Individual Shareholders and Hexin E-Commerce, as applicable, hereby consents to the assignment of the Assumed Contract by the Assignor to the Assignee.
- (d) The Assignor and the Assignee acknowledge and agree that the representations, warranties, covenants and agreements contained in the Assumed Contract shall remain in full force and effect to the full extent provided therein.
- (e) The Assignor and Hexin E-Commerce shall, for the purpose of the implementation of the assignment of exclusive business cooperation agreement contemplated above, terminate the 2016 Exclusive Business Cooperation Agreement, and Hexin E-Commerce shall execute a new exclusive business cooperation agreement, in substantially the form attached hereto as Annex B, with the Assignee with immediate effect.

2.1.2 Termination and Execution of 2016 Equity Interest Pledge Agreements and Loan Agreements

- (a) The Assignor, Hexin E-Commerce, and each of the Individual Shareholders shall terminate the respective 2016 Equity Interest Pledge Agreements and 2016 Loan Agreements.
- (b) Each of the Individual Shareholders and Hexin E-Commerce shall execute an equity interest pledge agreement, in substantially the form attached hereto as Annex C, with immediate effect to create an equity pledge on 100% equity interest of Hexin E-Commerce in favor of the Assignee.
- (c) The Assignor, Hexin E-Commerce, and each of the Individual Shareholders shall, for the purpose of the implementation of the termination and execution of equity interest pledge agreements as contemplated above, shall as soon as practicable but in no event later than the date of the Closing to cancel the Prior Equity Pledge Registration and register an equity pledge on Hexin E-Commerce's 100% equity interest in favor of the Assignee.

2.1.3 Termination and Execution of 2016 Exclusive Option Agreements and Power of Attorney

- (a) The Assignor shall execute a power of attorney resignation letter and relinquish all rights, interests and obligations appertaining to the equity interest of Hexin E-Commerce pursuant to the 2016 Power of Attorney.

- (b) The Assignor, Hexin E-Commerce, and each of the Individual Shareholders shall terminate the respective 2016 Exclusive Option Agreements.
- (c) Each of the Individual Shareholders and Hexin E-Commerce shall execute an exclusive option agreement with immediate effect to grant to the Assignee an exclusive option to purchase all or part of such Individual Shareholder's equity interest in Hexin E-Commerce.
- (d) Each of the Individual Shareholders shall execute a power of attorney with immediate effect to authorize the Assignee or a legal or natural person designated by the Assignee to exercise all of the respective Individual Shareholder's rights as interest holder of Hexin E-Commerce.

2.1.4 For the avoidance of doubt, the Parties agree that the Assignment of Control excludes any assets, rights, titles, interests, privileges or benefits in relation to the Excluded Business.

2.2 Assignment Consideration

At the Closing and subject to and upon the terms and conditions of this Agreement, the Assignee shall deliver to the Assignor the Assignment Consideration in the amount of RMB 5 million with immediately available cash in US Dollars or RMB via wire transfer to bank account designated by Assignor.

2.3 Hexin E-Commerce Consent

Hexin E-Commerce, as the sole interest holder of Hexin E-Commerce Subsidiaries, hereby approves, authorizes and consents to the execution and delivery of this Agreement and the Ancillary Documents, the performance by Hexin E-Commerce Subsidiaries of its obligations hereunder and thereunder the Assumed Contract, and the consummation by Hexin E-Commerce Subsidiaries of the transactions contemplated hereby and thereby, as applicable. Hexin E-Commerce acknowledges and agrees that the consent set forth herein is intended and shall constitute such consent of Hexin E-Commerce as may be required (and shall, if applicable, operate as a written shareholder resolution of Hexin E-Commerce Subsidiaries) pursuant to the Hexin E-Commerce Subsidiaries' Charters, any other agreement in respect of Hexin E-Commerce Subsidiary to which Hexin E-Commerce is a party and all applicable Laws.

3 CLOSING

3.1 Closing

Subject to the satisfaction or waiver of the conditions set forth in clause 4, the consummation of the transactions contemplated by this Agreement (the "**Closing**") shall take place at the offices of DLA Piper UK LLP, 20th Floor, South Tower, Kerry Center. No. 1 Guanghua Road, Chao Yang District, Beijing, People's Republic of China, on the first Business Day after all the closing conditions to this Agreement have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) at 10:00 a.m. local time, or at such other date, time or place as the Assignor and the Assignee may agree (the date and time at which the Closing is actually held being "**Closing Date**").

At the Closing, each of the Individual Shareholders and Hexin E-Commerce, as applicable, shall enter into and execute agreements, amendments to agreements or any other required documents to reflect the Assignment of Control as contemplated in this Agreement, including, but not limited to the followings:

- (a) All parties shall execute and deliver to the other parties the originals of this Agreement;
- (b) The Assignor and Hexin E-Commerce shall enter into a termination agreement to terminate the 2016 Exclusive Business Cooperation Agreement;
- (c) Hexin E-Commerce shall execute a new exclusive business cooperation agreement, in substantially the form attached hereto as Annex B, with the Assignee with immediate effect;
- (d) Each of the Individual Shareholders and Hexin E-Commerce shall execute a termination agreement to terminate the 2016 Equity Pledge Agreements and the 2016 Loan Agreements;
- (d) Each of the Individual Shareholders and/or Hexin E-Commerce shall execute an equity pledge agreement, in substantially the form attached hereto as Annex C, with immediate effect to create an equity pledge on 100% equity interest of Hexin E-Commerce in favor of the Assignee, and shall register the same with the SAMR;
- (e) The Assignor, Hexin E-Commerce, and each of the Individual Shareholders shall execute a termination agreement to terminate the respective 2016 Exclusive Option Agreements;
- (f) Each of the Individual Shareholders and Hexin E-Commerce shall execute a new exclusive option agreement with immediate effect to grant to the Assignee an exclusive option to purchase all or part of such Individual Shareholder's equity interest in Hexin E-Commerce;
- (g) The Assignor shall execute a power of attorney resignation letter and relinquish all rights, interests and obligations appertaining to the equity interest of Hexin E-Commerce under the 2016 Power of Attorney.
- (h) Each of the Individual Shareholders shall execute a power of attorney with immediate effect to authorize the Assignee or a legal or natural person designated by the Assignee to exercise all of the respective Individual Shareholder's rights as interest holder of Hexin E-Commerce; and
- (i) The Assignor, Hexin E-Commerce, and each of the Individual Shareholders shall have completed the cancellation of the Prior Equity Pledge Registration and the new share pledge registration for the sole benefit of the Assignee and deliver to the Assignee notice from the SAMR as the proof of such cancellation and completion of registration.

4 CLOSING CONDITIONS

4.1 Conditions to Each Party's Obligations

The obligations of each Party to consummate the transactions described herein shall be subject to the satisfaction or written waiver (where permissible) by the Assignor and the Assignee of the following conditions:

4.1.1 No Violations

No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law (whether temporary, preliminary or permanent) or Order that is then in effect and which has the effect of making the transactions or agreements contemplated by this Agreement illegal or which otherwise prevents or prohibits consummation of the transactions contemplated by this Agreement.

4.1.2 No Litigation

There shall not be any pending Action brought by a third-party non-Affiliate to enjoin or otherwise restrict the consummation of the Closing.

4.1.3 Fairness Opinion

The independent directors of the Parent Company shall have received a fairness opinion issued by Asia-Pacific Consulting and Appraisal Limited.

4.2 Conditions to Obligations of the Assignor

In addition to the conditions specified in clause 4.1, the obligations of the Assignor to consummate the transactions contemplated by this Agreement are subject to the satisfaction or written waiver (by the Assignor) of the following condition:

4.2.1 Payment of Assignment Consideration

At the Closing, the Assignee shall deliver to the Assignor the Assignment Consideration by wire transfer or by check to the Assignor in RMB or USD to a bank account designed by the Assignor.

4.3 Conditions to Obligations of the Assignee

In addition to the conditions specified in clause 4.1, the obligations of the Assignee to consummate the transactions contemplated by this Agreement are subject to the satisfaction or written waiver (by the Assignee) of the following conditions:

4.3.1 Delivery of Notice

The Assignor shall have delivered a written notice to Hexin E-Commerce and each Individual Shareholders in relation to the assignment of Assignor's rights hereto to the Assignee prior to the Closing.

4.3.2 Representations and Warranties.

The representations and warranties made by each of the Assignor, Hexin E-commerce, Individual Shareholder and the Warrantor in clause 6, 7, 8 and 9, respectively, shall be true, correct and complete in all material respects when made, and shall be true and correct and complete in all material respects as of the Closing with the same force and effect as if they had been made on and as of such date, unless any representations and warranties are made with respect to a specified date, in which case, as of such date.

4.3.3 Performance of Obligations.

Each Warrantor shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement and any Ancillary Document related hereto that are required to be performed or complied with by it on or before the Closing.

4.3.4 Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated hereby at the Closing and all documents and documents incidental to such proceedings shall have been completed or produced, and the Assignee shall have received all such counterpart originals or certified or other copies of such documents as it may reasonably request.

4.3.5 Approvals, Consents and Waivers.

Each Warrantor shall have obtained any and all Approvals, if any, necessary for consummation of the transactions contemplated by this Agreement and any Ancillary Document related hereto.

4.3.6 Registration of Equity Pledge.

The Assignor, Hexin E-Commerce, and each of the Individual Shareholders shall have completed the cancellation of the Prior Equity Pledge Registration and the new equity pledge registration for the sole benefit of the Assignee with the SAMR.

4.4 Frustration of Conditions

Notwithstanding anything contained herein to the contrary, no Party may rely on the failure of any condition set forth in this clause 4 to be satisfied if such failure was caused by such the failure of such Party or its Affiliates to comply with or perform any of its covenants or obligations set forth in this Agreement.

5 ASSIGNEE'S REPRESENTATIONS AND WARRANTIES

The Assignee hereby represents and warrants to the Assignor as follows:

5.1 Authorization; Binding Agreement

The Assignee has all requisite authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (a) have been duly and validly authorized and (b) no other corporate proceedings, other than as set forth elsewhere in the Agreement, are necessary to authorize the execution and delivery of this Agreement or to consummate the transactions contemplated hereby. This Agreement has been, and shall be when delivered, duly and validly executed and delivered by the Assignee, assuming the due authorization, execution and delivery of this Agreement by the other parties hereto, and constitutes, or when delivered shall constitute, the valid and binding obligation of the Assignee, enforceable against the Assignee in accordance with its terms, except to the extent that enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization and moratorium laws and other laws of general application affecting the enforcement of creditors' rights generally or by any applicable statute of limitation or by any valid defense of set-off or counterclaim, and the fact that equitable remedies or relief (including the remedy of specific performance) are subject to the discretion of the court from which such relief may be sought (collectively, "**Enforceability Exceptions**").

5.2 Governmental Approvals

No Consent of or with any Governmental Authority, on the part of the Assignee is required to be obtained or made in connection with the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby, other than (a) such filings as may be required in any jurisdiction in which such Party is qualified or authorized to do business in order to maintain such qualification or authorization, (b) such filings as contemplated by this Agreement, (c) any filings required with the NASDAQ Stock Market with respect to the transactions contemplated by this Agreement, or (d) applicable requirements, if any, of the Securities Act of 1933, as amended ("**Securities Act**"), the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), and/ or any state "blue sky" securities laws, and the rules and regulations thereunder.

5.3 Non-Contravention

The execution and delivery by the Assignee of this Agreement and the consummation of the transactions contemplated hereby, and compliance with any of the provisions hereof, will not (a) conflict with or violate any provision of the Organizational Documents of such Party (if any), (b) conflict with or violate any Law, Order or Consent applicable to such Party or any of its properties or assets, or (c) (i) violate, conflict with or result in a breach of, (ii) constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, (iii) result in the termination, withdrawal, suspension, cancellation or modification of, (iv) accelerate the performance required by such Party under, (v) result in a right of termination or acceleration under, (vi) give rise to any obligation to make payments or provide compensation under, (vii) result in the creation of any Lien upon any of the properties or assets of such Party under, (viii) give rise to any obligation to obtain any third party consent or provide any notice to any Person or (ix) give any Person the right to declare a default, exercise any remedy, claim a rebate, chargeback, penalty or change in delivery schedule, accelerate the maturity or performance, cancel, terminate or modify any right, benefit, obligation or other term under, any of the terms, conditions or provisions of, any material contract of such Party.

6 ASSIGNOR'S REPRESENTATIONS AND WARRANTIES

The Assignor hereby represents and warrants to the Assignee as follows:

6.1 Due Organization and Good Standing

The Assignor is a company duly incorporated, validly existing and in good standing under the laws of the PRC.

6.2 Authorization; Binding Agreement

The Assignor has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (a) have been duly and validly authorized and (b) no other corporate proceedings, other than as set forth elsewhere in the Agreement, are necessary to authorize the execution and delivery of this Agreement or to consummate the transactions contemplated hereby. This Agreement has been, and shall be when delivered, duly and validly executed and delivered by the Assignor, assuming the due authorization, execution and delivery of this Agreement by the other parties hereto, and constitutes, or when delivered shall constitute, the valid and binding obligation of the Assignor, enforceable against the Assignor in accordance with its terms, except to the extent that enforceability thereof may be limited by the Enforceability Exceptions.

6.3 Governmental Approvals

Except as otherwise provided by this Agreement in connection with the share pledge registration of Hexin E-Commerce with the SAMR, no Consent of or with any Governmental Authority, on the part of the Assignor are required to be obtained or made in connection with the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby and thereby, other than (a) such filings as may be required in any jurisdiction in which the Assignor is qualified or authorized to do business in order to maintain such qualification or authorization, (b) such filings as contemplated by this Agreement, (c) any filings required with NASDAQ Stock Market with respect to the transactions contemplated by this Agreement, or (d) applicable requirements, if any, of the Securities Act, the Exchange Act and/ or any state “blue sky” securities laws, and the rules and regulations thereunder.

6.4 Non-Contravention

The execution and delivery by the Assignor of this Agreement and the consummation of the transactions contemplated hereby, and compliance with any of the provisions hereof, will not (a) conflict with or violate any provision of the Organizational Documents of the Assignor(if any), (b) conflict with or violate any Law, Order or Consent applicable to the Assignor or any of its properties or assets, or (c) (i) violate, conflict with or result in a breach of, (ii) constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, (iii) result in the termination, withdrawal, suspension, cancellation or modification of, (iv) accelerate the performance required by the Assignor under, (v) result in a right of termination or acceleration under, (vi) give rise to any obligation to make payments or provide compensation under, (vii) result in the creation of any Lien upon any of the properties or assets of the Assignor under, (viii) give rise to any obligation to obtain any third party consent or provide any notice to any Person or (ix) give any Person the right to declare a default, exercise any remedy, claim a rebate, chargeback, penalty or change in delivery schedule, accelerate the maturity or performance, cancel, terminate or modify any right, benefit, obligation or other term under, any of the terms, conditions or provisions of, any material contract of the Assignor.

7 HEXIN E-COMMERCE'S REPRESENTATIONS AND WARRANTIES

Hexin E-Commerce hereby represents and warrants to the Assignee and Assignor as follows:

7.1 Due Organization and Good Standing

Hexin E-Commerce and Hexin E-Commerce's Subsidiaries are companies duly incorporated, validly existing and in good standing under the laws of the PRC.

7.2 Authorization; Binding Agreement

Hexin E-Commerce has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (a) have been duly and validly authorized and (b) no other corporate proceedings, other than as set forth elsewhere in the Agreement, are necessary to authorize the execution and delivery of this Agreement or to consummate the transactions contemplated hereby. This Agreement has been, and shall be when delivered, duly and validly executed and delivered by Hexin E-Commerce, assuming the due authorization, execution and delivery of this Agreement by the other parties hereto, and constitutes, or when delivered shall constitute, the valid and binding obligation of Hexin E-Commerce, enforceable against Hexin E-Commerce in accordance with its terms, except to the extent that enforceability thereof may be limited by the Enforceability Exceptions.

7.3 Governmental Approvals

No Consent of or with any Governmental Authority, on the part of Hexin E-Commerce are required to be obtained or made in connection with the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby and thereby, other than (a) such filings as may be required in any jurisdiction in which Hexin E-Commerce is qualified or authorized to do business in order to maintain such qualification or authorization, (b) such filings as contemplated by this Agreement.

7.4 Non-Contravention

The execution and delivery by Hexin E-Commerce of this Agreement and the consummation of the transactions contemplated hereby, and compliance with any of the provisions hereof, will not (a) conflict with or violate any provision of the Organizational Documents of Hexin E-Commerce (if any), (b) conflict with or violate any Law, Order or Consent applicable to Hexin E-Commerce or any of its properties or assets, or (c) (i) violate, conflict with or result in a breach of, (ii) constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, (iii) result in the termination, withdrawal, suspension, cancellation or modification of, (iv) accelerate the performance required by Hexin E-Commerce under, (v) result in a right of termination or acceleration under, (vi) give rise to any obligation to make payments or provide compensation under, (vii) result in the creation of any Lien upon any of the properties or assets of Hexin E-Commerce under, (viii) give rise to any obligation to obtain any third party consent or provide any notice to any Person or (ix) give any Person the right to declare a default, exercise any remedy, claim a rebate, chargeback, penalty or change in delivery schedule, accelerate the maturity or performance, cancel, terminate or modify any right, benefit, obligation or other term under, any of the terms, conditions or provisions of, any material contract of Hexin E-Commerce.

8 INDIVIDUAL SHAREHOLDERS' REPRESENTATIONS AND WARRANTIES

Each of the Individual Shareholders hereby represents and warrants to the Assignor that, each of the Individual Shareholders is of sound mind, has the necessary legal capacity to perform his or her obligations hereunder, and has entered into this Agreement of his or her own will and understands the nature of the obligations to be assumed by him or her under this Agreement.

9 WARRANTORS' FURTHER REPRESENTATIONS AND WARRANTIES

The Warrantors hereby jointly and severally represent and warrant to the Assignee that, as of the date hereof and at the Closing (unless otherwise specified) hereunder (or, if such representations and warranties are made with respect to a certain date, as of such date), each of the statements contained in Exhibit A is true, accurate and complete in all material respects.

10 COVENANTS

- 10.1 Hexin E-Commerce shall perform all of its obligations contained in the Wusu Contractual Arrangement according to its terms, and shall not act in any way to contravene any terms of the Wusu Contractual Arrangement so long as the Wusu Contractual Arrangement remains in effect.
- 10.2 Each of the Individual Shareholders shall not act, or direct Hexin E-Commerce to act in any way to contravene any terms the Wusu Contractual Arrangement so long as the Wusu Contractual Arrangement remains in effect.
- 10.3 The Assignee undertakes to forgo any claim over any assets, rights, interests, privileges or benefits of the Excluded Business.

10.4 Each Party shall from time to time and at all times hereafter make, do, execute, or cause to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement and any Ancillary Document related hereto.

11 TERMINATION AND EXPENSES

11.1 Termination

This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing as follows:

- (a) by mutual written consent of the Assignor and the Assignee;
- (b) by written notice by either the Assignor or the Assignee, if the Closing shall not have occurred on or prior to December 31, 2020 (the “**Long Stop Date**”), unless such date is extended by the mutual written consent of the Assignor and the Assignee; provided, however, that the right to terminate this Agreement pursuant to this clause 11.1 (b) shall not be available to a Party, if the failure to close is primarily caused by a failure by such Party to comply with its obligations under this Agreement; or
- (c) by written notice by either the Assignor or the Assignee if a Governmental Authority of competent jurisdiction shall have issued an Order or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement, and such Order or other action has become final and non-appealable; provided, however, that the right to terminate this Agreement pursuant to this clause (b) shall not be available to a Party if the failure by such Party or its Affiliates to comply with any provision of this Agreement has been a substantial cause of, or substantially resulted in, such action by such Governmental Authority.

11.2 Effect of Termination

This Agreement may only be terminated in the circumstances described in clause 11.1 and pursuant to a written notice delivered by the applicable Party to the other applicable Parties, which sets forth the basis for such termination, including the provision of clause 11.1 under which such termination is made. In the event of the valid termination of this Agreement pursuant to clause 11.1, this Agreement shall forthwith become void, and there shall be no Liability on the part of any Party or any of their respective Representatives, and all rights and obligations of each Party shall cease, and nothing herein shall relieve any Party from Liability for any willful breach of any representation, warranty, covenant or obligation under this Agreement or any Fraud Claim against such Party, in either case, prior to termination of this Agreement. Without limiting the foregoing, and except as provided in this clause 11, the Parties’ sole right prior to the Closing with respect to any breach of any representation, warranty, covenant or other agreement contained in this Agreement by another Party or with respect to the transactions contemplated by this Agreement shall be the right, if applicable, to terminate this Agreement pursuant to clause 11.1.

11.3 Fees and Expenses

All Expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such expenses. As used in this Agreement, “Expenses” shall include all out-of-pocket expenses (including all fees and expenses of counsel, accountants, investment bankers, financial advisors, financing sources, experts and consultants to a Party hereto or any of its Affiliates) incurred by a Party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution or performance of this Agreement or any Ancillary Document related hereto and all other matters related to the consummation of this Agreement.

Release and Covenant Not to Sue

Effective as of the Closing, to the fullest extent permitted by applicable Law, the Assignee, on behalf of itself and its Affiliates, respectively (the “**Releasing Persons**”), will release and discharge the Assignor from and against any and all Actions, obligations, agreements, debts and Liabilities whatsoever, whether known or unknown, both at law and in equity, which such Releasing Person now has, has ever had or may hereafter have against the Assignor arising on or prior to the Closing Date or on account of or arising out of any matter occurring on or prior to the Closing Date, including any rights to indemnification or reimbursement from Assignor, whether pursuant to its Organizational Documents, Contract or otherwise, and whether or not relating to claims pending on, or asserted after, the Closing Date. From and after the Closing, each Releasing Person hereby irrevocably covenants to refrain from, directly or indirectly, asserting any Action, or commencing or causing to be commenced, any Action of any kind against the Assignor or its Affiliates, based upon any matter purported to be released hereby. Notwithstanding anything herein to the contrary, the releases and restrictions set forth herein shall not apply to any claims a Releasing Person may have against any party pursuant to the terms and conditions of this Agreement or any Ancillary Document.

13 SURVIVAL AND INDEMNIFICATION

13.1 Survival

All representations and warranties of the Assignee contained in this Agreement (including all schedules and exhibits hereto and all certificates, documents, instruments and undertakings furnished pursuant to this Agreement) shall survive the Closing through and until the second anniversary of the Closing Date; provided, however, that the representations and warranties contained in clause 5.1 (Authorization; Binding Agreement) shall survive indefinitely. Additionally, Fraud Claims against the Assignee shall survive indefinitely. If written notice of a claim for breach of any representation or warranty has been given before the applicable date when such representation or warranty no longer survives in accordance with this clause 13.1, then the relevant representations and warranties shall survive as to such claim, until the claim has been finally resolved. All covenants, obligations and agreements of the Assignee contained in this Agreement (including all schedules and exhibits hereto and all certificates, documents, instruments and undertakings furnished pursuant to this Agreement), including any indemnification obligations, shall survive the Closing and continue until fully performed in accordance with their terms. For the avoidance of doubt, a claim for indemnification under any subsection of clause 13.2 other than clauses (a) or (b) thereof may be made at any time.

13.2 Indemnification by the Assignee

Subject to the terms and conditions of this clause 13, from and after the Closing, the Assignee and its respective successors and assigns (with respect to any claim made under this clause 13.2, “**Indemnifying Parties**”) will jointly and severally indemnify, defend and hold harmless the Assignor its Affiliates and their respective officers, directors, managers, employees, successors and permitted assigns (with respect to any claim made under this clause 13.2, “**Indemnified Parties**”) from and against any and all losses, Actions, Orders, Liabilities, damages (including consequential damages), diminution in value, Taxes, interest, penalties, Liens, amounts paid in settlement, costs and expenses (including reasonable expenses of investigation and court costs and reasonable attorneys’ fees and expenses), (any of the foregoing, a “**Loss**”) paid, suffered or incurred by, or imposed upon, any Indemnified Party to the extent arising in whole or in part out of or resulting directly or indirectly from (whether or not involving a Third Party Claim):

- (a) the breach of any representation or warranty made by the Assignee set forth in this Agreement or in any certificate or document delivered by the Assignee pursuant to this Agreement;
- (b) the breach of any covenant or agreement on the part of the Assignee set forth in this Agreement or in any certificate or document delivered by the Assignee pursuant to this Agreement;
- (c) any Action by Person(s) who were holders of equity interest of the Assignor, including options, warrants, convertible debt or other convertible securities or other rights to acquire equity securities of the Assignor, prior to the Closing arising out of the sale, purchase, termination, cancellation, expiration, redemption or conversion of any such securities; or
- (d) any Fraud Claims.

13.3 Limitations and General Indemnification Provisions

- 13.3.1 Solely for purposes of determining the amount of Losses under this clause 13 (and, for the avoidance of doubt, not for purposes of determining whether there has been a breach giving rise to the indemnification claim), all of the representations, warranties and covenants set forth in this Agreement or any Ancillary Document that are qualified by materiality or words of similar import or effect will be deemed to have been made without any such qualification.
- 13.3.2 No investigation or knowledge by an Indemnified Party its Representatives of a breach of a representation, warranty, covenant or agreement of an Indemnifying Party shall affect the representations, warranties, covenants and agreements of the Indemnifying Party or the recourse available to the Indemnified Parties under any provision of this Agreement, including this clause 13, with respect thereto.
- 13.3.3 The amount of any Losses suffered or incurred by any Indemnified Party shall be reduced by the amount of any insurance proceeds paid to the Indemnified Party or any Affiliate thereof as a reimbursement with respect to such Losses (and no right of subrogation shall accrue to any insurer hereunder, except to the extent that such waiver of subrogation would prejudice any applicable insurance coverage), net of the costs of collection and the increases in insurance premiums resulting from such Loss or insurance payment.

13.4 Indemnification Procedures

- 13.4.1 In order to make a claim for indemnification hereunder, the Assignor must provide written notice (“**Claim Notice**”) of such claim to the Indemnifying Parties, which Claim Notice shall include (i) a reasonable description of the facts and circumstances which relate to the subject matter of such indemnification claim to the extent then known and (ii) the amount of Losses suffered by the Indemnified Party in connection with the claim to the extent known or reasonably estimable (provided, that the Assignor may thereafter in good faith adjust the amount of Losses with respect to the claim by providing a revised Claim Notice to Indemnifying Parties).

13.4.2 In the case of any claim for indemnification under this clause 13 arising from a claim of a third party (including any Governmental Authority) (“**Third Party Claim**”), the Assignor must give a Claim Notice with respect to such Third Party Claim to the Indemnifying Parties promptly (but in no event later than 30 days) after the Indemnified Party’s receipt of notice of such Third Party Claim; provided, that the failure to give such notice will not relieve the Indemnifying Party of its indemnification obligations except to the extent that the defense of such Third Party Claim is materially and irrevocably prejudiced by the failure to give such notice. The Indemnifying Parties will have the right to defend and to direct the defense against any such Third Party Claim, at its expense and with counsel selected by Indemnifying Parties, unless (i) the Indemnifying Parties fails to acknowledge fully to the Assignor the obligations of the Indemnifying Parties to such Indemnified Party within 20 days after receiving notice of such Third Party Claim or contests, in whole or in part, its indemnification obligations therefor or (ii) at any time while such Third Party Claim is pending, (A) there is a conflict of interest between the Indemnifying Parties and the Assignor in the conduct of such defense, (B) the applicable third party alleges a Fraud Claim or (C) such claim is criminal in nature, could reasonably be expected to lead to criminal proceedings, or seeks an injunction or other equitable relief against the Indemnified Parties. If the Indemnifying Parties elects, and is entitled, to compromise or defend such Third Party Claim, it will within 20 days (or sooner, if the nature of the Third Party Claim so requires) notify the Assignor of its intent to do so, and Indemnifying Parties and the Indemnified Party will, at the request and expense of Indemnifying Parties, cooperate in the defense of such Third Party Claim. If Indemnifying Parties elects not to, or at any time is not entitled under this clause 13.4 to, compromise or defend such Third Party Claim, fails to notify the Assignor of its election as herein provided or refuses to acknowledge or contests its obligation to indemnify under this Agreement, the Assignor may pay, compromise or defend such Third Party Claim. Notwithstanding anything to the contrary contained herein, the Indemnifying Parties will have no indemnification obligations with respect to any such Third Party Claim which is settled by the Indemnified Party or the Assignor without the prior written consent of Indemnifying Parties (which consent will not be unreasonably withheld, delayed or conditioned); provided, however, that notwithstanding the foregoing, the Indemnified Party will not be required to refrain from paying any Third Party Claim which has matured by a final, non-appealable Order, nor will it be required to refrain from paying any Third Party Claim where the delay in paying such claim would result in the foreclosure of a Lien upon any of the property or assets then held by the Indemnified Party or where any delay in payment would cause the Indemnified Party material economic loss. The Indemnifying Parties’ right to direct the defense will include the right to compromise or enter into an agreement settling any Third Party Claim; provided, that no such compromise or settlement will obligate the Indemnified Party to agree to any settlement that requires the taking or restriction of any action (including the payment of money and competition restrictions) by the Indemnified Party other than the execution of a release for such Third Party Claim and/or agreeing to be subject to customary confidentiality obligations in connection therewith, except with the prior written consent of the Assignor (such consent to be withheld, conditioned or delayed only for a good faith reason). Notwithstanding the Indemnifying Parties’ right to compromise or settle in accordance with the immediately preceding sentence, Indemnifying Parties may not settle or compromise any Third Party Claim over the objection of the Assignor; provided, however, that consent by the Assignor to settlement or compromise will not be unreasonably withheld, delayed or conditioned. The Assignor will have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Parties’ right to direct the defense.

13.4.3 With respect to any direct indemnification claim that is not a Third Party Claim, the Indemnifying Parties will have a period of 30 days after receipt of the Claim Notice to respond thereto. If Indemnifying Parties does not respond within such 30 days, Indemnifying Parties on behalf of Indemnifying Parties will be deemed to have accepted responsibility for the Losses set forth in such Claim Notice subject to the limitations on indemnification set forth in this clause 13 and will have no further right to contest the validity of such Claim Notice. If Indemnifying Parties responds within such 30 days after the receipt of the Claim Notice and rejects such claim in whole or in part, the Assignor will be free to pursue such remedies as may be available under this Agreement, any Ancillary Documents or applicable Law.

13.5 Exclusive Remedy

From and after the Closing, except with respect to Fraud Claims related to the negotiation or execution of this Agreement or claims seeking injunctions or specific strict performance, indemnification pursuant to this clause 13 shall be the sole and exclusive remedy for the Parties with respect to matters arising under this Agreement of any kind or nature, including for any misrepresentation or breach of any warranty, covenant, or other provision contained in this Agreement or in any certificate or instrument delivered pursuant to this Agreement or otherwise relating to the subject matter of this Agreement, including the negotiation and discussion thereof.

14 MISCELLANEOUS

14.1 Notices

All notices, consents, waivers and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered (i) in person, (ii) by facsimile or other electronic means, with affirmative confirmation of receipt, (iii) one Business Day after being sent, if sent by reputable, nationally recognized overnight courier service or (iv) three Business Days after being mailed, if sent by registered or certified mail, pre-paid and return receipt requested, in each case to the applicable Party at the following addresses (or at such other address for a Party as shall be specified by like notice):

If to the Assignor: Beijing Hexin Yongheng Technology Development Co., Ltd.

Address: Room 1301, Floor 13, Jia No. 92-4 to 24 Jianguo

Road, Chaoyang District, Beijing, People's Republic of China

Attn: Xiaobo An

With a copy to: DLA Piper UK LLP

20th Floor, South Tower, Kerry Center

No. 1 Guanghua Road, Chao Yang District

Beijing, People's Republic of China

If to the Assignee: Kuaishangche Automobile Leasing Co., Ltd.

Address: Room 704, Floor 7, Jia No. 92-4 to 24 Jianguo Road

Chaoyang District, Beijing, People's Republic of China.

14.2 Binding Effect; Assignment

This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns. This Agreement shall not be assigned by operation of Law or otherwise without the prior written consent of the Assignor and the Assignee, and any assignment without such consent shall be null and void; provided that no such assignment shall relieve the assigning Party of its obligations hereunder.

14.3 Third Parties

Nothing contained in this Agreement or in any instrument or document executed by any party in connection with the transactions contemplated hereby shall create any rights in, or be deemed to have been executed for the benefit of, any Person that is not a Party hereto or thereto or a successor or permitted assign of such a Party.

14.4 Arbitration

Any and all disputes, controversies and claims (other than applications for a temporary restraining order, preliminary injunction, permanent injunction or other equitable relief or application for enforcement of a resolution under this clause 14.4) arising out of, related to, or in connection with this Agreement or the transactions contemplated hereby (“**Dispute**”) shall be governed by this clause 14.4. A party must, in the first instance, provide written notice of any Disputes to the other parties subject to such Dispute, which notice must provide a reasonably detailed description of the matters subject to the Dispute. The parties involved in such Dispute shall seek to resolve the Dispute on an amicable basis within 10 Business Days of the notice of such Dispute being received by such other parties subject to such Dispute; the “Resolution Period”); provided, that if any Dispute would reasonably be expected to have become moot or otherwise irrelevant if not decided within 60 days after the occurrence of such Dispute, then there shall be no Resolution Period with respect to such Dispute. Any Dispute that is not resolved during the Resolution Period may immediately be referred to and finally resolved by arbitration pursuant to the then-existing Arbitration Rules (“**Arbitration Rules**”) of the China International Economic and Trade Arbitration Commission (the “**CITAC**”). Any party involved in such Dispute may submit the Dispute to the CITAC to commence the proceedings after the Resolution Period. To the extent that the CITAC Procedures and this Agreement are in conflict, the terms of this Agreement shall control. The arbitration shall be conducted by one arbitrator nominated by the CITAC promptly (but in any event within five Business Days) after the submission of the Dispute to the CITAC and reasonably acceptable to each party subject to the Dispute, which arbitrator shall be a commercial lawyer with substantial experience arbitrating disputes under acquisition agreements. The arbitrator shall accept his or her appointment and begin the arbitration process promptly (but in any event within five Business Days) after his or her nomination and acceptance by the parties subject to the Dispute. The proceedings shall be streamlined and efficient. The arbitrator shall decide the Dispute in accordance with the substantive law of the PRC. Time is of the essence. Each party shall submit a proposal for resolution of the Dispute to the arbitrator within 20 days after confirmation of the appointment of the arbitrator. The arbitrator shall have the power to order any party to do, or to refrain from doing, anything consistent with this Agreement, the Ancillary Documents and applicable Law, including to perform its contractual obligation(s); provided, that the arbitrator shall be limited to ordering pursuant to the foregoing power (and, for the avoidance of doubt, shall order) the relevant party (or parties, as applicable) to comply with only one or the other of the proposals. The arbitrator’s award shall be in writing and shall include a reasonable explanation of the arbitrator’s reason(s) for selecting one or the other proposal. The seat of arbitration shall be in Beijing, China. The language of the arbitration shall be Mandarin.

14.5 Governing Law; Jurisdiction

This Agreement shall be governed by, construed and enforced in accordance with the Laws of the PRC without regard to the conflict of laws principles thereof.

14.6 Specific Performance

Each Party acknowledges that the rights of each Party to consummate the transactions contemplated hereby are unique, recognizes and affirms that in the event of a breach of this Agreement by any Party, money damages may be inadequate and the non-breaching Parties may have not adequate remedy at law, and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by an applicable Party in accordance with their specific terms or were otherwise breached. Accordingly, each Party shall be entitled to seek an injunction or restraining order to prevent breaches of this Agreement and to seek to enforce specifically the terms and provisions hereof, without the requirement to post any bond or other security or to prove that money damages would be inadequate, this being in addition to any other right or remedy to which such Party may be entitled under this Agreement, at law or in equity.

14.7 Severability

In case any provision in this Agreement shall be held invalid, illegal or unenforceable in a jurisdiction, such provision shall be modified or deleted, as to the jurisdiction involved, only to the extent necessary to render the same valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby nor shall the validity, legality or enforceability of such provision be affected thereby in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties will substitute for any invalid, illegal or unenforceable provision a suitable and equitable provision that carries out, so far as may be valid, legal and enforceable, the intent and purpose of such invalid, illegal or unenforceable provision.

14.8 Amendment

This Agreement may be amended, supplemented or modified only by execution of a written instrument signed by the Assignor and the Assignee.

14.9 Waiver

The Assignee on behalf of itself and its Affiliates and the Assignor on behalf of itself, its Subsidiaries and its Affiliates, may in its sole discretion (i) extend the time for the performance of any obligation or other act of any other non-Affiliated Party hereto, (ii) waive any inaccuracy in the representations and warranties by such other non-Affiliated Party contained herein or in any document delivered pursuant hereto and (iii) waive compliance by such other non-Affiliated Party with any covenant or condition contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the Party or Parties to be bound thereby. Notwithstanding the foregoing, no failure or delay by a Party in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right hereunder.

14.10 Entire Agreement

This Agreement and the documents or instruments referred to herein, including any exhibits, annexes and schedules attached hereto, which exhibits, annexes and schedules are incorporated herein by reference, embody the entire agreement and understanding of the Parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or the documents or instruments referred to herein, which collectively supersede all prior agreements and the understandings among the Parties with respect to the subject matter contained herein.

14.11 Interpretation

The table of contents and the clause headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. In this Agreement, unless the context otherwise requires: (a) any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and words in the singular, including any defined terms, include the plural and vice versa; (b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity; (c) any accounting term used and not otherwise defined in this Agreement or any Ancillary Document has the meaning assigned to such term in accordance with GAAP; (d) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding or succeeding such term and shall be deemed in each case to be followed by the words "without limitation"; (e) the words "herein," "hereto," and "hereby" and other words of similar import in this Agreement shall be deemed in each case to refer to this Agreement as a whole and not to any particular clause or other subdivision of this Agreement; (f) the word "if" and other words of similar import when used herein shall be deemed in each case to be followed by the phrase "and only if"; (g) the term "or" means "and/or"; (h) any reference to the term "ordinary course" or "ordinary course of business" shall be deemed in each case to be followed by the words "consistent with past practice"; (i) any agreement, instrument, insurance policy, Law or Order defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument, insurance policy, Law or Order as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes, regulations, rules or orders) by succession of comparable successor statutes, regulations, rules or orders and references to all attachments thereto and instruments incorporated therein; (j) except as otherwise indicated, all references in this Agreement to the words "clause", "schedule", "exhibit" and "annex" are intended to refer to clauses, schedules, exhibits and annexes to this Agreement; and (k) the term "Dollars" or "\$" means United States dollars. Any reference in this Agreement to a Person's directors shall including any member of such Person's governing body and any reference in this Agreement to a Person's officers shall including any Person filling a substantially similar position for such Person. Any reference in this Agreement or any Ancillary Document to a Person's shareholders shall include any applicable owners of the equity interests of such Person, in whatever form. The Parties have participated jointly in the negotiation and drafting of this Agreement. Consequently, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement. To the extent that any Contract, document, certificate or instrument is represented and warranted to by the Subsidiaries to be given, delivered, provided or made available by the Subsidiaries, in order for such Contract, document, certificate or instrument to have been deemed to have been given, delivered, provided and made available to the Assignee or its Representatives, such Contract, document, certificate or instrument shall have been posted to the electronic data site maintained on behalf of the Subsidiaries for the benefit of the Assignee and its Representatives and the Assignee and its Representatives have been given access to the electronic folders containing such information.

14.12 Counterparts

This Agreement may be executed and delivered (including by facsimile or other electronic transmission) in one or more counterparts, and by the different Parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, each Party hereto has caused this Agreement to be signed and delivered by its respective duly authorized officer as of the date first written above.

Assignee

Signed and delivered on behalf of)
Kuaishangche Automobile Leasing Co., Ltd.)
(Assignee). by:)

Signature _____

Name (block capitals) _____
Title: _____

Signature Page to the Assignment and Assumption Agreement

IN WITNESS WHEREOF, each Party hereto has caused this Agreement to be signed and delivered by its respective duly authorized officer as of the date first written above.

Assignor

Signed and delivered on behalf of **Beijing**
Hexin Yongheng Technology Development
Co., Ltd. by _____
)
)

Signature _____

Name (block capitals) **XIAOBO AN**
Title: Legal Representative

Signature Page to the Assignment and Assumption Agreement

IN WITNESS WHEREOF, each Party hereto has caused this Agreement to be signed and delivered by its respective duly authorized officer as of the date first written above.

Xiaobo An

Signed and delivered by: Xiaobo An

)
)

Signature

Name (block capitals) **XIAOBO AN**

Xiaoning An

Signed and delivered by: Xiaoning An

)
)

Signature

Name (block capitals) **XIAONING AN**

Xiaobin Zhai

Signed and delivered by: Xiaobin Zhai

)
)

Signature

Name (block capitals) **XIAOBIN ZHAI**

Signature Page to the Assignment and Assumption Agreement

IN WITNESS WHEREOF, each Party hereto has caused this Agreement to be signed and delivered by its respective duly authorized officer as of the date first written above.

Signed and delivered on behalf of **Hexin E-Commerce Co., Ltd.** by:))

Signature _____

Name (block capitals) **XIAOBO AN**
Title: **Legal Representative**

Signature Page to the Assignment and Assumption Agreement

Annex C- Equity Interest Pledge Agreement

Exhibit A- Further Representations and Warranties of the Warrantors

1. Organization, Good Standing and Qualification.

Each Hexin E-Commerce Party is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, or by virtue of, the Laws of the jurisdiction of its incorporation or establishment. Each Hexin E-Commerce Party has all requisite legal and corporate power and authority to own, lease and operate its properties and assets and to carry on its business, and is duly qualified to transact business in each jurisdiction in which the failure to so qualify would reasonably be expected to result in a material adverse effect. Except for Tianjin Bozhishuntai Technology Co., Ltd., and Tianjin Qinhe Electronic Technology Co., Ltd., no order has been made or petition presented or resolution passed for the winding up, liquidation or dissolution of any Hexin E-Commerce Party and no distress, execution or other process has been levied on any Hexin E-Commerce Party's assets.

2. Subsidiaries.

Except as explicitly disclosed to the Assignee, no Hexin E-Commerce Party currently owns or Controls, directly or indirectly, any interest or share in any other Person or is currently a participant in any joint venture, partnership or similar arrangement; no Hexin E-Commerce Party is obligated to make any investment in or capital contribution in or on behalf of any other Person.

3. Hexin E-Commerce Parties.

(a) The registered capital of each of the Hexin E-Commerce Parties is fully paid as required under its articles of association and applicable PRC Law.

(b) One hundred percent (100%) of the equity interests of each Hexin E-Commerce Party is duly vested in its shareholders as its investors and owners in accordance with applicable PRC Law.

(c) There are no outstanding rights, or commitments made by each of the Hexin E-Commerce Parties to issue or sell or any of its investors and owners, to purchase any equity interest in each of the Hexin E-Commerce Parties, except as disclosed to the Assignee.

(d) There are no bonds, debentures, notes or other indebtedness of any of the Hexin E-Commerce Parties having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which holders of equity interests of each of the Hexin E-Commerce Parties may vote. There are no voting trusts, shareholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the equity interests to which of any of the Hexin E-Commerce Parties is a party or is otherwise bound.

(e) The incorporation documents relating to each of the Hexin E-Commerce Parties are valid and have been duly approved or issued (as applicable) by the appropriate PRC authorities and are valid and in full force.

(f) All Approvals from Governmental Authorities required for the qualifications of each Hexin E-Commerce Parties for its Businesses under PRC laws as currently operated, or contemplated to be operated, have been duly obtained from the appropriate PRC authorities and are in full force and effect.

(g) All filings and registrations with the PRC authorities required in respect of each of the Hexin E-Commerce Parties and its operations have been duly completed, in all material respects, in accordance with the relevant Laws.

(h) None of the Hexin E-Commerce Parties has received any letter or notice from any relevant authority notifying each of the Hexin E-Commerce Parties of the revocation of any Approvals from Governmental Authorities issued to it for non-compliance or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by each of the Hexin E-Commerce Parties.

(i) No Hexin E-Commerce Party has any reason to believe that any Approvals from Governmental Authorities requisite for the conduct of any part of each of the Hexin E-Commerce Parties' business which are subject to periodic renewal will not be granted or renewed by the relevant PRC authorities.

(j) With respect to any land use right, building, property and investment held or leased by each of the Hexin E-Commerce Parties, it has exclusive, full and unimpaired legal and beneficial ownership of its rights, leasehold interests, property and investments free from any mortgages or security interests of any nature, third party rights, conditions, orders or other restrictions and has obtained all necessary Approvals and effected all necessary registrations with Government Authorities with respect thereto.

(k) All applicable laws and regulations with respect to the opening and operation of foreign exchange accounts and foreign exchange activities of each of the Hexin E-Commerce Parties have been fully complied with, and all requisite approvals from the SAFE in relation thereto have been duly obtained.

(l) With regard to employment and staff or labour management, each of the Hexin E-Commerce Parties has complied with all applicable PRC laws and regulations, including laws and regulations pertaining to welfare funds, social benefits, medical benefits, insurance, retirement benefits, pensions or the like, except for any breach or violation that would not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect.

(m) There are no outstanding stock options with respect to each of the Hexin E-Commerce Parties.

4. Regulatory Matters.

Without limiting any particular representatives and warranties of the foregoing, except as would not, individually or in the aggregate, reasonably be expected to result in a material adverse effect, (i) the Hexin E-Commerce Parties have obtained any and all Approvals from applicable Governmental Authorities and have fulfilled any and all filings and registration requirements with applicable Governmental Authorities necessary with respect to such Person and their investment in the Hexin E-Commerce Parties, and with respect to the Hexin E-Commerce Parties and their operations; and (ii) all filings and registrations with applicable Governmental Authorities required with respect to the Hexin E-Commerce Parties have been duly completed in accordance with applicable Law. No Hexin E-Commerce Party has received any letter or notice from any applicable Governmental Authorities notifying it of the revocation of any Approval issued to it or the need for compliance or remedial actions with respect to the activities carried out directly or indirectly by such Person. Each Hexin E-Commerce Party has been substantially conducting its Business activities within the permitted scope of business or is otherwise operating its Businesses in compliance with all relevant Laws in all material respects. No Warrantors has reason to believe that any authorization of any Governmental Authority, license or permit required for the conduct of any part of its Business which is subject to periodic renewal will not be granted or renewed by the relevant Governmental Authorities.

5. Tax Matters.

(a) Each Hexin E-Commerce Party (i) has timely filed (taking into account any extension of time within which to file) all Tax Returns that are required to be filed by it with any Governmental Authority, (ii) has timely paid all Taxes owed by it which are due and payable (whether or not shown on any Tax Return) and withheld and remitted to the appropriate Governmental Authority all Taxes which it is obligated to withhold and remit from amounts owing to any employee, creditor, customer or third party, and (iii) has not waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency other than, in the case of clauses (i) and (ii), unpaid Taxes that are in contest with the Tax authority by any Hexin E-Commerce Party in good faith or are nonmaterial in amount.

(b) Each Tax Return referred to in paragraph (a) above was properly prepared in compliance with applicable Law and was (and will be) true, correct and complete in all material respects. None of such Tax Returns contains a statement that is false or misleading or omits any matter that is required to be included or without which the statement would be false or misleading. No reporting position was taken on any such Tax Return which has not been disclosed to the appropriate Tax authority or in such Tax Return, as may be required by Law. All records relating to such Tax Returns or to the preparation thereof required by applicable Law to be maintained by applicable Hexin E-Commerce Party have been duly maintained. No written claim has been made by a Governmental Authority in a jurisdiction where any Hexin E-Commerce Party does not file Tax Returns that such Hexin E-Commerce Party is or may be subject to taxation by that jurisdiction.

(c) The assessment of any additional Taxes with respect to the applicable Hexin E-Commerce Party for periods for which Tax Returns have been filed is not expected to exceed the recorded Liability therefor in the most recent balance sheet in the Financial Statements, and there are no unresolved questions or claims concerning any Tax Liability of any Hexin E-Commerce Party. There is no pending dispute with, or notice from, any Tax authority relating to any of the Tax Returns filed by any Hexin E-Commerce Party, and to the best Knowledge of the Warrantors, there is no proposed Liability for a deficiency in any Tax to be imposed upon the properties or assets of any Hexin E-Commerce Party.

(d) No Hexin E-Commerce Party has been the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes that has not been resolved or is currently the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes. No Hexin E-Commerce Party is responsible for the Taxes of any other Person by reason of contract, successor liability or otherwise.

6. Charter Documents; Books and Records.

The Charter Documents of each Hexin E-Commerce Party are in the form provided to the Assignee. Each Hexin E-Commerce Party has made available to the Assignee or its counsel a copy of its minute books. Such copy is true, correct and complete, and contains all amendments and all minutes of meetings and actions taken by its shareholders and directors since the time of formation through the date hereof and reflects in all material respects all transactions referred to in such minutes accurately. Each Hexin E-Commerce Party maintains its books of accounts and records in the usual, regular and ordinary manner, on a basis consistent with prior practice.

7. Action and Governmental Orders.

To the best Knowledge of the Warrantors, there is no Governmental Order restraining, enjoining or otherwise prohibiting the operation of its business or the consummation of the transactions contemplated by this Agreement and any Ancillary Document related hereto. There is no Action pending or, to the best Knowledge of the Warrantors, currently threatened against any Hexin E-Commerce Party or any of the directors or key employees of any Hexin E-Commerce Party with respect to the respective businesses or proposed business activities of each Hexin E-Commerce Party, nor is any Warrantor aware of any basis for any of the foregoing, including with respect to any material Action involving the prior employment of any employees of any Hexin E-Commerce Party, their use in connection with such Hexin E-Commerce Party's Business of any information or techniques allegedly proprietary to any of their former employers or their obligations under any agreements with prior employers.

8. Liabilities.

None of the Hexin E-Commerce Parties is a guarantor or indemnitor of any Liabilities of any other Person that is not a Hexin E-Commerce Party.

9. Compliance with Laws.

(a) Each Hexin E-Commerce Party has been and is in compliance with all Laws in all material respects that are applicable to it or to the conduct or operation of its Business or the ownership or use of any of its assets or properties.

(b) No event has occurred and no circumstance exists that (with or without notice or lapse of time) (i) may constitute or result in a violation by any Hexin E-Commerce Party of, or a failure on the part of such Hexin E-Commerce Party to comply with, any Law, in any material respect, or (ii) may give rise to any obligation on the part of a Hexin E-Commerce Party to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in order to comply with applicable Laws in all material respects.

(c) No Hexin E-Commerce Party (i) has received any notice from any Governmental Authority regarding any actual, alleged, possible or potential violation of, or failure to comply with, any Law or (ii) has received any notice from any Governmental Authority regarding any actual, alleged, possible or potential obligation on the part of such Hexin E-Commerce Party to undertake, or to bear all or any portion of the cost of, any remedial action of any nature or (iii) to its Knowledge, is under investigation by any Governmental Authority with respect to a violation of any Law.

(d) The business of each Hexin E-Commerce Party as now conducted is, in compliance with all Laws and regulations that may be applicable in all material aspects, including without limitation all Laws of the PRC with respect to telecommunication, dangerous chemicals, mergers, acquisitions, foreign investment and foreign exchange transactions.

10. Titles and Properties.

(a) Except as described in the Financial Statements, the Hexin E-Commerce Parties have good and valid title to, or a valid leasehold interest in, all of their material assets they use or may need to use in the conduct of their respective businesses, whether real, personal or mixed (including but not limited to all such assets reflected in the Financial Statements), free and clear of any and all Liens or third party claims, including any creditors' rights. The foregoing assets collectively represent all material assets, rights and properties necessary for the conduct of the business of the Hexin E-Commerce Parties in the manner conducted during the periods covered by the Financial Statements. All material leases of real or personal property to which a Hexin E-Commerce Party is a party are fully effective and afford the Hexin E-Commerce Party valid leasehold possession and subletting rights of the real or personal property that is the subject of the lease.

(b) All machinery, vehicles, equipment and other tangible personal property owned or leased by a Hexin E-Commerce Party that are material to its business of the Hexin E-Commerce Parties are (i) in good condition and repair (reasonable wear and tear excepted) and (ii) not obsolete or in need of renewal or replacement, except for renewal or replacement in the ordinary course of business.

11. Permits.

Each Hexin E-Commerce Party has all Approvals, including any special approval or permits required under the Laws of the PRC (the “Permits”), necessary for its incorporation, existence and qualification for respective business as now conducted. Each such Permit is valid and in full force and effect; no Hexin E-Commerce Party is in default or violation in any material respect of any such Permit; no Hexin E-Commerce Party has received any written notice from any Governmental Authority regarding any actual or possible default or violation of any such Permit; and no suspension, cancellation or termination of any such Permits is threatened or imminent.

12. Compliance with Other Instruments.

No Hexin E-Commerce Party is in violation, breach or default of its Charter Documents. The execution, delivery and performance by each Hexin E-Commerce Party of and compliance by each Hexin E-Commerce Party with each of this Agreement and any Ancillary Document related hereto to which it is a party, and the consummation by it of the transactions contemplated hereby and thereby, will not result in (a) any violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, a default under (i) the Charter Documents of any Hexin E-Commerce Party, (ii) any material contract, or (iii) any applicable Law in any material respect, (b) the creation or imposition of any Lien upon, or with respect to, any of the properties, assets or rights of any Hexin E-Commerce Party, or (c) any termination, modification, cancellation, or suspension of any right of, or any augmentation or acceleration of any obligation of, any Hexin E-Commerce Party.

13. Intellectual Property Rights.

(a) The Hexin E-Commerce Parties own or otherwise have the sufficient right or license to use all material Intellectual Property that is necessary to conduct their main Businesses without any violation or infringement of the rights of others, free and clear of any and all Liens. There is no pending or, to the best Knowledge of the Warrantors, threatened claim or litigation against any Hexin E-Commerce Party contesting the right to use such Intellectual Property, asserting the misuse thereof, or asserting the infringement or other violation of any Intellectual Property of any third party. All inventions and know-how conceived by employees of the Hexin E-Commerce Parties to the extent they are necessary to the main Businesses of the Hexin E-Commerce Parties, are “works made for hire”, and all right, title, and interest therein, including any applications therefor, have been transferred and assigned to, and are currently owned by, the Hexin E-Commerce Parties.

(b) To the best Knowledge of the Warrantors, no proceedings or claims in which any Hexin E-Commerce Party alleges that any Person is infringing upon, or otherwise violating, any Hexin E-Commerce Party’s Intellectual Property rights are pending, and none has been served, instituted or asserted by any Hexin E-Commerce Party.

(c) The Hexin E-Commerce Parties have each taken all reasonable security measures that are commercially prudent in order to protect the secrecy, confidentiality and value of their respective Intellectual Property.

(d) Except for those data that shall remain the sole property of users and thus are not permitted to be disclosed or disposed of by the Hexin E-Commerce Parties pursuant to applicable Laws, each Hexin E-Commerce Party owns all right, title and interest in and to all data it collects from or discloses about users of its products and services. Its practices regarding the collection and use of consumer personal information are in accordance in all material respects with applicable Laws of all jurisdictions in which it operates and does not violate any Person’s right, title or interest in any material respect. The Hexin E-Commerce Parties maintain policies and procedures regarding data security and privacy and maintain administrative, technical, and physical safeguards that are commercially reasonable and, in any event, in compliance in all material respects with all applicable Laws and Contracts applicable to any Hexin E-Commerce Party. To the Knowledge of the Warrantors, there have been no material security breaches relating to, or violations of any security policy regarding any data or information of Hexin E-Commerce Parties’ customers or used by the Hexin E-Commerce Parties. To the Knowledge of the Warrantors, there has been no loss, unauthorized access, misappropriation, or misuse of any data or information of Hexin E-Commerce Parties’ customers or used by the Hexin E-Commerce Parties to conduct its business.

15. Labor and Employment Matters.

(a) (i) To the Knowledge of the Warrantors, there is no, and there has not been during the previous three (3) years, any material Action relating to the violation or alleged violation of any Law by any Hexin E-Commerce Party pertaining to labor relations or employment matters, including any charge or complaint filed by an employee with any Governmental Authority or any Hexin E-Commerce Party; (ii) each Hexin E-Commerce Party has complied with Laws relating to employment, wages, hours, overtime, working conditions, benefits, retirement, termination, Taxes, and health and safety; and (iii) each Hexin E-Commerce Party is in compliance with each applicable Law relating to its payment and provision of any form of statutory social insurance and housing funds (the "Social Welfare"), in each case of clauses (i) to (iii), except such Actions, violations or non-compliance that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. To the Knowledge of the Warrantors, there has not been, and there is not now pending or, threatened, any strike, union organization activity, lockout, slowdown, picketing, or work stoppage with respect to the employees of any Hexin E-Commerce Party or any unfair labor practice charge against any Hexin E-Commerce Party.

(c) Neither the execution and delivery of this Agreement nor the consummation of the transaction contemplated by this Agreement and any Ancillary Document related hereto will (i) entitle any current or former employee or director of any Hexin E-Commerce Party to severance pay, or any payment contingent upon a change in control of any Hexin E-Commerce Party, (ii) increase or enhance any benefits payable under any benefit plan, or (iii) accelerate the time of payment or vesting, or increase the amount of any compensation due to any employee or former employee.

16. Power of Attorney.

Except as contemplated in this Agreement and any Ancillary Document related hereto, none of the Hexin E-Commerce Parties has granted any power of attorney or similar power or authorization to any other Person (including any director or shareholder) in respect of its equity interest, voting rights or substantial assets, other than powers of attorney issued to their directors, officers, or employees for purpose of executing contracts or agreements or conducting operations for and on behalf of the Hexin E-Commerce Parties, as the case may be, in the ordinary course of business.

17. No Winding-up.

Except for Tianjin Bozhishuntai Technology Co., Ltd., and Tianjin Qinhe Electronic Technology Co., Ltd., none of the Hexin E-Commerce Parties has engaged in any discussion (i) with any Person or Persons or any representative thereof regarding the consolidation or merger of such Hexin E-Commerce Party with or into any such Person or Persons; (ii) with any Person regarding the sale, conveyance, or disposition of all or substantially all of the assets of such Hexin E-Commerce Party, or a transaction or series of related transactions in which more than fifty percent (50%) of the voting power of such Hexin E-Commerce Party is disposed of, or (iii) regarding any other form of liquidation, dissolution or winding up, of such Hexin E-Commerce Party.

18. Disclosure.

Each Warrantor has provided the Assignee with all the information regarding the Hexin E-Commerce Parties requested by the Assignee for deciding whether to become the primary beneficiary of and control the Hexin E-Commerce Parties and all the information that such Warrantor believes is reasonably necessary to enable the Assignee to make such decision. No representation or warranty of the Warrantors contained in this Agreement or any certificate furnished or to be furnished to the Assignee at the Closing under this Agreement, when taken as a whole, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances under which they were made. Except as set forth in this Agreement, there is no fact that the Warrantors have not disclosed to the Assignee in response to the Assignee's enquiry and of which any of its officers, directors or executive employees has Knowledge and that has had or would reasonably be expected to have a material adverse effect.

Deed of Waiver

This Deed of Waiver (this “**Deed**”) is made on December 28, 2020

BY: KUAISHANGCHE AUTOMOBILE LEASING CO., LTD. (“Kuaishangche”)

To: the Parties on the Attached List of Released Parties

WHEREAS,

(A) The undersigned and each of the parties as set forth in the list attached hereto (collectively, the “**Released Parties**”, and each, a “**Released Party**”) entered into an Assignment and Assumption Agreement on December 16, 2020 (the “**Assignment and Assumption Agreement**”). Unless otherwise defined herein, capitalized terms used in this Deed shall have the meaning given to such term in the Assignment and Assumption Agreement.

(B) Pursuant to Clause 4.3.6 of the Assignment and Assumption Agreement, as a condition to the obligations of the undersigned to consummate the transactions therein, and subject to the satisfaction or written waiver by the undersigned, the Assignor, Hexin E-Commerce, and each of the Individual Shareholders shall have completed the cancellation of the Prior Equity Pledge Registration and the new equity pledge registration for the sole benefit of the Assignee with the SAMR.

This Deed is executed and delivered by and on behalf of the undersigned for the benefit of the Released Parties in connection with the Assignment and Assumption Agreement. The undersigned hereby agrees, confirms, acknowledges and consents that,

1. The condition to the undersigned’s obligations to consummate the transactions therein under Clause 4.3.6 of the Assignment and Assumption Agreement shall hereby be waived, and notwithstanding anything to the contrary in the Assignment and Assumption Agreement, the Released Parties’ failure to complete the cancellation of the Prior Equity Pledge Registration and the new equity pledge registration for the sole benefit of the undersigned and deliver to the undersigned notice from the SAMR before the Closing Date, provided that the Released Party shall complete the process as soon as practicable, shall not be deemed as breach by any Released Party of its respective obligations under Sections 2.1.2, 3.1(e), 3.1(i) and 4.3.6 of Assignment and Assumption Agreement, and the undersigned shall not be entitled to any indemnification in accordance with Section 13 of the Assignment and Assumption Agreement or any right of specific performance in accordance with Section 14.6 of the Assignment and Assumption Agreement.
2. the undersigned shall deliver to the Assignor the Assignment Consideration by wire transfer or by check to the Assignor in RMB or USD to a bank account designed by the Assignor in accordance with Section 4.2.1 of Assignment and Assumption Agreement, notwithstanding the Released Parties’ failure to duly cancel the Prior Equity Pledge Registration and to create the new share pledge registration contemplated under the Assignment and Assumption Agreement before the Closing Date.

Deed of Waiver

3. Sections 14.12 (Counterparts) and 14.5 (Governing Law) of the Assignment and Assumption Agreement shall apply *mutatis mutandis* to this Deed.
4. This Deed may not be amended without the prior written consent of the undersigned.

[Remainder of page intentionally left blank]

List of Released Parties

HEXIN E-COMMERCE CO., LTD.

BEIJING HEXIN YONGHENG TECHNOLOGY DEVELOPMENT CO., LTD.

XIAOBO AN

XIAONING AN

XIAOBIN ZHAI

Deed of Waiver

In Witness Whereof the undersigned has executed and delivered this Deed as of the date set forth above.

EXECUTED AND DELIVERED AS A DEED

EXECUTED AS A DEED BY)

KUAISHANGCHE)
AUTOMOBILE LEASING CO., LTD.

(快上车汽车租赁有限公司)

Signature Page to the Deed of Waiver

VIE TERMINATION AGREEMENT

This VIE Termination Agreement (this “**Agreement**”) is made and entered into by and between the following parties on November 20, 2020 in Beijing, the People’s Republic of China (“**China**”, for the purpose of this Agreement, excluding Hong Kong, Macau and Taiwan).

Party A: **Beijing Hexin Yongheng Technology Development Co., Ltd.**, a limited liability company duly incorporated and validly existing under PRC laws, with its registered address at 1301, 13th Floor in Floors 4-24, No.92 Jianguo Road, Chaoyang District, Beijing;

Party B: **Wusu Hexin Yongheng Commercial and Trading Co., Ltd. (formerly known as Wusu Hexin Internet Small Loan Co., Ltd.)**, a limited liability company duly incorporated and validly existing under PRC laws, with its registered address at (East Store, 2nd Floor, Building B, Guangyuxincheng Property) No. 238 Chongqing Road, New Town Street, Wusu, Tacheng Area, Xinjiang;

Party C: **Hexin E-Commerce Co., Ltd.**, a limited liability company duly incorporated and validly existing under PRC laws, with its registered address at 1313, 13th Floor in Floors 4-24, No.92, Jianguo Road, Chaoyang District, Beijing;

Party D: **Ming Jia**, a Chinese citizen, whose ID number is 130181198209277633;

Party E: **Shiwei Wu**, a Chinese citizen, whose ID number is 340825198411022411;

Party F: **Huan Wang**, a Chinese citizen, whose ID number is 130503198810121827.

In this Agreement, Party A, Party B, Party C, Party D, Party E and Party F are referred to as individually, a “**Party**”, such “**Party**”, collectively, the “**Parties**”, and the “**Other Parties**” to each other.

WHEREAS:

- (1) Prior to the date of this Agreement, each of Party A, Party B, Party C, Party D, Party E and Party F signs the documents as listed in the Annex I hereto (the documents as listed in the Annex I hereto are collectively referred to as the “**Existing Control Documents**”. For the avoidance of doubt, references to “all” and/or “any” of the Existing Control Documents herein are to all documents as listed in Annex I hereto only).
- (2) The Parties agree to terminate all of the Existing Control Documents in accordance with this Agreement.

NOW, THEREFORE, the Parties agree as follows:

Article 1 Termination of the Existing Control Documents

- 1.1 Party A, Party B, Party C, Party D, Party E and Party F hereby irrevocably agree and acknowledge that all of the Existing Control Documents shall be terminated and have no effect as of the date of this Agreement.
- 1.2 As of the date of this Agreement, Party A, Party B, Party C, Party D, Party E and Party F shall no longer have any rights under all and/or any of the Existing Control Documents, nor shall they be required to perform any obligations under all and/or any of the Existing Control Documents, provided that the rights and obligations that have been actually exercised or performed based on any of the Existing Control Documents by Party A, Party B, Party C, Party D, Party E and Party F shall be valid, and any amounts, proceeds or other benefits of any nature that have been obtained by a Party or are in its actual possession based on the Existing Control Documents are not required to be returned to the counterparty, and provided, further, that other accrued accounts receivable and payable of Party A, Party B, Party C, Party D, Party E or Party F shall be paid.

1.3 Unless otherwise agreed in Article 1.2 above, each of Party A, Party B, Party C, Party D, Party E and Party F hereby irrevocably and unconditionally releases the Other Parties hereto from any disputes, claims, demands, rights, obligations, liabilities, actions, contracts or causes of action of any kind or nature that it had, has or may have in the future, directly or indirectly, relating to or arising out of all and/or any of the Existing Control Documents.

1.4 Without prejudice to the general conditions of Articles 1.2 and 1.3 above, as of the date of this Agreement, each of Party A, Party B, Party C, Party D, Party E and Party F hereby releases the Other Parties hereto and their present and former directors, officers, employees, legal counsels and agents, their affiliates and their respective successors and assigns from any promises, debts, actions, demands, obligations and liabilities of every kind or nature, including claims and causes of action under the law or based on equitable principles, whether asserted or unasserted, absolute or contingent, known or unknown, that such Party or any of its heirs, successors, assigns or executors of estate had, has or may have in the future, relating to or arising out of the Existing Control Documents.

Article 2 Representations and Warranties

2.1 **Representations and warranties of the Parties.** A Party hereby represents and warrants to the Other Parties as follow:

- (1) Such Party shall have the full right, power and authority to enter into this Agreement and all contracts and documents to which it is a party as referred to herein, and the execution of this Agreement is of its true intent;
- (2) The execution and performance of this Agreement shall not constitute the breach by such Party of any constitutional documents, executed agreements and obtained approvals to which it is a party or which are binding on such Party, or result in its violation of or the need to obtain a judgement, decision, order or consent of any court, governmental authority or regulatory body;
- (3) Such Party has obtained all consents, approvals and authorization necessary for its valid execution of this Agreement and all contracts and documents mentioned herein to which it is a party, and its compliance with and performance of its obligations under this Agreement and other aforementioned contracts and documents.

Article 3 Undertakings

3.1 To successfully complete the termination of rights and obligations under the Existing Control Documents, the Parties shall sign all necessary or appropriate documents, take all necessary or appropriate actions, actively assist the Other Parties in obtaining relevant governmental approvals and/or registration documents, and actively participate in procedures in relation to the termination (including but not limited to deregistration of share pledge).

Article 4 Termination of Agreement

4.1 Except for termination conditions as specified in this Agreement, the Parties agree that this Agreement may be terminated in any of the following circumstances:

- (1) Upon the Parties' unanimous consent, in which case all costs and losses resulting therefrom shall be paid by each Party respectively; or
- (2) By the Other Parties, when the intended purpose of this Agreement can no longer be achieved as a result of certain Party's breach of its obligations.

Article 5 Default Liabilities and Indemnifications

- 5.1 A breach of or failure to perform any representation, warranty, undertaking, obligation or liability under this Agreement by any Party hereto shall constitute a default.
- 5.2 Unless otherwise specified in this Agreement, if a Party's breach of this Agreement results in any costs, liabilities or any losses of the Other Parties, the defaulting Party shall indemnify the non-defaulting Parties for any and all of the above losses (including but not limited to interests and attorney's fees paid arising from the default). The total amount of indemnification paid by the defaulting Party to the non-defaulting Party shall be equal to the losses resulting from such default.

Article 6 Governing Law and Dispute Resolution

- 6.1 The execution, effectiveness, interpretation, performance and dispute resolution shall be governed by and interpreted in accordance with PRC laws.
- 6.2 Any and all disputes arising out of or in connection with the implementation of this Agreement shall be resolved by the Parties through amicable negotiation.
- 6.3 Any Party shall have the right to submit a dispute arising out of this Agreement to the China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration in accordance with its arbitration rules and procedures in effect at that time in Beijing. The arbitration tribunal shall consist of three arbitrators appointed in accordance with the arbitration rules. The applicant and the respondent shall each appoint one arbitrator, and the third one shall be appointed by the two arbitrators or by CIETAC. The arbitration shall be confidential and in Chinese. The arbitration award shall be final and binding on the Parties.
- 6.4 During the pendency of arbitration, all rights and obligations of the Parties shall continue, except for the rights and obligations pending a final decision of any claim arising therefrom.

Article 7 Confidentiality

- 7.1 Each Party shall be obliged to keep this Agreement and any matters in relation to it confidential. Without the written consent of the Other Parties, each Party shall not disclose any matter in relation to this Agreement to a third party other than the Parties provided herein, except that:
 - (1) The disclosure may be made to accountants, lawyers and other professionals who are engaged in the course of normal business, provided that each of them must be obliged to keep confidential the information obtained in relation to this Agreement; or
 - (2) Such material and documents are publicly available or the disclosure of such material is explicitly required by laws, regulations or relevant securities regulatory authorities.

Article 8 Miscellaneous

- 8.1 This Agreement shall take effect after the Parties hereto sign this Agreement.
- 8.2 This Agreement may be amended or modified upon the Parties' unanimous consent. Any amendment or modification must be in writing and will take effect after the Parties' execution.
- 8.3 If any term of this Agreement is determined to be invalid or unenforceable, then such provision shall be deemed as non-existent from the beginning and shall not affect the validity of other provisions in this Agreement. The Parties hereto shall agree a new provision to the extent permitted by law, to ensure the achievement of the intent of the original provision as much as possible.

8.4 Unless otherwise agreed in this Agreement, failure or delay of a Party's exercise of any right, power or privilege under this Agreement shall not be considered as a waiver of such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude the exercise of any other right, power or privilege.

8.5 This Agreement shall be executed in six counterparts, and each Party shall hold one counterpart with the same legal effect.

[signature page follows]

IN WITNESS WHEREOF, each of the Parties has, or caused its/his/her authorized representative to have, signed this VIE Termination Agreement on the date first written above, and this VIE Termination Agreement has taken effect for the Parties' observance.

Party A:

Beijing Hexin Yongheng Technology Development Co., Ltd. (Seal)

By: _____
Name: []
Title: []

Party B:

Wusu Hexin Yongheng Commercial and Trading Co., Ltd. (Seal)

By: _____
Name: []
Title: []

Party C:

Hexin E-Commerce Co., Ltd. (Seal)

By: _____
Name: []
Title: []

Signature Page to the VIE Termination Agreement

IN WITNESS WHEREOF, each of the Parties has, or caused its/his/her authorized representative to have, signed this VIE Termination Agreement on the date first written above, and this VIE Termination Agreement has taken effect for the Parties' observance.

Party D:
Ming Jia

By: _____

Party E:
Shiwei Wu

By: _____

Party F:
Huan Wang

By: _____

Signature Page to the VIE Termination Agreement

Annex I

List of Existing Control Documents

SN	Name of Document	Parties to Document	Date of Signature
1	Exclusive Business Cooperation Agreement	Beijing Hexin Yongheng Technology Development Co., Ltd. Wusu Hexin Yongheng Commercial and Trading Co., Ltd. (formerly known as Wusu Hexin Internet Small Loan Co., Ltd., the same below)	January 1, 2018
2	Exclusive Call Option Agreement	Beijing Hexin Yongheng Technology Development Co., Ltd. Hexin E-Commerce Co., Ltd. Wusu Hexin Yongheng Commercial and Trading Co., Ltd.	January 1, 2018
3	Exclusive Call Option Agreement	Beijing Hexin Yongheng Technology Development Co., Ltd. Ming Jia Wusu Hexin Yongheng Commercial and Trading Co., Ltd.	January 1, 2018
4	Exclusive Call Option Agreement	Beijing Hexin Yongheng Technology Development Co., Ltd. Shiwei Wu Wusu Hexin Yongheng Commercial and Trading Co., Ltd.	January 1, 2018
5	Share Pledge Agreement	Beijing Hexin Yongheng Technology Development Co., Ltd. Hexin E-Commerce Co., Ltd. Wusu Hexin Yongheng Commercial and Trading Co., Ltd.	January 1, 2018
6	Share Pledge Agreement	Beijing Hexin Yongheng Technology Development Co., Ltd. Ming Jia Wusu Hexin Yongheng Commercial and Trading Co., Ltd.	January 1, 2018
7	Share Pledge Agreement	Beijing Hexin Yongheng Technology Development Co., Ltd. Shiwei Wu Wusu Hexin Yongheng Commercial and Trading Co., Ltd.	January 1, 2018
8	Loan Agreement	Beijing Hexin Yongheng Technology Development Co., Ltd. Hexin E-Commerce Co., Ltd.	January 1, 2018
9	Loan Agreement	Beijing Hexin Yongheng Technology Development Co., Ltd. Ming Jia	January 1, 2018
10	Loan Agreement	Beijing Hexin Yongheng Technology Development Co., Ltd. Shiwei Wu	January 1, 2018
11	Power of Attorney	Hexin E-Commerce Co., Ltd.	January 1, 2018
12	Power of Attorney	Ming Jia	January 1, 2018
13	Power of Attorney	Shiwei Wu	January 1, 2018
14	Consent Letter	Huan Wang	January 1, 2018

Annex to the VIE Termination Agreement

股权质押协议
Equity Interest Pledge Agreement

本股权质押协议（下称“本协议”）由下列各方于2020年12月1日在中华人民共和国（下称“中国”）北京签订：

This Equity Interest Pledge Agreement (this “**Agreement**”) has been executed by and among the following parties on December 1, 2020 in Beijing, the People’s Republic of China (“**China**” or the “**PRC**”):

甲方： 北京和信永恒科技发展有限公司（下称“质权人”），一家依照中国法律设立和存在的外商独资公司，地址为北京市朝阳区建国路甲92号-4至24层内13层1301；

Party A: **Beijing Hexin Yongheng Technology Development Co., Ltd.** (hereinafter “**Pledgee**”), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1301, Floor 13, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing, People’s Republic of China;

乙方： 和信电子商务有限公司（下称“出质人”），一家依照中国法律设立和存在的有限责任公司，地址为北京市朝阳区建国路甲92号-4至24层内13层1313；及

Party B: **Hexin E-Commerce Co., Ltd.** (hereinafter “**Pledgor**”), a limited liability company organized and existing under the laws of the PRC, with its address at Room 1313, Floor 13, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing, People’s Republic of China; and

丙方： 乌苏和信永恒商贸有限公司，一家依照中国法律设立和存在的有限责任公司，地址为新疆塔城地区乌苏市新市区街道重庆路238号(广隅新城物业B座二层东商铺)。

Party C: **Wusu Hexin Yongheng Commercial and Trading Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at No.238, Chongqing Road, Xinshi District, Wusu, Tacheng Prefecture, Xinjiang, People’s Republic of China (East shop, Floor 2, Block B, Guangyu Xincheng).

在本协议中，质权人、出质人和丙方以下各称“一方”，合称“各方”。

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a “Party” respectively, and they shall be collectively referred to as the “**Parties**”.

鉴于：

Whereas:

1. 出质人是一家在中国注册的公司。在本协议签署日，持有丙方100%的股权，代表丙方注册资本人民币50000万元。丙方是一家在中国新疆维吾尔自治区乌苏市注册成立的有限责任公司，经营范围为：销售计算机、软件及辅助设备、机械设备、照相器材、化工产品（不含危险化学品）、体育用品、日用品、针纺织品、家具、珠宝首饰、饲料、花卉、装饰材料、通讯设备、建筑材料、工艺品、钟表、眼镜、玩具、汽车配件、摩托车配件、仪器仪表、电子产品、摩托车（不含三轮摩托车）；仓储服务；摄影服务；货物及技术进出口（国家禁止及限制除外）、进出口货物代理服务，技术推广服务；软件开发及服务（不含医用软件）；信息系统集成服务。丙方有意在此确认出质人和质权人在本协议下的权利和义务并提供必要的协助登记该质权；

秘密文件 Strictly Confidential

Pledgor is a limited liability company registered in China which as of the date hereof holds 100% of equity interests of Party C, representing RMB500,000,000 in the registered capital of Party C. Party C is a limited liability company registered in Wusu, Xinjiang, China, the business scope of which is: sales of computers, software and auxiliary equipment, mechanical equipment, photographic equipment, chemical products (excluding hazardous chemicals), sporting goods, daily necessities, textiles, furniture, jewelry, feed, flowers, decorative materials, communication equipment, building materials, handicrafts, watches, glasses, toys, auto parts, motorcycle accessories, instruments, electronic products, motorcycle (excluding tricycle); warehousing service; photography service; import and export of goods and technology (except for national prohibition and restriction), import and export goods agency service, technology promotion service; software development and service (excluding medical software); information system integration service. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;

2. 质权人是一家在中国注册的外商独资企业。质权人与出质人所全部拥有的丙方于北京签订了独家业务合作协议（定义如下）；质权人与出质人、丙方签订了独家购买权协议（定义如下）；出质人签署了授权质权人的授权委托书（定义如下）；
3. Pledgee is a wholly foreign-owned enterprise registered in China. Pledgee and Party C which is wholly owned by Pledgor have executed an Exclusive Business Cooperation Agreement (as defined below) in Beijing; Party C, Pledgee and Pledgor have executed an Exclusive Option Agreement (as defined below); and Pledgor has executed a Power of Attorney (as defined below) in favor of Pledgee;
4. 为了保证丙方和出质人履行独家业务合作协议、独家购买权协议和授权委托书项下的义务，出质人以其在丙方中拥有的全部股权向质权人就丙方和出质人履行独家业务合作协议、独家购买权协议和授权委托书项下的义务做出质押担保。

To ensure that Party C and Pledgor fully perform their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest that Pledgor holds in Party C as security for Party C's and Pledgor's obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and the Power of Attorney.

为了履行交易文件的条款，各方商定按照以下条款签订本协议。

To perform the provisions of the Transaction Documents (as defined below), the Parties have mutually agreed to execute this Agreement upon the following terms.

1. 定义

Definitions

除非本协议另有规定，下列词语含义为：

Unless otherwise provided herein, the terms below shall have the following meanings:

1.1 质权：指出质人根据本协议第2条给予质权人的担保物权，即指质权人所享有的，以出质人质押给质权人的质押股权折价或拍卖、变卖该质押股权的价款优先受偿的权利。

Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Section 2 of this Agreement, i.e., the right of Pledgee to be paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest.

1.2 质押股权：指出质人现在持有的丙方100%的股权，代表丙方注册资本人民币10000万元，以及其将来持有的在丙方的全部股权权益。

Equity Interest: shall refer to 100% equity interests in Party C currently held by Pledgor, representing RMB 100,000,000 in the registered capital of Party C, and all of the equity interest hereafter acquired by Pledgor in Party C.

1.3 质押期限：指本协议第3条规定的期间。

Term of Pledge: shall refer to the term set forth in Section 3 of this Agreement.

1.4 交易文件：指丙方与质权人于2020年12月1日签订的的独家业务合作协议（“**独家业务合作协议**”）；出质人、丙方与质权人于2020年12月1日签订的独家购买权协议（“**独家购买权协议**”）；和出质人于2020年12月1日签署的授权委托书（“**授权委托书**”），以及对前述文件的任何修改、修订和/或重述。

Transaction Documents: shall refer to the Exclusive Business Cooperation Agreement executed by and between Party C and Pledgee on December 1, 2020 (the “**Exclusive Business Cooperation Agreement**”), the Exclusive Option Agreement executed by and among Party C, Pledgee and Pledgor on December 1, 2020 (the “**Exclusive Option Agreement**”), Power of Attorney executed on December 1, 2020 by Pledgor (the “**Power of Attorney**”) and any modification, amendment and restatement to the aforementioned documents.

1.5 合同义务：指出质人在独家购买权协议、授权委托书和本协议项下所负的所有义务；丙方在独家业务合作协议、独家购买权协议和本协议项下所负的所有义务。

Contract Obligations: shall refer to all the obligations of Pledgor under the Exclusive Option Agreement, the Power of Attorney and this Agreement; all the obligations of Party C under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and this Agreement.

1.6 担保债务：指质权人因出质人和/或丙方的任何违约事件而遭受的全部直接、间接、衍生损失和可预计利益的丧失。该等损失的金额的依据包括但不限于质权人合理的商业计划和盈利预测、丙方在独家业务合作协议项下应支付的服务费用，及质权人为强制出质人和/或丙方执行其合同义务而发生的所有费用。

Secured Indebtedness: shall refer to all the direct, indirect and derivative losses and losses of anticipated profits, suffered by Pledgee, incurred as a result of any Event of Default. The amount of such loss shall be calculated in accordance with the reasonable business plan and profit forecast of Pledgee, the consulting and service fees payable to Pledgee under the Exclusive Business Cooperation Agreement, all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligations and etc.

1.7 违约事件：指本协议第7条所列任何情况。

Event of Default: shall refer to any of the circumstances set forth in Section 7 of this Agreement.

1.8 违约通知：指质权人根据本协议发出的宣布违约事件的通知。

Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

2. 质权

Pledge

2.1 出质人兹同意将质押股权按照本协议的约定出质给质权人作为履行合同义务和偿还担保债务的担保。丙方兹同意出质人按照本协议的约定将质押股权出质给质权人。

Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligations and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.

2.2 在质押期限内，质权人有权收取质押股权所产生的红利或股利。在质权人事先书面同意的情况下，出质人方可就质押股权而分得股利或分红。出质人因质押股权而分得的股利或分红在扣除出质人缴纳的个人所得税后应根据质权人的要求（1）存入质权人的指定帐户内，受质权人监管，并用于担保合同义务和首先清偿担保债务；或者（2）在不违反中国法律的前提下，将此等红利、股利无条件地赠送给质权人或质权人指定的人。

During the term of the Pledge, Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent of Pledgee. Dividends received by Pledgor on Equity Interest after deduction of individual income tax paid by Pledgor shall be, as required by Pledgee, (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally donated to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

2.3 在质权人事先书面同意的情况下，出质人方可对丙方增资。出质人因对公司增资而在公司注册资本中增加的出资额亦属于质押股权。

Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by Pledgor as a result of Pledgor's subscription of the increased registered capital of the Company shall also be deemed as Equity Interest.

2.4 如丙方根据中国法律的强制性规定需予以解散或清算，出质人在丙方依法完成解散或清算程序后，从丙方依法分配的任何利益，应根据质权人的要求（1）存入质权人的指定帐户内，受质权人监管，并用于担保合同义务和首先清偿担保债务；或者（2）在不违反中国法律的前提下，无条件地赠予质权人或质权人指定的人。

In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to Pledgor upon Party C's dissolution or liquidation shall, upon the request of the Pledgee, be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally donated to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

3. 质押期限

Term of Pledge

3.1 本质权自本协议项下的质押股权出质在相应的工商行政管理机关登记之日起生效，质权有效期持续到所有合同义务履行完毕和所有的担保债务支付完毕为止。出质人和丙方应（一）自本协议签署之日起【3】个工作日内，将本协议的质权登记在丙方股东名册上，并（二）自本协议签署之日起【15】个工作日内向相应的工商行政管理机关申请登记本协议项下的质权。各方共同确认，为办理股权质押工商登记手续，各方及丙方其他股东应将本协议或者一份按照丙方所在地工商行政管理部门要求的形式签署的、真实反映本协议项下质权信息的股权质押合同（以下简称“工商登记质押合同”）提交给工商行政管理机关，工商登记质押合同中未约定事项，仍以本协议约定为准。出质人和丙方应当按照中国法律法规和有关工商行政管理机关的各项要求，提交所有必要的文件并办理所有必要手续，保证质权在递交申请后尽快获得登记。

The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein is registered with relevant administration for industry and commerce (the "AIC"). The Pledge shall remain effective until all Contract Obligations have been fully performed and all Secured Indebtedness have been fully paid. Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within 【3】 business days following the execution of this Agreement, and (2) submit an application to the AIC for the registration of the Pledge of the Equity Interest contemplated herein within 【15】 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract, the parties shall be bound by the provisions of this Agreement. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after submission for filing.

3.2 质押期限内，如出质人和/或丙方未履行合同义务或支付担保债务，质权人有权但无义务按本协议的规定行使质权。

During the Term of Pledge, in the event Pledgor and/or Party C fails to perform the Contract Obligations or pay Secured Indebtedness, Pledgee shall have the right, but not the obligation, to exercise the Pledge in accordance with the provisions of this Agreement.

4. 质权凭证的保管

Custody of Records for Equity Interest subject to Pledge

4.1 在本协议规定的质押期限内，出质人应在本协议签订之日起【一周】内将其在丙方的股权出资证明书及记载质权的股东名册交付质权人保管。质权人将在本协议规定的全部质押期间一直保管这些文件。

During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within 【one week】 from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

5. 出质人和丙方的陈述和保证

Representations and Warranties of Pledgor and Party C

出质人和丙方特此在本协议签署之日向甲方共同及分别陈述和保证如下：

As of the execution date of this Agreement, Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that:

5.1 出质人是质押股权唯一的合法所有人。

Pledgor is the sole legal and beneficial owner of the Equity Interest.

5.2 质权人有权以本协议规定的方式处分并转让质押股权。

Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.

5.3 除本质权之外，出质人未在质押股权上设置任何其他质押权利、担保权益或其他债务负担。

Except for the Pledge, Pledgor has not placed any security interest, collateral or other encumbrance on the Equity Interest.

5.4 出质人和丙方已经取得政府部门和第三方的同意及批准（若需）以签署，交付和履行本协议。

Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution, delivery and performance of this Agreement.

5.5 本协议的签署、交付和履行均不会：(i)导致违反任何有关的中国法律；(ii)与出质人和/或丙方章程或其他组织文件相抵触；(iii)导致违反其是一方或对其有约束力的任何合同或文件，或构成其是一方或对其有约束力的任何合同或文件项下的违约；(iv)导致违反有关向任何一方颁发的任何许可或批准的授予和(或)继续有效的任何条件；或(v)导致向任何一方颁发的任何许可或批准中止或被撤销或附加条件。

The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Pledgor and/or Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

6. 出质人和丙方的承诺

Covenants of Pledgor and Party C

6.1 在本协议存续期间，出质人和丙方共同和分别向质权人承诺：

During the term of this Agreement, Pledgor and Party C hereby jointly and severally covenant to the Pledgee:

6.1.1 除履行交易文件外，未经质权人事先书面同意，出质人不得转让质押股权或其任何部分，不得在质押股权上设立或允许存在任何担保或其他债务负担；

Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of Pledgee, except for the performance of the Transaction Documents;

6.1.2 出质人和丙方遵守并执行所有有关权利质押的法律、法规的规定，在收到有关主管机关就质权发出或制定的通知、指令或建议时，于【五（5）】日内向质权人出示上述通知、指令或建议，同时遵守上述通知、指令或建议，或按照质权人的合理要求或经质权人同意就上述事宜提出反对意见和陈述；

Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within 【five (5)】 days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;

6.1.3 出质人和丙方将任何可能导致对质押股权或其任何部分的权利产生影响的事件或收到的通知，以及可能改变出质人在本协议中的任何保证、义务或对出质人履行其在本协议中义务可能产生影响的任何事件或收到的通知及时通知质权人。

Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.

6.1.4 丙方应在其经营期限届满前【三 (3)】个月内办理完成延长经营期限的登记手续，以使本协议的效力得以持续。

Party C shall complete the registration procedures for extension of the term of operation within 【three (3)】 months prior to the expiration of such term to maintain the validity of this Agreement.

6.2 出质人同意，质权人按本协议条款取得的对质权享有的权利，不应受到出质人或出质人的继承人或出质人之委托人或任何其他人通过法律程序的中断或妨害。

Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.

6.3 出质人向质权人保证，为保护或完善本协议对合同义务和担保债务的担保，出质人将诚实签署、并促使其他与质权有利害关系的当事人签署质权人所要求的所有的权利证书、契约和/或履行并促使其他有利害关系的当事人履行质权人所要求的行为，并为本协议赋予质权人之权利、授权的行使提供便利，与质权人或其指定的人(自然人/法人)签署所有的有关质押股权所有权的文件，并在合理期间内向质权人提供其认为需要的所有的有关质权的通知、命令及决定。

To protect or perfect the security interest granted by this Agreement for the Contract Obligations and Secured Indebtedness, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.

6.4 出质人向质权人保证，出质人将遵守、履行本协议项下所有的保证、承诺、协议、陈述及条件。如出质人不履行或不完全履行其保证、承诺、协议、陈述及条件，出质人应赔偿质权人由此遭受的一切损失。

Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

7. 违约事件

Event of Breach

7.1 下列事项均被视为违约事件：

The following circumstances shall be deemed Event of Default:

7.1.1 出质人对其在交易文件及/或本协议项下的任何义务的违反；

Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.1.2 丙方对其在交易文件及/或本协议项下的任何义务的违反。

Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.2 如知道或发现本第7.1条所述的任何事项或可能导致上述事项的事件已经发生，出质人和丙方应立即以书面形式通知质权人。

Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor and Party C shall immediately notify Pledgee in writing accordingly.

7.3 除非第7.1条下的违约事件在质权人向出质人和/或丙方发出要求其修补此违约行为通知后的【二十（20）】天之内已经按质权人要求获得救济，质权人在其后的任何时间，可向出质人发出书面违约通知，要求依据第8条行使质权。

Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within 【twenty (20)】 days after the Pledgee and /or Party C delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding the Pledgor to immediately exercise the Pledge in accordance with the provisions of Section 8 of this Agreement.

8. 质权的行使

Exercise of Pledge

8.1 在质权人行使其质押权利时，质权人应向出质人发出书面违约通知。

Pledgee shall issue a written Notice of Default to Pledgor when it exercises the Pledge.

8.2 受限于第7.3条的规定，质权人可在按第8.1条发出违约通知之后的任何时间里对质权行使处分的权利。质权人决定行使处分质权的权利时，出质人即不再拥有任何与质押股权有关的权利和利益。

Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.

8.3 质权人有权在根据第8.1条发出违约通知后，行使其根据中国法律、交易文件及本协议条款而享有的全部违约救济权利，包括但不限于以质押股权折价或以拍卖、变卖质押股权所得的价款以优先受偿。质权人对其合理行使该等权利和权力造成的任何损失不负责任。

After Pledgee issues a Notice of Default to Pledgor in accordance with Section 8.1, Pledgee may exercise any remedy measure under applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to being paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall not be liable for any loss incurred by its duly exercise of such rights and powers.

8.4 质权人行使质权获得的款项，应优先支付因处分质押股权而应缴的税费和向质权人履行合同义务及偿还担保债务。扣除上述款项后如有余款，质权人应将余款交还出质人或根据有关法律、法规对该款项享有权利的其他人或者向出质人所在地公证机关提存，由此所生之任何费用全部由出质人承担；在中国法律允许的情况下，出质人应将上述款项无条件地赠予质权人或质权人指定的人。

The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred as result of disposing the Equity Interest and to perform Contract Obligations and pay the Secured Indebtedness to the Pledgee prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides, with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws, Pledgor shall unconditionally donate the aforementioned proceeds to Pledgee or any other person designated by Pledgee.

8.5 质权人有权选择同时或先后行使其享有的任何违约救济，质权人在行使本协议项下的以质押股权折价或拍卖、变卖质押股权所得款项优先受偿的权利前，无须先行使其他违约救济。

Pledgee may exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to being paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.

8.6 质权人有权以书面方式指定其律师或其他代理人行使其质权，出质人或丙方对此均不得提出异议。

Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf, and Pledgor or Party C shall not raise any objection to such exercise.

8.7 质权人依照本协议处分质权时，出质人和丙方应予以必要的协助，以使质权人实现其质权。

When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

9. 违约责任

Breach of Agreement

9.1 若出质人或丙方实质性违反本协议项下所作的任何一项约定，质权人有权终止本协议和/或要求出质人或丙方给予损害赔偿；本第9条不应妨碍质权人在本协议下的任何其他权利；

If Pledgor or Party C conducts any material breach of any term of this Agreement, Pledgee shall have right to terminate this Agreement and/or require Pledgor or Party C to indemnify all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;

9.2 除非法律另有规定，出质人或丙方在任何情况均无任何权利终止或解除本协议。

Pledgor or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by applicable laws.

10. 转让

Assignment

10.1 除非经质权人事先书面同意，出质人和丙方无权赠予或转让其在本协议项下的权利义务。

Without Pledgee's prior written consent, Pledgor and Party C shall not have the right to assign or delegate their rights and obligations under this Agreement.

10.2 本协议对出质人及其继任人和经许可的受让人均有约束力，并且对质权人及每一继任人和受让人有效。

This Agreement shall be binding on Pledgor and his/her successors and permitted assigns, and shall be valid with respect to Pledgee and each of his/her successors and assigns.

10.3 质权人可以在任何时候将其在交易文件和本协议中的所有或任何权利和义务转让给其指定的人，在这种情况下，受让人应享有和承担交易文件和本协议项下质权人享有和承担的权利和义务，如同其作为原协议方应享有和承担的一样。

At any time, Pledgee may assign any and all of its rights and obligations under the Transaction Documents and this Agreement to its designee(s), in which case the assigns shall have the rights and obligations of Pledgee under the Transaction Documents and this Agreement, as if it were the original party to the Transaction Documents and this Agreement.

10.4 因转让所导致的质权人变更后，应质权人要求，出质人和/或丙方应与新的质权人签订一份内容与本协议一致的新质押协议，并在相应的工商行政管理机关进行登记。

In the event of change of Pledgee due to assignment, Pledgor and/or Party C shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.

10.5 出质人和丙方应严格遵守本协议和各方单独或共同签署的其他有关协议的规定，包括交易文件，履行交易文件项下的义务，并不进行任何足以影响协议的有效性和可强制执行性的作为/不作为。除非根据质权人的书面指示，出质人不得行使其对质押股权还留存的权利。

Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

11. 终止

Termination

11.1 在出质人和丙方充分、完全地履行了所有的合同义务和清偿了所有的担保债务后，质权人应根据出质人的要求，在尽早合理可行的时间内，解除本协议下的质押股权的质押，并配合出质人办理注销在丙方的股东名册内所作的股权质押的登记以及办理在相关工商行政管理部门的质押注销登记。

Upon the fulfillment of all Contract Obligations and the full payment of all Secured Indebtedness by Pledgor and Party C, Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.

11.2 本协议第9、13、14条和本第11.2条的规定在本协议终止后继续有效。

The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

12. 手续费及其他费用

Handling Fees and Other Expenses

一切与本协议有关的费用及实际开支，其中包括但不限于法律费用、工本费、印花税以及任何其他税收、费用等全部由丙方承担。

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

13. 保密责任

Confidentiality

各方承认及确定有关本协议、本协议内容，以及彼此就准备或履行本协议而交换的任何口头或书面资料均被视为保密信息。各方应当对所有该等保密信息予以保密，而在未得到另一方书面同意前，不得向任何第三者披露任何保密信息，惟下列信息除外：(a)公众人士知悉或将会知悉的任何信息（惟并非由接受保密信息之一方擅自向公众披露）；(b)根据适用法律法规、股票交易规则、或政府部门或法院的命令而所需披露之任何信息；或(c)由任何一方就本协议所述交易而需向其股东、董事、员工、法律或财务顾问披露之信息，而该股东、董事、员工、法律或财务顾问亦需遵守与本条款相类似之保密责任。如任何一方股东、董事、员工或聘请机构的泄密均视为该方的泄密，需依本协议承担违约责任。

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

14. 适用法律和争议的解决

Governing Law and Resolution of Disputes

14.1 本协议的订立、效力、解释、履行、修改和终止以及争议的解决均适用中国法律。

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.

14.2 因解释和履行本协议而发生的任何争议，本协议各方应首先通过友好协商的方式加以解决。如果在一方向其他方发出要求协商解决的书面通知后30天之内争议仍然得不到解决，则任何一方均可将有关争议提交给中国国际经济贸易仲裁委员会，由该会按照其仲裁规则仲裁解决。仲裁应在北京进行。仲裁裁决是终局性的，对各方均有约束力。

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on all Parties.

14.3 因解释和履行本协议而发生任何争议或任何争议正在进行仲裁时，除争议的事项外，本协议各方仍应继续行使各自在本协议项下的其他权利并履行各自在本协议项下的其他义务。

Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

15. 通知

Notices

15.1 本协议项下要求或发出的所有通知和其他通信应通过专人递送、挂号邮寄、邮资预付或商业快递服务或传真的方式发到该方下列地址。每一通知还应再以电子邮件送达。该等通知视为有效送达的日期按如下方式确定：

All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

15.2 通知如果是以专人递送、快递服务或挂号邮寄、邮资预付发出的，则以于设定为通知的地址在发送或拒收之日为有效送达日。

Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

15.3 通知如果是以传真发出的，则以成功传送之日为有效送达日（应以自动生成的传送确认信息为证）。

Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

15.4 为通知的目的，各方地址如下：

For the purpose of notices, the addresses of the Parties are as follows:

甲方： 北京和信永恒科技发展有限公司

Party A: Beijing Hexin Yongheng Technology Development Co., Ltd.

地址： 北京市朝阳区建国路甲92号-4至24层内13层1301

Address: Room 1301, Floor 13, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing, People's Republic of China

收件人：

Attn:

电话：

Phone:

乙方： 和信电子商务有限公司

Party B: Hexin E-Commerce Co., Ltd.

地址： 北京市朝阳区建国路甲92号-4至24层内13层1313

Address: Room 1313, Floor 13, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing, People's Republic of China

收件人：

Attn:

电话：

Phone:

丙方： 乌苏和信永恒商贸有限公司

Party C: Wusu Hexin Yongheng Commercial and Trading Co., Ltd.

地址：

Address:

收件人：

Attn:

电话：

Phone:

15.5 任何一方可按本条规定随时给其他各方发出通知来改变其接收通知的地址。

Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

16. 分割性

Severability

如果本协议有任何一条或多条规定根据任何法律或法规在任何方面被裁定为无效、不合法或不可执行，本协议其余规定的有效性、合法性或可执行性不应因此在任何方面受到影响或损害。各方应通过诚意磋商，争取以法律许可以及各方期望的最大限度内有效的规定取代那些无效、不合法或不可执行的规定，而该等有效的规定所产生的经济效果应尽可能与那些无效、不合法或不能强制执行的规定所产生的经济效果相似。

In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

17. 附件

Attachments

本协议所列附件，为本协议不可分割的组成部分。

The attachments set forth herein shall be an integral part of this Agreement.

18. 生效

Effectiveness

18.1 本协议自各方正式签署之日起生效。

This Agreement shall become effective upon execution by the Parties.

18.2 本协议的任何修改、补充或变更，均须采用书面形式，经各方签字或盖章并按规定办理政府登记（如需）后生效。

Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

19. 语言和副本

Language and Counterparts

本协议以中文和英文书就，一式四份，质权人、出质人和丙方各持一份，剩余一份用于登记。中英文版本如有任何不一致之处，以中文版本为准。

This Agreement is written in Chinese and English in four copies. Pledgor, Pledgee and Party C shall hold one copy respectively and the other copy shall be used for registration. In case of any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

有鉴于此，各方已使得经其授权的代表于文首所述日期签署了本股权质押协议并即生效，以昭信守。

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

甲方： 北京和信永恒科技发展有限公司

Party A: Beijing Hexin Yongheng Technology Development Co., Ltd.

签字：

By: _____

姓名： 安晓博

Name: Xiaobo An

职位： 法定代表人

Title: Legal Representative

乙方： 和信电子商务有限公司

Party B: Hexin E-Commerce Co., Ltd.

签字：

By: _____

姓名： 安晓博

Name: Xiaobo An

职位： 法定代表人

Title: Legal Representative

丙方： 乌苏和信永恒商贸有限公司

Party C: Wusu Hexin Yongheng Commercial and Trading Co., Ltd.

签字：

By: _____

姓名： 杨永光

Name: Yongguang Yang

职位： 法定代表人

Title: Legal Representative

附件：

Attachments:

1. 丙方股东名册；
Shareholders' Register of Party C;
2. 丙方的出资证明书
The Capital Contribution Certificate for Party C
3. 独家业务合作协议
Exclusive Business Cooperation Agreement
4. 独家购买权协议
Exclusive Option Agreement
5. 授权委托书
Power of Attorney

独家购买权协议

Exclusive Option Agreement

本独家购买权协议（下称“**本协议**”）由以下各方于2020年12月1日在中华人民共和国（下称“**中国**”）北京签订：

This Exclusive Option Agreement (this “**Agreement**”) is executed by and among the following Parties as of December 1, 2020 in Beijing, the People’s Republic of China (“**China**” or the “**PRC**”):

甲方： 北京和信永恒科技发展有限公司，一家依照中国法律设立和存在的外商独资公司，地址为北京市朝阳区建国路甲92号-4至24层内13层1301；

Party A: **Beijing Hexin Yongheng Technology Development Co., Ltd.**, a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1301, Floor 13, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing, People’s Republic of China;

乙方： 和信电子商务有限公司，一家依照中国法律设立和存在的有限责任公司，地址为北京市朝阳区建国路甲92号-4至24层内13层1313；及

Party B: **Hexin E-Commerce Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at Room 1313, Floor 13, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing, People’s Republic of China; and

丙方： 乌苏和信永恒商贸有限公司，一家依照中国法律设立和存在的有限责任公司，地址为新疆塔城地区乌苏市新市区街道重庆路238号(广隅新城物业B座二层东商铺)。

Party C: **Wusu Hexin Yongheng Commercial and Trading Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at No.238, Chongqing Road, Xinshi District, Wusu, Tacheng Prefecture, Xinjiang, People’s Republic of China (East shop, Floor 2, Block B, Guangyu Xincheng).

在本协议中，甲方、乙方和丙方以下各称“**一方**”，合称“**各方**”。

In this Agreement, each of Party A, Party B and Party C shall be referred to as a “**Party**” respectively, and they shall be collectively referred to as the “**Parties**”.

鉴于：

Whereas:

1. 乙方是丙方的股东；在本协议签署日，乙方持有丙方100%的股权，代表丙方注册资本人民币50000万元。

Party B is a shareholder of Party C and as of the date hereof holds 100% of equity interests of Party C, representing RMB500,000,000 in the registered capital of Party C.

2. 乙方同意通过本协议授予甲方一项独家购买权，甲方同意接受该独家购买权用以购买乙方在丙方所持有的全部或部分股权。

秘密文件 Strictly Confidential

Party B agrees to grant Party A an exclusive right through this Agreement, and Party A agrees to accept such exclusive right to purchase all or part equity interest held by Party B in Party C.

现各方协商一致，达成如下协议：

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

1. 股权买卖

Sale and Purchase of Equity Interest

1.1 授予权利

Option Granted

鉴于甲方向乙方支付了人民币【10】元作为对价，且乙方确认收到并认为该对价足够，乙方在此不可撤销地授予甲方在中国法律允许的前提下，按照甲方自行决定的行使步骤，并按照本协议第1.3条所述的价格，随时一次或多次从乙方购买或指定一人或多人（“被指定人”）从乙方购买其届时所持有的丙方的全部或部分股权的一项不可撤销的专有权（“**股权购买权**”）。除甲方和被指定人外，任何其他人均不得享有股权购买权或其他与乙方股权有关的权利。丙方特此同意乙方向甲方授予股权购买权。本款及本协议所规定的“人”指个人、公司、合营企业、合伙、企业、信托或非公司组织。

In consideration of the payment of RMB 【10】 by Party A, the receipt and adequacy of which is hereby acknowledged by Party B, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a “**Designee**”) to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A’s sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the “**Equity Interest Purchase Option**”). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term “**person**” as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

1.2 行使步骤

Steps for Exercise of Equity Interest Purchase Option

甲方行使其股权购买权以符合中国法律和法规的规定为前提。甲方行使股权购买权时，应向乙方发出书面通知（“**股权购买通知**”），股权购买通知应载明以下事项：(a)甲方或被指定人关于行使股权购买权的决定；(b)甲方或被指定人拟从乙方购买的股权份额（“**被购买股权**”）；和(c)被购买股权的购买日/转让日。

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the “**Equity Interest Purchase Option Notice**”), specifying: (a) Party A’s or the Designee’s decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the “**Optioned Interests**”); and (c) the date for purchasing the Optioned Interests or the date for transfer of the Optioned Interests.

1.3 股权买价

Equity Interest Purchase Price

甲方行使股权购买权购买乙方在丙方持有的全部股权的总价应为人民币【10】元；甲方行使股权购买权购买乙方持有在丙方持有的部分股权时，股权买价按照比例计算。如果在甲方行权时中国法律所允许的最低价格高于前述价格，则转让价格应以中国法律所允许的最低价格为准（统称“**股权买价**”）。

The purchase price of all equity interests held by Party B in Party C purchased by Party A by exercising the Equity Interest Purchase Option shall be RMB 10 ; if Party A exercises the Equity Interest Purchase Option to purchase part of the equity interests held by Party B in Party C, the purchase price shall be calculated pro rata. If PRC law requires a minimum price higher than aforementioned price when Party A exercises Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the “**Equity Interest Purchase Price**”).

1.4 转让被购买股权

Transfer of Optioned Interests

甲方每次行使股权购买权时：

For each exercise of the Equity Interest Purchase Option:

1.4.1 乙方应责成丙方及时召开股东会会议，在该会议上，应通过批准乙方向甲方和/或被指定人转让被购买股权的决议；

Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);

1.4.2 乙方应就其向甲方和/或被指定人转让被购买股权取得丙方其他股东同意该转让并放弃优先购买权的书面声明(如适用)；

Party B shall obtain written statements from the other shareholders of Party C giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto (if applicable);

1.4.3 乙方应与甲方和/或被指定人（视情况而定）按照本协议及股权购买通知的规定，为每次转让签订股权转让合同；

Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 有关方应签署所有其他所需合同、协议或文件，取得全部所需的政府批准和同意，并采取所有所需行动，在不附带任何担保权益的情况下，将被购买股权的有效所有权转移给甲方和/或被指定人并使甲方和/或被指定人成为被购买股权的登记在册所有人。为本款及本协议的目的，“担保权益”包括担保、抵押、第三方权利或权益，任何购股权、收购权、优先购买权、抵销权、所有权扣留或其他担保安排等；但为了明确起见，不包括在本协议、乙方股权质押协议和乙方授权委托书项下产生的任何担保权益。本协议所规定的“**乙方股权质押协议**”指甲方、乙方和丙方于本协议签署之日签订的股权质押协议及对其的任何修改、修订或重述；本协议所规定的“**乙方授权委托书**”指乙方于本协议签署之日签署的授权甲方的授权委托书及对其的任何修改、修订或重述。

The relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, “security interests” shall include securities, mortgages, third party’s rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B’s Equity Interest Pledge Agreement and Party B’s Power of Attorney. “**Party B’s Equity Interest Pledge Agreement**” as used in this Agreement shall refer to the Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modification, amendment and restatement thereto. “**Party B’s Power of Attorney**” as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with power of attorney and any modification, amendment and restatement thereto.

2. 承诺

Covenants

2.1 有关丙方的承诺

Covenants regarding Party C

乙方（作为丙方的股东）和丙方在此承诺：

Party B (as a shareholder of Party C) and Party C hereby covenant as follows:

2.1.1 未经甲方的事先书面同意，不以任何形式补充、更改或修改丙方公司章程文件，增加或减少其注册资本，或以其他方式改变其注册资本结构；

Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;

2.1.2 按照良好的财务和商业标准及惯例，保持其公司的存续，取得和维持丙方从事业务所需的全部政府许可、证照，审慎地及有效地经营其业务和处理事务；

They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices, obtain and maintain all necessary government licenses and permits by prudently and effectively operating its business and handling its affairs;

2.1.3 未经甲方的事先书面同意，不在本协议签署之日起的任何时间出售、转让、抵押或以其他方式处置丙方的任何资产、业务或收入的合法或受益权益，或允许在其上设置任何其他担保权益；

Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the material business or revenues of Party C, or allow the encumbrance thereon of any security interest;

2.1.4 未经甲方的事先书面同意，不发生、继承、保证或容许存在任何债务，但正常或日常业务过程中产生而不是通过借款方式产生的应付账款除外；

Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for payables incurred in the ordinary course of business other than through loans;

2.1.5 一直在正常业务过程中经营所有业务，以保持丙方的资产价值，不进行任何足以影响其经营状况和资产价值的作为/不作为；

They shall always operate all of Party C's businesses in the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;

2.1.6 未经甲方的事先书面同意，不得让丙方签订任何重大合同，但在正常业务过程中签订的合同除外（就本段而言，如果一份合同的总金额超过人民币【10】万元，即被视为重大合同）；

Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a price exceeding RMB 【100,000】 shall be deemed a major contract);

2.1.7 未经甲方的事先书面同意，丙方不得向任何人提供贷款或信贷；

Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit;

2.1.8 应甲方要求，向其提供所有关于丙方的营运和财务状况的资料；

They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;

2.1.9 如甲方提出要求，丙方应从甲方接受的保险公司处购买和持有有关其资产和业务的保险，该保险的金额和险种应与经营类似业务的公司一致；

If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;

2.1.10 未经甲方的事先书面同意，丙方不得与任何人合并或联合，或对任何人进行收购或投资；

Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person;

2.1.11 将发生的或可能发生的与丙方资产、业务或收入有关的诉讼、仲裁或行政程序立即通知甲方；

They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;

2.1.12 为保持丙方对其全部资产的所有权，签署所有必要或适当的文件，采取所有必要或适当的行动，提出所有必要或适当的控告，并对所有索偿进行必要或适当的抗辩；

To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;

2.1.13 未经甲方事先书面同意，不得以任何形式派发股息予各股东，但一经甲方要求，丙方应立即将其所有可分配利润全部立即分配给其各股东；

Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders;

2.1.14 根据甲方的要求，委任由其指定的任何人士出任丙方的董事或执行董事。

At the request of Party A, they shall appoint any person designated by Party A as the director or executive director of Party C.

2.1.15 未经甲方书面同意，不得从事任何与甲方或甲方的关联公司相竞争的业务；及

Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates; and

2.1.16 除非中国法律强制要求，未经甲方书面同意，丙方不得解散或清算。

Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.2 乙方的承诺

Covenants of Party B

乙方承诺：

Party B hereby covenants as follows:

2.2.1 未经甲方的事先书面同意，不出售、转让、抵押或以其他方式处置其拥有的丙方的股权的合法或受益权益，或允许在其上设置任何其他担保权益，但根据乙方股权质押协议和乙方授权委托书设置的权益除外；

Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;

2.2.2 促使丙方股东会和/或董事（或执行董事）不批准在未经甲方的事先书面同意的情况下，出售、转让、抵押或以其他方式处置任何乙方持有之丙方的股权的合法权益或受益权，或允许在其上设置任何其他担保权益，但批准根据乙方股权质押协议和乙方授权委托书设置的权益除外；

Without the prior written consent of Party A, Party B shall cause the shareholders' meeting and/or the directors (or the executive director) of Party C not to approve any sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;

2.2.3 未经甲方的事先书面同意的情况下，对于丙方与任何人合并或联合，或对任何人进行收购或投资，乙方将促成丙方股东会和/或董事（或执行董事）不予批准；

Without the prior written consent of Party A, Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person;

2.2.4 将发生的或可能发生的任何关于其所拥有的股权的诉讼、仲裁或行政程序立即通知甲方；

Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;

2.2.5 促使丙方股东会或董事(或执行董事)表决赞成本协议规定的被购买股权的转让并应甲方之要求采取其他任何行动；

Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;

2.2.6 为保持其对股权的所有权，签署所有必要或适当的文件，采取所有必要或适当的行动，提出所有必要或适当的控告，并对所有索偿进行必要或适当的抗辩；

To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;

2.2.7 应甲方的要求，委任由其指定的任何人士出任丙方的董事或执行董事；

Party B shall appoint any designee of Party A as the director or the executive director of Party C, at the request of Party A;

2.2.8 乙方在此放弃其对丙方其他股东向甲方转让股权所享有的优先购买权（如有），同意丙方其他股东与甲方、丙方签署与本协议、乙方股权质押协议和乙方授权委托书类似的独家购买权协议、股权质押协议和授权委托书，并保证不会采取与其他股东签署的任何该等文件相冲突的行为(如适用)；

Party B hereby waives its right of first of refusal to transfer of equity interest by any other shareholder of Party C to Party A (if any), and gives consent to execution by each other shareholder of Party C with Party A and Party C the exclusive option agreement, the equity interest pledge agreement and the power of attorney similar to this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney and undertakes not to take any action in conflict with such documents executed by the other shareholders (if applicable);

2.2.9 如乙方从丙方获得任何利润、股息、分红、或清算所得，或者因转让其持有的全部或部分丙方股权而获得收益，乙方应在遵从中国法律的前提下将其及时赠予甲方或甲方指定的任何人；和

Party B shall promptly donate any profit, interest, dividend or proceeds of liquidation, or any proceeds from transferring its entire or a part of equity interest in Party C, to Party A or any other person designated by Party A to the extent permitted under applicable PRC laws; and

2.2.10 严格遵守本协议及乙方、丙方与甲方共同或分别签订的其他协议的各项规定，切实履行该等协议项下的各项义务，并不进行任何足以影响该等协议的有效性和可执行性的作为/不作为。如果乙方对于本协议项下、乙方股权质押协议下或乙方授权委托书中的股权，还留存有任何权利，除非甲方书面指示，否则乙方仍不得行使该权利。

Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Party B's Equity Interest Pledge Agreement or under the Party B's Power of Attorney, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

3. 陈述和保证

Representations and Warranties

乙方和丙方特此在本协议签署之日和每一个转让日向甲方共同及分别陈述和保证如下：

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

3.1 其具有签订和交付本协议和其为一方的、根据本协议为每一次转让被购买股权而签订的任何股权转让合同(各称为“**转让合同**”),并履行其在本协议和任何转让合同项下的义务的权力、能力和授权。乙方和丙方同意在甲方行使股权购买权时，他们将签署与本协议条款一致的转让合同。本协议和其是一方的各转让合同一旦签署后，构成或将对其构成合法、有效及具有约束力的义务并可按照其条款对其强制执行；

They have the power, capacity and authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a “**Transfer Contract**”), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;

3.2 乙方和丙方已经取得第三方和政府部门的同意及批准（若需）以签署，交付和履行本协议；

Party B and Party C have obtained any and all approvals and consents from government authorities and third parties (if required) for execution, delivery and performance of this Agreement.

3.3 无论是本协议或任何转让合同的签署和交付还是其在本协议或任何转让合同项下的义务的履行均不会：(i)导致违反任何有关的中国法律；(ii)与乙方和/或丙方章程或其他组织文件相抵触；(iii)导致违反其是一方或对其有约束力的任何合同或文件，或构成其是一方或对其有约束力的任何合同或文件项下的违约；(iv)导致违反有关向任何一方颁发的任何许可或批准的授予和（或）继续有效的任何条件；或(v)导致向任何一方颁发的任何许可或批准中止或被撤销或附加条件；

The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party B and/or Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;

3.4 乙方对其在丙方拥有的股权拥有良好和可出售的所有权，除乙方股权质押协议和乙方授权委托书外，乙方在上述股权上没有设置任何担保权益；

Party B has a good and merchantable title to the equity interests held by Party B in Party C. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests;

3.5 丙方对所有资产拥有良好和可出售的所有权，丙方在上述资产上没有设置任何担保权益；

Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;

3.6 丙方没有任何未偿还债务，除(i)在其正常的业务过程中发生的债务，及(ii)已向甲方披露及经甲方书面同意债务除外；

Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.

3.7 丙方遵守所有适用法律和法规；和

Party C has complied with all applicable laws and regulations; and

3.8 目前没有悬而未决的或构成威胁的与股权、丙方资产有关的或与丙方有关的诉讼、仲裁或行政程序。

There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

4. **有效期**

Effective Date and Term

本协议自各方正式签署之日起生效，本协议在乙方持有的丙方全部股权均根据本协议的约定依法转让至甲方和/或其指定的其他人名下后终止。

This Agreement shall become effective upon execution by the Parties, and remain effective until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

5. **适用法律与争议解决**

Governing Law and Resolution of Disputes

5.1 **适用法律**

Governing law

本协议的订立、效力、解释、履行、修改和终止以及争议解决均适用中国法律。

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of PRC.

5.2 **争议的解决方法**

Methods of Resolution of Disputes

因解释和履行本协议而发生的任何争议，本协议各方应首先通过友好协商的方式加以解决。如果在一方向其他方发出要求协商解决的书面通知后30天之内争议仍然得不到解决，则任何一方均可将有关争议提交给中国国际经济贸易仲裁委员会，由该会按照其仲裁规则仲裁解决。仲裁应在北京进行。仲裁裁决是终局性的，对各方均有约束力。

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on all Parties.

6. 税款、费用

Taxes and Fees

每一方应承担根据中国法律因准备和签署本协议和各转让合同以及完成本协议和各转让合同拟定的交易而由该方发生的或对其征收的任何和全部的转让和注册的税、花费和费用。

Each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

7. 通知

Notices

7.1 本协议项下要求或发出的所有通知和其他通信应通过专人递送、挂号邮寄、邮资预付或商业快递服务或传真的方式发到该方下列地址。每一通知还应再以电子邮件送达。该等通知视为有效送达的日期按如下方式确定：

All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 通知如果是以专人递送、快递服务或挂号邮寄、邮资预付发出的，则以于设定为通知的地址在接收或拒收之日为有效送达日；

Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices;

7.1.2 通知如果是以传真发出的，则以成功传送之日为有效送达日（应以自动生成的传送确认信息为证）。

Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 为通知的目的，各方地址如下：

For the purpose of notices, the addresses of the Parties are as follows:

甲方： 北京和信永恒科技发展有限公司
Party A: Beijing Hexin Yongheng Technology Development Co., Ltd.
地址： 北京市朝阳区建国路甲92号-4至24层内13层1301
Address: Room 1301, Floor 13, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing, People's Republic of China
收件人： []
Attn: []
电话： []
Phone: []

乙方： 和信电子商务有限公司
Party B: Hexin E-Commerce Co., Ltd.
地址： 北京市朝阳区建国路甲92号-4至24层内13层1313
Address: Room 1313, Floor 13, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing, People's Republic of China
收件人： []
Attn: []
电话： []
Phone: []

丙方： 乌苏和信永恒商贸有限公司
Party C: Wusu Hexin Yongheng Commercial and Trading Co., Ltd.
地址： []
Address: []
收件人： []
Attn: []
电话： []
Phone: []

7.3 任何一方可按本条规定随时给其他方发出通知来改变其接收通知的地址。

Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

8. 保密责任

Confidentiality

各方承认及确定有关本协议、本协议内容，以及彼此就准备或履行本协议而交换的任何口头或书面资料均被视为保密信息。各方应当对所有该等保密信息予以保密，而在未得到其他方书面同意前，不得向任何第三者披露任何保密信息，惟下列信息除外：(a)公众人士知悉或将会知悉的任何信息（惟并非由接受保密信息之一方擅自向公众披露）；(b)根据适用法律法规、股票交易规则、或政府部门或法院的命令而所需披露之任何信息；或(c)由任何一方就本协议所述交易而需向其股东、董事、员工、法律或财务顾问披露之信息，而该股东、董事、员工、法律或财务顾问亦需遵守与本条款相类似之保密责任。如任何一方股东、董事、员工或聘请机构的泄密均视为该方的泄密，需依本协议承担违约责任。

The Parties acknowledge that the existence and the terms of this Agreement, and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of other Parties, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

9. 进一步保证

Further Warranties

各方同意迅速签署为执行本协议的各项规定和目的而合理需要的或对其有利的文件，以及为执行本协议的各项规定和目的而采取合理需要的或对其有利的进一步行动。

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

10. 违约责任

Breach of Agreement

10.1 若乙方或丙方实质性违反本协议项下所作的任何一项约定，甲方有权终止本协议和/或要求乙方或丙方给予损害赔偿；本第10条不应妨碍甲方在本协议下的任何其他权利；

If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require the Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;

10.2 除非法律另有规定，乙方或丙方在任何情况均无权利终止或解除本协议。

Party B or Party C shall not have any right to terminate this Agreement in any event unless otherwise required by applicable laws.

11. 其他

Miscellaneous

11.1 修订、修改与补充

Amendment, change and supplement

对本协议作出修订、修改与补充，必须经每一方签署书面协议。

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

11.2 完整合同

Entire agreement

除了在本协议签署后所作出的书面修订、补充或修改以外，本协议构成本协议各方就本协议标的物所达成的完整合同，取代在此之前就本协议标的物所达成的所有口头或书面的协商、陈述和协议。

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supersede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

11.3 标题

Headings

本协议的标题仅为方便阅读而设，不应被用来解释、说明或在其他方面影响本协议各项规定的含义。

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

11.4 语言

Language

本协议以中文和英文书就，一式三份，甲乙丙三方各持一份。如有任何不一致之处，以中文版本为准。

This Agreement is written in both Chinese and English language in three copies, each Party having one copy. In case of any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

11.5 可分割性

Severability

如果本协议有任何一条或多条规定根据任何法律或法规在任何方面被裁定为无效、不合法或不可执行，本协议其余规定的有效性、合法性或可执行性不应因此在任何方面受到影响或损害。各方应通过诚意磋商，争取以法律许可以及各方期望的最大限度内有效的规定取代那些无效、不合法或不可执行的规定，而该等有效的规定所产生的经济效果应尽可能与那些无效、不合法或不能强制执行的规定所产生的经济效果相似。

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

11.6 继任者

Successors

本协议对各方各自的继任者和各方所允许的受让方应具有约束力并对其有利。

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 继续有效

Survival

11.7.1 本协议期满或提前终止前因本协议而发生的或到期的任何义务在本协议期满或提前终止后继续有效。

Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 本协议第5、8、10条和本第11.7条的规定在本协议终止后继续有效。

The provisions of Sections 5, 8, 10 and this Section 11.7 shall survive the termination of this Agreement.

11.8 弃权

Waivers

任何一方可以对本协议的条款和条件作出弃权，但必须经书面作出并经各方签字。一方在某种情况下就其他方的违约所作的弃权不应被视为该方在其他情况下就类似的违约已经对其他方作出弃权。

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

有鉴于此，各方已使得经其授权的代表于文首所述日期签署了本独家购买权协议并即生效，以昭信守。

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

甲方： 北京和信永恒科技发展有限公司

Party A: Beijing Hexin Yongheng Technology Development Co., Ltd.

签字：

By: _____

姓名： 安晓博

Name: Xiaobo An

职位： 法定代表人

Title: Legal Representative

乙方： 和信电子商务有限公司

Party B: Hexin E-Commerce Co., Ltd.

签字：

By: _____

姓名： 安晓博

Name: Xiaobo An

职位： 法定代表人

Title: Legal Representative

签署：

By: _____

丙方： 乌苏和信永恒商贸有限公司

Party C: Wusu Hexin Yongheng Commercial and Trading Co., Ltd.

签字：

By: _____

姓名： 杨永光

Name: Yongguang Yang

职位： 法定代表人

Title: Legal Representative

独家业务合作协议

Exclusive Business Cooperation Agreement

本独家业务合作协议（下称“**本协议**”）由以下双方于2020年12月1日在中华人民共和国（下称“**中国**”）北京市签署。

This Exclusive Business Cooperation Agreement (this “**Agreement**”) is made and entered into by and between the following parties on December 1, 2020 in Beijing, the People’s Republic of China (“**China**” or the “**PRC**”).

甲方： 北京和信永恒科技发展有限公司

地址： 北京市朝阳区建国路甲92号-4至24层内13层1301

Party A: Beijing Hexin Yongheng Technology Development Co., Ltd.

Address: Room 1301, Floor 13, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing, People’s Republic of China

乙方： 乌苏和信永恒商贸有限公司

地址： 新疆塔城地区乌苏市新市区街道重庆路238号(广隅新城物业B座二层东商铺)

Party B: Wusu Hexin Yongheng Commercial and Trading Co., Ltd.

Address: No.238, Chongqing Road, Xinshi District, Wusu, Tacheng Prefecture, Xinjiang, People’s Republic of China (East shop, Floor 2, Block B, Guangyu Xingcheng)

甲方和乙方以下各称为“**一方**”，统称为“**双方**”。

Each of Party A and Party B shall be hereinafter referred to as a “**Party**” respectively, and as the “**Parties**” collectively.

鉴于：

Whereas,

1. 甲方是一家在中国成立的外商独资企业，拥有提供技术和咨询服务的必要资源；

Party A is a wholly foreign owned enterprise established in China, and has the necessary resources to provide technical and consulting services;

秘密文件 Strictly Confidential

2. 乙方是一家在中国成立的内资公司，经中国有关部门依法批准，其经营范围为：经济信息咨询；投资管理；投资咨询；资产管理；电子商务；财务咨询（不得开展审计、验资、查帐、评估、会计咨询、代理记帐等需经专项审批的业务，不得出具相应的审计报告、验资报告、查帐报告、评估报告等文字材料；）；会展服务；企业管理咨询；计算机系统集成及软件硬件开发与销售；数据处理服务；接受金融机构委托从事金融业务流程外包；市场调查；企业形象策划；设计、制作广告；计算机软件的技术开发、技术咨询、技术服务、技术转让；销售文具用品、五金交电（不从事实体店铺经营、不含电动自行车）。乙方现时及在本协议有效期内的任何时候所经营并发展的所有业务活动以下合称“**主营业务**”；

Party B is a company established in China with exclusively domestic capital and as permitted by relevant PRC government authorities, its business scope is: economic information consultancy; investment management; investment consultancy; asset management; e-commerce; financial consultancy (no audit, capital verification, audit, evaluation, accounting consultancy, bookkeeping agency and other business subject to special examination and approval shall be carried out, and no corresponding written materials such as audit reports, capital verification reports, audit reports and evaluation reports shall be issued); convention and exhibition services; enterprise management consulting; computer system integration and software and hardware development and sales; data processing services; financial business process outsourcing as entrusted by financial institutions; market survey; corporate image planning; design and production of advertisements; computer software technology development, technology consulting, technology services, and technology transfer; selling stationery, hardware, and electricity (not applicable to physical stores, excluding electric bicycles). The businesses conducted by Party B currently and any time during the term of this Agreement are collectively referred to as the “**Principal Business**”;

3. 甲方同意利用其技术、人员和信息优势，在本协议期间向乙方提供有关主营业务的独家技术支持、咨询和其他服务，乙方同意接受甲方或其指定方按本协议条款的规定提供的各种服务。

Party A is willing to provide Party B with technical support, consulting services and other services on exclusive basis in relation to the Principal Business during the term of this Agreement, utilizing its advantages in technology, human resources, and information, and Party B is willing to accept such services provided by Party A or Party A's designee(s), each on the terms set forth herein.

据此，甲方和乙方经协商一致，达成如下协议：

Now, therefore, through mutual discussion, the Parties have reached the following agreements:

1. 服务提供

Services Provided by Party A

1.1 按照本协议条款和条件，乙方在此委任甲方在本协议期间作为乙方的独家服务提供者向乙方提供全面的技术支持、咨询服务和其他服务，包括但不限于以下内容：

Party B hereby appoints Party A as Party B's exclusive services provider to provide Party B with comprehensive technical support, consulting services and other services during the term of this Agreement, in accordance with the terms and conditions of this Agreement, including but not limited to the follows:

(1) 许可乙方使用甲方拥有合法权利的相关软件；

Licensing Party B to use any software legally owned by Party A;

(2) 乙方业务所需的相关应用软件的开发、维护与更新；

Development, maintenance and update of software involved in Party B's business;

(3) 计算机网络系统、硬件设备及数据库的设计、安装和日常管理、维护、更新；

Design, installation, daily management, maintenance and updating of network system, hardware and database design;

(4) 乙方相关人员的技术支持和专业培训；

Technical support and training for employees of Party B;

(5) 协助乙方进行有关的技术和市场信息的咨询、收集与调研（中国法律禁止外商独资企业从事的市场调查除外）；

Assisting Party B in consultancy, collection and research of technology and market information (excluding market research business that wholly foreign-owned enterprises are prohibited from conducting under PRC law);

(6) 为乙方提供企业管理咨询；

Providing business management consultation for Party B;

(7) 为乙方提供市场营销和推广服务；

Providing marketing and promotion services for Party B;

(8) 为乙方提供客户订单管理和客户服务；

Providing customer order management and customer services for Party B;

(9) 设备、资产出租；和

Leasing of equipments or properties; and

(10) 在中国法律允许的情况下，其他应乙方要求而不时提供的其他相关服务。

Other services requested by Party B from time to time to the extent permitted under PRC law.

1.2 乙方接受甲方提供的服务。乙方进一步同意，除非经甲方事先书面同意，在本协议期间，就本协议约定的服务或其他事宜，乙方不得直接或间接地从任何第三方获得任何与本协议相同或类似的服务，并不得与任何第三方就本协议所述事项建立任何类似的合作关系。双方同意，甲方可以指定其他方（该被指定方可以与乙方签署本协议第1.3条描述的某些协议）为乙方提供本协议约定的服务。为本协议之目的，甲方及甲方指定的其他方可单独称为一个“服务提供方”，或合称为“服务提供方”。

Party B agrees to accept all the services provided by Party A. Party B further agrees that unless with Party A's prior written consent, during the term of this Agreement, Party B shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationship with any third party regarding the matters contemplated by this Agreement. Party A may designate other parties, who may enter into certain agreements described in Section 1.3 with Party B, to provide Party B with the services under this Agreement. For the purpose of this Agreement, Party A and other parties designated by Party A may be respectively referred to as a "Service Provider," or collectively as "Service Providers."

1.3 服务的提供方式

Service Providing Methodology

1.3.1 甲、乙双方同意在本协议有效期内，视情况而定，乙方可以与甲方或甲方指定的其他方进一步签订服务协议，对各项服务的具体内容、方式、人员、收费等进行约定。

Party A and Party B agree that during the term of this Agreement, where necessary, Party B may enter into further service agreements with Party A or any other party designated by Party A, which shall provide the specific contents, manner, personnel, and fees for the specific services.

1.3.2 为更好地履行本协议，甲乙双方同意，视情况而定，乙方在本协议有效期内将与甲方或甲方指定的其他方根据业务进展需要随时签署设备、资产的租用协议，由甲方将有关的设备、资产提供给乙方使用。

To fulfill this Agreement, Party A and Party B agree that during the term of this Agreement, where necessary, Party B may enter into equipment or property leases with Party A or any other party designated by Party A which shall permit Party B to use Party A's relevant equipment or property based on the needs of the business of Party B.

1.3.3 乙方特此向甲方授予一项不可撤销的排他性的购买权，根据该购买权，甲方可在中华人民共和国法律法规允许的范围内，由甲方自行选择，向乙方购买任何部分或全部资产和业务，作价为中国法律允许的最低价格。届时双方将另行签订资产或业务转让合同，对该资产转让的条款和条件进行约定。

Party B hereby grants to Party A an irrevocable and exclusive option to purchase from Party B, at Party A's sole discretion, any or all of the assets and business of Party B, to the extent permitted under PRC law, at the lowest purchase price permitted by PRC law. The Parties shall then enter into a separate assets or business transfer agreement, specifying the terms and conditions of the transfer of the assets.

2. 服务的价格和支付方式

The Calculation and Payment of the Service Fees

2.1 在本协议有效期内，乙方应向服务提供方支付的费用应按如下方式计算：

The fees payable by Party B to Service Providers during the term of this Agreement shall be calculated as follows:

2.1.1 就服务提供方向乙方提供的服务，乙方应每月向甲方或按甲方指示向服务提供方支付服务费。每月的服务费由管理费和服务提供费组成，具体金额由甲方根据以下因素确定或调整（如需）。乙方应接受该等决定和调整：

Party B shall pay service fee to Party A or to Service Providers as instructed by Party A in each month. The service fee for each month shall consist of management fee and fee for services provided, which shall be determined or adjusted (if necessary) by the Party A by considering the following factors. Party B shall accept such determination and adjustments.

- (1) 服务的复杂程度及难度；
Complexity and difficulty of the services provided by Party A;
- (2) 服务提供方雇员的职位和提供该等服务所需的时间；
Title of and time consumed by employees of the Service Provider providing the services;
- (3) 服务的具体内容和商业价值；
Contents and value of the services provided by Party A;
- (4) 相同种类服务的市场参考价格；
Market price of the same type of services;
- (5) 乙方的经营情况。
Operation conditions of the Party B.

2.1.2 如果服务提供方向乙方转让技术或者受乙方委托进行软件或其他技术开发或者向乙方出租设备、资产，则技术转让费、委托开发费用或租金应由甲方或按甲方指示由服务提供方根据实际情况确定。

If a Service Provider transfers technology to Party B or develops software or other technology as entrusted by Party B or leases equipments or properties to Party B, the technology transfer price, development fees or rent shall be determined by Party A or the Service Provider as instructed by Party A based on the actual situations.

3. 知识产权和保密条款

Intellectual Property Rights and Confidentiality Clauses

3.1 甲方对履行本协议而产生或创造的任何和所有知识产权（包括但不限于著作权、专利权、专利申请权、软件、技术秘密、商业秘密及其他）均享有独占的和排他的所有权、权利和利益。乙方应签署所有适当的文件，采取所有适当的行动，递交所有的文件和/或申请，提供所有适当的协助，以及做出所有其他依据甲方的自行决定认为是必要的行为，以将任何对该等知识产权的所有权、权利和权益赋予甲方，和/或完善对甲方此等知识产权权利的保护。

Party A shall have exclusive and proprietary ownership, rights and interests in any and all intellectual properties arising out of or created during the performance of this Agreement, including but not limited to copyrights, patents, patent applications, software, technical secrets, trade secrets and others. Party B shall execute all appropriate documents, take all appropriate actions, submit all filings and/or applications, render all appropriate assistance and otherwise conduct whatever is necessary as deemed by Party A at its sole discretion for the purposes of vesting any ownership, right or interest of any such intellectual property rights in Party A, and/or perfecting the protections for any such intellectual property rights in Party A.

3.2 双方承认及确认有关本协议、本协议内容以及彼此就准备或履行本协议而交换的任何口头或书面资料均被视为保密信息。双方应对所有该等保密信息予以保密，而在未得到另一方书面同意前，不得向任何第三方披露任何保密信息，惟下列信息除外：(a)公众人士知悉或将会知悉的任何信息（惟并非由接受保密信息之一方擅自向公众披露）；(b)根据适用法律法规、股票交易规则、或政府部门或法院的命令而所需披露之任何信息；或(c)由任何一方就本协议所述交易而需向其股东、董事、员工、法律或财务顾问披露之信息，而该股东、董事、员工、法律或财务顾问亦需遵守与本条款相类似之保密责任。如任何一方股东、董事、员工或聘请机构的泄密均视为该方的泄密，需依本协议承担违约责任。

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third party, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

陈述和保证

Representations and Warranties

4.1 甲方陈述、保证和承诺如下：

Party A hereby represents, warrants and covenants as follows:

4.1.1 甲方是按照中国法律合法成立并有效存续的外商独资企业；甲方或其指定的服务提供方将在根据本协议提供任何服务前获得提供该等服务所需的全部政府许可、证照。

Party A is a wholly foreign owned enterprise legally established and validly existing in accordance with the laws of China; Party A or the service providers designated by Party A will obtain all government permits and licenses for providing the service under this Agreement before providing such services.

4.1.2 甲方已采取必要的公司行为，获得必要的授权，并取得第三方和政府部门的同意及批准（若需）以签署，交付和履行本协议；甲方对本协议的签署，交付和履行并不违反法律法规的明确规定。

Party A has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government agencies (if required) for the execution, delivery and performance of this Agreement. Party A's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.

4.1.3 本协议构成对其合法、有效、有约束力并依本协议之条款对其强制执行的义务。

This Agreement constitutes Party A's legal, valid and binding obligations, enforceable against it in accordance with its terms.

4.2 乙方陈述、保证和承诺如下：

Party B hereby represents, warrants and covenants as follows:

4.2.1 乙方是按照中国法律合法成立且有效存续的公司，乙方获得并将维持从事主营业务所需的全部政府许可、证照。

Party B is a company legally established and validly existing in accordance with the laws of China and has obtained and will maintain all permits and licenses for engaging in the Principal Business in a timely manner.

4.2.2 乙方已采取必要的公司行为，获得必要的授权，并取得第三方和政府部门的同意及批准（若需）以签署，交付和履行本协议；乙方对本协议的签署，交付和履行并不违反法律法规的明确规定。

Party B has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government agencies (if required) for the execution, delivery and performance of this Agreement. Party B's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.

4.2.3 本协议构成对其合法、有效、有约束力并依本协议之条款对其强制执行的义务。

This Agreement constitutes Party B's legal, valid and binding obligations, and shall be enforceable against it in accordance with its terms.

5. 协议期限

Term of Agreement

5.1 本协议自双方正式签署之日起生效；除非本协议明确约定或甲方书面决定终止本协议，本协议永久有效。

This Agreement shall become effective upon execution by the Parties. Unless terminated in accordance with the provisions of this Agreement or terminated in writing by Party A, this Agreement shall remain effective.

5.2 如果在本协议有效期内，任何一方的经营期限届满，则该方应及时续展其经营期限，以使本协议得以继续有效和执行。如一方续展经营期限之申请未获任何主管部门批准或同意，则本协议于该方经营期限届满之时终止。

During the term of this Agreement, each Party shall renew its operation term prior to the expiration thereof so as to enable this Agreement to remain effective. This Agreement shall be terminated upon the expiration of the operation term of a Party if the application for renewal of its operation term is not approved by relevant government authorities.

5.3 在本协议终止之后，双方在第3、6、7条和本第5.3条下的权利和义务将继续有效。

The rights and obligations of the Parties under Sections 3, 6, 7 and this Section 5.3 shall survive the termination of this Agreement.

6. 适用法律和争议解决

Governing Law and Resolution of Disputes

6.1 本协议的订立、效力、解释、履行、修改和终止以及争议的解决适用中国的法律。

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.

6.2 因解释和履行本协议而发生的任何争议，本协议双方应首先通过友好协商的方式加以解决。如果在一方向另一方发出要求协商解决的书面通知后30天之内争议仍然得不到解决，则任何一方均可将有关争议提交给中国国际经济贸易仲裁委员会，由该会按照其仲裁规则仲裁解决。仲裁应在北京进行。仲裁裁决是终局性的，对双方均有约束力。

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on both Parties.

6.3 因解释和履行本协议而发生任何争议或任何争议正在进行仲裁时，除争议的事项外，双方仍应继续行使各自在本协议项下的其他权利并履行各自在本协议项下的其他义务。

Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

违约责任和补偿

Breach of Agreement and Indemnification

7.1 若乙方实质性违反本协议项下所作的任何一项约定，甲方有权终止本协议和/或要求乙方给予损害赔偿；本第7.1条不应妨碍甲方在本协议下的任何其他权利。

If Party B conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B to indemnify all damages; this Section 7.1 shall not prejudice any other rights of Party A herein.

7.2 除非法律另有规定，乙方在任何情况均无权利终止或解除本协议。

Unless otherwise required by applicable laws, Party B shall not have any right to terminate this Agreement in any event.

7.3 就甲方根据本协议向乙方提供的服务所产生或引起的针对甲方的诉讼、请求或其他要求而招致的任何损失、损害、责任或费用都应由乙方补偿给甲方，以使甲方不受任何损害，除非该损失、损害、责任或费用是因甲方的重大过失或故意不当行为而产生的。

Party B shall indemnify and hold harmless Party A from any losses, injuries, obligations or expenses caused by any lawsuit, claims or other demands against Party A arising from or caused by the services provided by Party A to Party B pursuant this Agreement, except where such losses, injuries, obligations or expenses arise from the gross negligence or willful misconduct of Party A.

不可抗力

Force Majeure

8.1 若由于地震、台风、洪水、火灾、流行病、战争、罢工以及其他任何无法预见并且是受影响方无法防止亦无法避免的不可抗力事件（“**不可抗力**”），而直接致使本协议任何一方不能履行或不能完全履行本协议时，则受上述不可抗力影响的一方不对此不履行或部份履行承担责任。但该受影响方须立即毫不迟延地向另外一方发出书面通知，并须在发出该书面通知后十五天内向另外一方提供不可抗力事件的详情，解释其此种不能履行、部份不能履行或需要迟延履行的原因。

In the case of any force majeure events (“**Force Majeure**”) such as earthquake, typhoon, flood, fire, flu, war, strikes or any other events that cannot be predicted and are unpreventable and unavoidable by the affected Party, which directly or indirectly causes the failure of either Party to perform or completely perform this Agreement, then the Party affected by such Force Majeure shall give the other Party written notices without any delay, and shall provide details of such event within 15 days after sending out such notice, explaining the reasons for such failure of, partial or delay of performance.

8.2 若主张不可抗力的一方未能根据以上规定通知另一方并提供适当证明，其不得免于未能履行其在本协议项下义务的责任。受不可抗力影响的一方应作出合理的努力，以减低该不可抗力造成的后果，并在该不可抗力终止后尽快恢复履行所有有关义务。如受不可抗力影响的一方在因不可抗力而暂免履行义务的理由消失后未有恢复履行有关义务，该方应就此向另一方承担责任。

If such Party claiming Force Majeure fails to notify the other Party and furnish it with proof pursuant to the above provision, such Party shall not be excused from the non-performance of its obligations hereunder. The Party so affected by the event of Force Majeure shall use reasonable efforts to minimize the consequences of such Force Majeure and to promptly resume performance hereunder whenever the causes of such excuse are cured. Should the Party so affected by the event of Force Majeure fail to resume performance hereunder when the causes of such excuse are cured, such Party shall be liable to the other Party.

8.3 不可抗力发生时，双方应立即互相协商，以求达致公平解决方案，并须作出一切合理努力，尽量减低该不可抗力造成的后果。

In the event of Force Majeure, the Parties shall immediately consult with each other to find an equitable solution and shall use all reasonable endeavours to minimize the consequences of such Force Majeure.

9. 通知

Notices

9.1 本协议项下要求或发出的所有通知和其他通信应通过专人递送、挂号邮寄、邮资预付或商业快递服务或传真的方式发到该方下列地址。每一通知还应再以电子邮件送达。该等通知视为有效送达的日期按如下方式确定：

All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

9.1.1 通知如果是以专人递送、快递服务或挂号邮寄、邮资预付发出的，则以于设定为通知的地址在接收或拒收之日为有效送达日。

Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

9.1.2 通知如果是以传真发出的，则以成功传送之日为有效送达日（应以自动生成的传送确认信息为证）。

Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

9.2 为通知的目的，双方地址如下：

For the purpose of notices, the addresses of the Parties are as follows:

甲方： **北京和信永恒科技发展有限公司**

Party A: **Beijing Hexin Yongheng Technology Development Co., Ltd.**

地址： **北京市朝阳区建国路甲92号-4至24层内13层1301**

Address: **Room 1301, Floor 13, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing, People's Republic of China**

收件人： **[]**

Attn: **[]**

电话： **[]**

Phone: **[]**

乙方： **乌苏和信永恒商贸有限公司**

Party B: **Wusu Hexin Yongheng Commercial and Trading Co., Ltd.**

地址： **[]**

Address: **[]**

收件人： **[]**

Attn: **[]**

电话： **[]**

Phone: **[]**

9.3 任何一方可按本条规定随时给另一方发出通知来改变其接收通知的地址。

Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

10. 协议的转让

Assignment

10.1 乙方不得将其在本协议项下的权利与义务转让给第三方，除非事先征得甲方的书面同意。

Without Party A's prior written consent, Party B shall not assign its rights and obligations under this Agreement to any third party.

10.2 乙方在此同意，甲方可以向第三方转让其在本协议项下的权利和义务，并在该等转让发生时甲方仅需向乙方发出书面通知，并且无需再就该等转让征得乙方的同意。

Party B agrees that Party A may assign its obligations and rights under this Agreement to any third party and in case of such assignment, Party A is only required to give written notice to Party B and does not need any consent from Party B for such assignment.

11. 协议的分割性

Severability

如果本协议有任何一条或多条规定根据任何法律或法规在任何方面被裁定为无效、不合法或不可执行，本协议其余规定的有效性、合法性或可执行性不应因此在任何方面受到影响或损害。双方应通过诚意磋商，争取以法律许可以及双方期望的最大限度内有效的规定取代那些无效、不合法或不可执行的规定，而该等有效的规定所产生的经济效果应尽可能与那些无效、不合法或不能强制执行的规定所产生的经济效果相似。

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

12. 协议的修改、补充

Amendments and Supplements

双方可以书面协议方式对本协议作出修改和补充。经过双方签署的有关本协议的修改协议和补充协议是本协议组成部分，具有与本协议同等的法律效力。

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

13. 语言和副本

Language and Counterparts

本协议以中文和英文书就，一式二份，甲乙双方各持一份。中英文版本如有任何不一致之处，以中文版本为准。

This Agreement is written in both Chinese and English language in two copies, each Party having one copy. In case of any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

有鉴于此，双方已使得经其授权的代表于文首所述日期签署了本独家业务合作协议并即生效，以昭信守。

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Business Cooperation Agreement as of the date first above written.

甲方： 北京和信永恒科技发展有限公司
Party A: Beijing Hexin Yongheng Technology Development Co., Ltd.

签字：
By: _____
姓名： 安晓博
Name: Xiaobo An
职位： 法定代表人
Title: Legal Representative

乙方： 乌苏和信永恒商贸有限公司
Party B: Wusu Hexin Yongheng Commercial and Trading Co., Ltd.

签字：
By: _____
姓名： 杨永光
Name: Yongguang Yang
职位： 法定代表人
Title: Legal Representative

授权委托书

Power of Attorney

本公司，和信电子商务有限公司，一家依照中国法律设立和存在的公司，注册地址为北京市朝阳区建国路甲92号-4至24层内13层1313，在本授权委托书签署之日拥有乌苏和信永恒商贸有限公司（“**乌苏和信**”）100%的股权。就本公司在乌苏和信现时和将来持有的股权（“**本公司股权**”），本公司特此不可撤销地授权北京和信永恒科技发展有限公司（“**WFOE**”）在本授权委托书的有效期内行使如下权利：

We, Hexin E-Commerce Co., Ltd., a corporation organized and existing under the laws of the PRC, with address at Room 1313, Floor 13, Jia No. 92-4 to 24 Jianguo Road, Chaoyang District, Beijing, and a holder of 100% of the entire registered capital in Wusu Hexin Yongheng Commercial and Trading Co., Ltd. (“**Wusu Hexin**”) as of the date when the Power of Attorney is executed, hereby irrevocably authorize Beijing Hexin Yongheng Technology Development Co., Ltd. (“**WFOE**”) to exercise the following rights relating to all equity interests held by us now and in the future in Hexin Digital (“**Our Shareholding**”) during the term of this Power of Attorney:

授权WFOE作为本公司唯一的排他的代理人就有关本公司股权的事宜全权代表本公司行使包括但不限于如下的权利：1) 参加乌苏和信的股东会；2) 行使按照法律和乌苏和信章程规定本公司所享有的全部股东权利和股东表决权，包括但不限于出售或转让或质押或处置本公司股权的全部或任何一部分；以及3) 作为本公司的授权代表指定和任命乌苏和信的法定代表人、董事、监事、总经理以及其他高级管理人员等。

WFOE is hereby authorized to act on behalf of us as our exclusive agent and attorney with respect to all matters concerning Our Shareholding, including without limitation to: 1) attending shareholders' meetings of Wusu Hexin; 2) exercising all the shareholder's rights and shareholder's voting rights we are entitled to under the laws of China and Wusu Hexin's Articles of Association, including but not limited to the sale or transfer or pledge or disposition of Our Shareholding in part or in whole; and 3) designate and appoint on behalf of us the legal representative, the directors, supervisors, the chief executive officer and other senior management members of Wusu Hexin.

WFOE将有权代表本公司签署本公司与WFOE、乌苏和信于2020年12月1日签署的独家购买权协议以及本公司与WFOE、乌苏和信于2020年12月1日签署的股权质押协议（包括上述文件的修改、修订或重述，合称“**交易文件**”）中约定的需由本公司签署的所有文件，如期履行交易文件，该权利的行使将不对本授权形成任何限制。

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority to, on behalf of us, execute all the documents we shall sign as stipulated in the Exclusive Option Agreement entered into by and among us, WFOE and Wusu Hexin on December 1, 2020 and the Equity Pledge Agreement entered into by and among us, WFOE and Wusu Hexin on December 1, 2020 (including any modification, amendment and restatement thereto, collectively the “**Transaction Documents**”), and perform the terms of the Transaction Documents.

秘密文件 Strictly Confidential

WFOE就本公司股权的一切行为均视为本公司行为，签署的一切文件均视为本公司签署，本公司予以承认。

All the actions associated with Our Shareholding conducted by WFOE shall be deemed as our own actions, and all the documents related to Our Shareholding executed by WFOE shall be deemed to be executed by us. We hereby acknowledge and ratify those actions and/or documents by WFOE.

WFOE有转委托权，可以就上述事项的办理自行再委托其他人或单位而不必事先通知本公司或获得本公司的同意。如果中国法律有要求，WFOE应指派中国公民行使上述权利。

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to us or obtaining our consent. If required by PRC laws, WFOE shall designate a PRC citizen to exercise the aforementioned rights.

在本公司为乌苏和信的股东期间，本授权委托书不可撤销并持续有效，自授权委托书签署之日起算。

During the period that we are the shareholder of Wusu Hexin, this Power of Attorney shall be irrevocable and continuously effective and valid from the date of execution of this Power of Attorney.

本授权委托书期间，本公司特此放弃已经通过本授权委托书授权给WFOE的与本公司股权有关的所有权利，不再自行行使该等权利。

During the term of this Power of Attorney, we hereby waive all the rights associated with Our Shareholding, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by us.

本授权委托书以中文和英文书就，中英文版本如有任何不一致之处，以中文版本为准。

This Power of Attorney is written in Chinese and English. In case of any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

本授权委托在2020年12月1日签署。

This Power of Attorney is signed on December 1, 2020.

和信电子商务有限公司
Hexin E-Commerce Co., Ltd.

签字：
By: _____
姓名： 安晓博
Name: Xiaobo An
职位： 法定代表人
Title: Legal Representative

接受：
Accepted by

北京和信永恒科技发展有限公司
Beijing Hexin Yongheng Technology Development Co., Ltd.

签字：
By: _____
姓名： 安晓博
Name: Xiaobo An
职位： 法定代表人
Title: Legal Representative

承认：
Acknowledged by :

乌苏和信永恒商贸有限公司
Wusu Hexin Yongheng Commercial and Trading Co., Ltd.

签字：
By: _____
姓名： 杨永光
Name: Yongguang Yang
职位： 法定代表人
Title: Legal Representative

Equity Transfer Agreement

This Equity Transfer Agreement (this “Agreement”), dated as of November 20, 2020, is entered into by and between:

Equity Transferee (“Party A”): Hexin E-Commerce Co., Ltd.

Equity Transferor (“Party B”): Shiwei Wu

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

WHEREAS,

1. Party A is an enterprise incorporated in China (Unified Social Credit Code: 91110000094875448C), with its registered address at No.92 Jianguo Road, Chaoyang District, Beijing. Its registered capital is RMB 1000 million, and the date of its establishment is March 7, 2014.
2. The current equity structure of Wusu Hexin Yongheng Commercial and Trading Co., Ltd. is as follows:

Name of Shareholder (Sponsor)	Type of Certificate	Certificate No.	Date of Capital Contribution	Method of Capital Contribution	Amount of Paid-in Capital Contribution (RMB in ten thousand)	Percentage of Capital Contribution (%)
Shiwei Wu	ID card	340825198411022411	Cash		500	1
Ming Jia	ID card	130181198209277633	Cash		2500	5
Hexin E-Commerce Co., Ltd.	Unified Social Credit Code	91110000094875448C	Cash		47000	94

3. Party A intends to acquire one percent (1%) equity interest held by Party B, and Party B agrees to transfer such equity interest at the price as agreed in this Agreement.

NOW, THEREFORE, in consideration of the above premises and mutual covenants of the Parties, the Parties hereby agree as follows:

Article 1 Definitions

For the purpose of this Agreement, the following terms shall have the following meaning unless the context requires otherwise:

1. “Working Day” shall mean any day of Monday to Friday, except for statutory rest days and holidays.
2. “China” shall mean the People’s Republic of China, for the purpose of this Agreement only, exclusive of Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region.
3. “Equity Transfer” shall mean the transfer of one percent (1%) equity interest made by Party B to Party A in accordance with this Agreement.
4. “Registration Authority” shall mean the [] Municipal Industrial and Commercial Bureau responsible for Party A’s registration.
5. “Transferred Equity” shall mean the five percent (1%) equity interest held by Party B at the time of the execution of this Agreement, including all rights, interests and corresponding obligations in Party A’s registered capital, capital reserve, optional reserve, undistributed profits, and profits declared or approved following the execution of this Agreement and before the closing, as represented by such [] percent ([]) equity interest.
6. “Transfer Price” shall mean the transfer price as agreed in the Agreement.
7. “RMB” shall mean the lawful currency of China.
8. “Closing Date” shall have the meaning as provided in this Agreement.

Article 2 Equity Transfer

1. Transfer

Under this Agreement, Party A shall pay to Party B the Transfer Price as agreed in this Agreement in exchange for the one percent (1%) equity interest held by Party B in Wusu Hexin Yongheng Commercial and Trading Co., Ltd. subject to the terms and conditions in this Agreement.

2. Change in Equity

Upon the completion of the Equity Transfer, Party A will hold the one percent (1%) equity interest that is originally held by Party B. Party A, as a domestic company, shall apply to the Registration Authority for the registration of the change in equity.

3. Submission of Application Documents

Upon the execution of this Agreement by the Parties and the completion of all such other corporate procedures as necessary for the Equity Transfer, the Parties shall cause the target company to file the revised contract and articles of association of the target company with approval authorities, and submit all such documents as necessary for the change in equity of the target company to the industrial and commercial administration authorities to complete procedures in relation to the change in equity.

Article 3 Transfer Price and Payment

1. Transfer Price

- (1) The Parties acknowledge and agree that the Transfer Price shall be RMB 5 million. Party A shall pay such Transfer Price to Party B within [] Working Days as of the date of this Agreement.
- (2) The term "Transfer Price" shall mean the purchase price of the Transferred Equity, which means any and all existing and potential shareholder interests attached to the Transferred Equity, including interests represented by all tangible and intangible assets and properties owned by the target company.
- (3) The Parties acknowledge and agree that such Transfer shall be the total price that Party A shall pay to Party B. Party A shall have no obligation to pay any additional amount to Party B for the Equity Transfer under this Agreement, and Party A shall not require Party B to pay for any undisclosed debt.

2. Tax

Each of Party A and Party B shall be responsible separately for their own taxes and governmental charges in relation to the Equity Transfer under this Agreement as required by applicable laws.

Article 4 Conditions Precedent to the Equity Transfer

1. Conditions Precedent

The Equity Transfer shall subject to the occurrence or completion of all of the following events or transactions:

- (1) The Party A's shareholder resolution approving the Equity Transfer that will be made in accordance with this Agreement;
- (2) Each of other shareholders of Party A is willing to waive its right of first refusal with respect to the Transferred Equity; and
- (3) Party B has procured Party A to complete the procedures of change registration in relation to the Equity Transfer at the Registration Authority.

2. Cooperation

The Parties agree to make their best efforts to procure the fulfillment of the conditions precedent as provided in this Agreement.

Article 5 Representations and Warranties

1. Representations and Warranties

A Party to this Agreement hereby represents and warrants to the other Party as follows:

- (1) All matters with respect to which each Party has represented and warranted are true, complete and accurate;
- (2) Each Party is a company with legal personality, and is incorporated and validly existing under the laws of China, and has full right to independently operate, distribute and manage all of its assets;

- (3) Each Party has all rights, authorizations and approvals required for the execution of this Agreement, and has all rights, authorizations and approvals required for the full performance of all of its obligations under this Agreement;
- (5) Upon the execution of this Agreement by its legally authorized representative, relevant provisions of this Agreement shall constitute its legal, valid and binding obligation;
- (6) Neither the execution of this Agreement nor the performance of obligations under this Agreement will contravene, breach or violate its business license/commercial registration certificate, articles of association or any laws or regulations, or any approval granted by any governmental authority or agency, or any provision of contracts or agreements to which it is a party;
- (7) As of the effective date of this Agreement, there is no circumstance that may constitute a violation of relevant laws or prevent its performance of obligations under this Agreement;
- (8) To its knowledge, no litigation, arbitration or any other legal, administrative or otherwise procedural or governmental investigation is pending or threatened to be brought, which is related to matters stipulated under this Agreement or may adversely affect its execution of this Agreement or performance of its obligations under this Agreement;
- (9) It has disclosed to the other Party all documents of any governmental authority it has in relation to the transaction contemplated under this Agreement, and all prior documents provided by it to the other Party do not contain any untrue or omitting representation on material facts, resulting in that any content of such documents contains any inaccurate material fact.

2. Further Warranties and Undertakings of Party B

- (1) Unless otherwise disclosed in writing to Party A before the signing date of this Agreement, there is no material litigation, arbitration or administrative procedure, on-going, pending or threatened by others, in relation to the equity interest held by Party B in the target company;
- (2) Unless otherwise disclosed in writing to Party A before the signing date of this Agreement, there is no security, mortgage, pledge or guarantee created on the equity interest held by Party B in the target company in favor of any third party, and the Equity Transferor is legal and absolute owner of such equity interest;
- (3) As of the signing date of this Agreement and the completion date of the Equity Transfer, the target company has no debt, profit or any other amount, under whatsoever name, owed to the Equity Transferor.

3. Effect of Warranties and Undertakings

Unless otherwise agreed in this Agreement, each warranty and undertaking under this Agreement shall remain to be in legal effect after the Equity Transfer is completed. If any warranty and undertaking is confirmed to be untrue, misleading or incorrect or unfinished before all the prerequisites as described in this Agreement have been met, then Party A may revoke the "Equity Transfer" without any legal liability by sending a written notice to Party B within 14 days after it receives the above notice or learns of relevant events. Party B undertakes that in case of any matter in material violation of warranties or in significantly conflict with warranties before the fulfillment of all the prerequisites as described in this Agreement, Party B shall promptly notify the Equity Transferee in writing of the same.

Article 6**Closing and Confidentiality****1. Completion Date of the Equity Transfer**

This Agreement shall take effect upon execution, and Party A shall be the owner of the Transferred Equity when all legal formalities, such as change and registration formalities, as required for the Equity Transfer are completed.

2. Confidentiality

The Parties agree to keep confidential secret materials and information they learn of or access to (hereinafter referred to as "Confidential Information"), and make their efforts to take various reasonable security measures to keep them confidential; without the prior written consent of the other Party, neither Party may disclose, give or transfer such Confidential Information to any third party. The Parties shall take necessary measures to disclose Confidential Information to agents or professional advisors only on a need-to-know basis and cause such agents or professional advisors to comply with confidentiality obligations under this Agreement.

3. The above restrictions shall not apply to:

- (1) materials that have been available to the general public at the time of disclosure;
- (2) materials that have become available to the general public after disclosure without fault on the part of either Party;
- (3) materials that have been in the possession of either Party before disclosure as evidenced, and are not directly or indirectly obtained from any other third party;
- (4) the disclosure as required by laws to be made by either Party to relevant governmental authorities, stock exchanges, etc., or the disclosure made by either Party of the above Confidential Information to its direct legal counsel and financial counsel due to the need of normal business.

4. The Parties agree that this Article 6 shall continue in full force and effect, regardless of whether this Agreement is changed, rescinded or terminated or not.**Article 7****Default and Remedies****1. The Parties shall strictly comply with obligations as agreed in this Agreement. If either Party ("Defaulting Party") fails to perform, completely perform or properly perform its obligations under this Agreement, or any of its representations and warranties under this Agreement is proved to be untrue, inaccurate or have material omission or misleading, then such failure shall constitute a default; in such case, the other Party hereto ("Non-defaulting Party") shall have the right to decide, at its sole discretion, to take any one or more of the following remedies:**

- (1) Suspending the performance of its obligations under this Agreement, until the Defaulting Party eliminates defaulting situations, thereafter, it will resume its performance;
- (2) If the default committed by the Defaulting Party results in the inability to complete the Equity Transfer, or materially affects the commercial purpose of the Non-defaulting Party to execute this Agreement, and it is not remediable, or although it is remediable, the Defaulting Party fails to remedy it within a reasonable period of time, then the Non-defaulting Party shall have the right to unilaterally rescind this Agreement by giving a written notice to the Defaulting Party, such rescission notice shall take effect from the date on which it is sent out;
- (3) Requesting the Defaulting Party to indemnify for all its losses incurred thereby, including all costs and expenses arising out of this Agreement.

2. The rights and remedies as agreed in this Agreement shall be cumulative, and shall not be exclusive of any other rights or remedies as stipulated by laws.
3. The rights and remedies of the Non-defaulting Party as agreed in this Article shall survive the invalidation or termination of this Agreement or any other clauses of this Agreement for any reason.

Article 8 Governing Law and Dispute Resolution

1. The formation, effectiveness, interpretation, performance, execution, amendment and termination and dispute resolution shall be governed by the laws of the People's Republic of China.
2. Any dispute or claim arising out of or in connection with this Agreement or the interpretation, breach, termination or effect of this Agreement shall be resolved by the Parties through amicable negotiation. The negotiation shall commence immediately after a Party sends to the other Party a written request in relation to such negotiation.
3. If the Parties cannot resolve the dispute through negotiation with ten (10) days after a Party makes a request for negotiation, then either Party shall have the right to refer such dispute to the people's court of competent jurisdiction at the place where Party A is located.
4. During the process of litigation, except for the portion in dispute between the Parties, the remaining portion of this Agreement shall remain to be in force, and the Parties shall continue to perform the same.
5. This Article shall survive the invalidation of this Agreement, in whole or in part.

Article 9**Effectiveness and Amendment****1. Effective Date**

This Agreement shall take effect from the execution date of this Agreement.

2. Amendment

No amendment made to this Agreement will take effect unless signed by the Parties in writing.

Article 10**Notices**

1. If all notices permitted or required under this Agreement are sent by registered airmail, courier service, fax or otherwise in writing to the following address of the other Party (or any other address as notified by the other Party in writing), then the Party sending such notices shall be deemed to have duly performed its obligation to notify. The date of receipt of a notice or the date of correspondence under this Agreement shall be the day falling on the fifth (5th) day after the mail is sent (in case of a mail sent by courier service or any other mailing methods) or the second (2nd) Working day after it is sent out (if sent by fax).

Party A: Hexin E-Commerce Co., Ltd.

Address:

Attention:

Tel:

Party B: Shiwei Wu

Address:

Attention:

Tel:

Article 11**Miscellaneous**

1. This Agreement constitutes the entire agreement between the Parties in respect of the subject matter of this Agreement and supersedes any previous intent or understanding in relation to this Agreement, and may be modified or amended only by a written instrument signed by authorized representatives of the Parties.
2. The provisions of this Agreement are severable, that is, if any provision of this Agreement is determined to be illegal or unenforceable, such provision shall be removed from this Agreement and shall not affect the effect of other provisions of this Agreement.
3. No failure or delay of a Party in exercising any right, power or privilege under this Agreement or any other contract or agreement in relation to this Agreement shall operate as a waiver of such right, power or privilege, nor shall any single or partial failure in exercising any right, power or privilege preclude the exercise of any such right, power or privilege in the future.

4. This Agreement is written in Chinese and executed in six (6) counterparts, each of Party A and Party B holds two (2) counterparts, and Party A retains two (2) counterparts for archive or registration; each counterpart shall have the same validity and effect.

(No body text below)

(This page is the signature and seal page to the agreement concluded between the Parties without body text)

Party A: Hexin E-Commerce Co., Ltd.

By:

Date: November 20, 2020

Party B: Shiwei Wu

By:

Date: November 20, 2020

Equity Transfer Agreement

This Equity Transfer Agreement (this "Agreement"), dated as of November 20, 2020, is entered into by and between:

Equity Transferee ("Party A"): Hexin E-Commerce Co., Ltd.

Equity Transferor ("Party B"): Ming Jia

In this Agreement, Party A and Party B are referred to as individually, a "Party", and collectively, the "Parties".

WHEREAS,

1. Party A is an enterprise incorporated in China (Unified Social Credit Code: 91110000094875448C), with its registered address at No.92 Jianguo Road, Chaoyang District, Beijing. Its registered capital is RMB 1000 million, and the date of its establishment is March 7, 2014.
2. The current equity structure of Wusu Hexin Yongheng Commercial and Trading Co., Ltd. is as follows:

Name of Shareholder (Sponsor)	Type of Certificate	Certificate No.	Date of Capital Contribution	Method of Capital Contribution	Amount of Paid-in Capital Contribution (RMB in ten thousand)	Percentage of Capital Contribution (%)
Shiwei Wu	ID card	340825198411022411		Cash	500	1
Ming Jia	ID card	130181198209277633		Cash	2500	5
Hexin E-Commerce Co., Ltd.	Unified Social Credit Code	91110000094875448C		Cash	47000	94

3. Party A intends to acquire five percent (5%) equity interest held by Party B, and Party B agrees to transfer such equity interest at the price as agreed in this Agreement.

NOW, THEREFORE, in consideration of the above premises and mutual covenants of the Parties, the Parties hereby agree as follows:

Article 1 Definitions

For the purpose of this Agreement, the following terms shall have the following meanings unless the context requires otherwise:

1. “Working Day” shall mean any day of Monday to Friday, except for statutory rest days and holidays.
2. “China” shall mean the People’s Republic of China, for the purpose of this Agreement only, exclusive of Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region.
3. “Equity Transfer” shall mean the transfer of five percent (5%) equity interest made by Party B to Party A in accordance with this Agreement.
4. “Registration Authority” shall mean the [] Municipal Industrial and Commercial Bureau responsible for Party A’s registration.
5. “Transferred Equity” shall mean the five percent (5%) equity interest held by Party B at the time of the execution of this Agreement, including all rights, interests and corresponding obligations in Party A’s registered capital, capital reserve, optional reserve, undistributed profits, and profits declared or approved following the execution of this Agreement and before the closing, as represented by such [] percent ([]%) equity interest.
6. “Transfer Price” shall mean the transfer price as agreed in the Agreement.
7. “RMB” shall mean the lawful currency of China.
8. “Closing Date” shall have the meaning as provided in this Agreement.

Article 2 Equity Transfer

1. Transfer

Under this Agreement, Party A shall pay to Party B the Transfer Price as agreed in this Agreement in exchange for the five percent (5%) equity interest held by Party B in Wusu Hexin Yongheng Commercial and Trading Co., Ltd. subject to the terms and conditions in this Agreement.

2. Change in Equity

Upon the completion of the Equity Transfer, Party A will hold the five percent (5%) equity interest that is originally held by Party B. Party A, as a domestic company, shall apply to the Registration Authority for the registration of the change in equity.

3. Submission of Application Documents

Upon the execution of this Agreement by the Parties and the completion of all such other corporate procedures as necessary for the Equity Transfer, the Parties shall cause the target company to file the revised contract and articles of association of the target company with approval authorities, and submit all such documents as necessary for the change in equity of the target company to the industrial and commercial administration authorities to complete the procedures in relation to the change in equity.

Article 3 Transfer Price and Payment

1. Transfer Price

- (1) The Parties acknowledge and agree that the Transfer Price shall be RMB 25 million. Party A shall pay such Transfer Price to Party B within [] Working Days as of the date of this Agreement.
- (2) The term "Transfer Price" shall mean the purchase price of the Transferred Equity, which means any and all existing and potential shareholder interests attached to the Transferred Equity, including interests represented by all tangible and intangible assets and properties owned by the target company.
- (3) The Parties acknowledge and agree that such Transfer shall be the total price that Party A shall pay to Party B. Party A shall have no obligation to pay any additional amount to Party B for the Equity Transfer under this Agreement, and Party A shall not require Party B to pay for any undisclosed debt.

2. Tax

Each of Party A and Party B shall be responsible separately for their own taxes and governmental charges in relation to the Equity Transfer under this Agreement as required by applicable laws.

Article 4 Conditions Precedent to the Equity Transfer

1. Conditions Precedent

The Equity Transfer shall subject to the occurrence or completion of all of the following events or transactions:

- (1) The Party A's shareholder resolution approving the Equity Transfer that will be made in accordance with this Agreement;
- (2) Each of other shareholders of Party A is willing to waive its right of first refusal with respect to the Transferred Equity; and
- (3) Party B has procured Party A to complete the procedures of change registration in relation to the Equity Transfer at the Registration Authority.

2. Cooperation

The Parties agree to make their best efforts to procure the fulfillment of the conditions precedent as provided in this Agreement.

Article 5 Representations and Warranties

1. Representations and Warranties

A Party to this Agreement hereby represents and warrants to the other Party as follows:

- (1) All matters with respect to which each Party has represented and warranted are true, complete and accurate;
- (2) Each Party is a company with legal personality, and is incorporated and validly existing under the laws of China, and has full right to independently operate, distribute and manage all of its assets;

- (3) Each Party has all rights, authorizations and approvals required for the execution of this Agreement, and has all rights, authorizations and approvals required for the full performance of all of its obligations under this Agreement;
- (5) Upon the execution of this Agreement by its legally authorized representative, relevant provisions of this Agreement shall constitute its legal, valid and binding obligation;
- (6) Neither the execution of this Agreement nor the performance of obligations under this Agreement will contravene, breach or violate its business license/commercial registration certificate, articles of association or any laws or regulations, or any approval granted by any governmental authority or agency, or any provision of contracts or agreements to which it is a party;
- (7) As of the effective date of this Agreement, there is no circumstance that may constitute a violation of relevant laws or prevent its performance of obligations under this Agreement;
- (8) To its knowledge, no litigation, arbitration or any other legal, administrative or otherwise procedural or governmental investigation is pending or threatened to be brought, which is related to matters stipulated under this Agreement or may adversely affect its execution of this Agreement or performance of its obligations under this Agreement;
- (9) It has disclosed to the other Party all documents of any governmental authority it has in relation to the transaction contemplated under this Agreement, and all prior documents provided by it to the other Party do not contain any untrue or omitting representation on material facts, resulting in that any content of such documents contains any inaccurate material fact.

2. Further Warranties and Undertakings of Party B

- (1) Unless otherwise disclosed in writing to Party A before the signing date of this Agreement, there is no material litigation, arbitration or administrative procedure, on-going, pending or threatened by others, in relation to the equity interest held by Party B in the target company;
- (2) Unless otherwise disclosed in writing to Party A before the signing date of this Agreement, there is no security, mortgage, pledge or guarantee created on the equity interest held by Party B in the target company in favor of any third party, and the Equity Transferor is legal and absolute owner of such equity interest;
- (3) As of the signing date of this Agreement and the completion date of the Equity Transfer, the target company has no debt, profit or any other amount, under whatsoever name, owed to the Equity Transferor.

3. Effect of Warranties and Undertakings

Unless otherwise agreed in this Agreement, each warranty and undertaking under this Agreement shall remain to be in legal effect after the Equity Transfer is completed. If any warranty and undertaking is confirmed to be untrue, misleading or incorrect or unfinished before all the prerequisites as described in this Agreement have been met, then Party A may revoke the “Equity Transfer” without any legal liability by sending a written notice to Party B within 14 days after it receives the above notice or learns of relevant events. Party B undertakes that in case of any matter in material violation of warranties or in significantly conflict with warranties before the fulfillment of all the prerequisites as described in this Agreement, Party B shall promptly notify the Equity Transferee in writing of the same.

Article 6 Closing and Confidentiality

1. Completion Date of the Equity Transfer

This Agreement shall take effect upon execution, and Party A shall be the owner of the Transferred Equity when all legal formalities, such as change and registration formalities, as required for the Equity Transfer are completed.

2. Confidentiality

The Parties agree to keep confidential secret materials and information they learn of or access to (hereinafter referred to as “Confidential Information”), and make their efforts to take various reasonable security measures to keep them confidential; without the prior written consent of the other Party, neither Party may disclose, give or transfer such Confidential Information to any third party. The Parties shall take necessary measures to disclose Confidential Information to agents or professional advisors only on a need-to-know basis and cause such agents or professional advisors to comply with confidentiality obligations under this Agreement.

3. The above restrictions shall not apply to:

- (1) materials that have been available to the general public at the time of disclosure;
- (2) materials that have become available to the general public after disclosure without fault on the part of either Party;
- (3) materials that have been in the possession of either Party before disclosure as evidenced, and are not directly or indirectly obtained from any other third party;
- (4) the disclosure as required by laws to be made by either Party to relevant governmental authorities, stock exchanges, etc., or the disclosure made by either Party of the above Confidential Information to its direct legal counsel and financial counsel due to the need of normal business.

4. The Parties agree that this Article 6 shall continue in full force and effect, regardless of whether this Agreement is changed, rescinded or terminated or not.

Article 7 Default and Remedies

1. The Parties shall strictly comply with obligations as agreed in this Agreement. If either Party (“Defaulting Party”) fails to perform, completely perform or properly perform its obligations under this Agreement, or any of its representations and warranties under this Agreement is proved to be untrue, inaccurate or have material omission or misleading, then such failure shall constitute a default; in such case, the other Party hereto (“Non-defaulting Party”) shall have the right to decide, at its sole discretion, to take any one or more of the following remedies:

- (1) Suspending the performance of its obligations under this Agreement, until the Defaulting Party eliminates defaulting situations, thereafter, it will resume its performance;
- (2) If the default committed by the Defaulting Party results in the inability to complete the Equity Transfer, or materially affects the commercial purpose of the Non-defaulting Party to execute this Agreement, and it is not remediable, or although it is remediable, the Defaulting Party fails to remedy it within a reasonable period of time, then the Non-defaulting Party shall have the right to unilaterally rescind this Agreement by giving a written notice to the Defaulting Party, such rescission notice shall take effect from the date on which it is sent out;
- (3) Requesting the Defaulting Party to indemnify for all its losses incurred thereby, including all costs and expenses arising out of this Agreement.

2. The rights and remedies as agreed in this Agreement shall be cumulative, and shall not be exclusive of any other rights or remedies as stipulated by laws.
3. The rights and remedies of the Non-defaulting Party as agreed in this Article shall survive the invalidation or termination of this Agreement or any other clauses of this Agreement for any reason.

Article 8 Governing Law and Dispute Resolution

1. The formation, effectiveness, interpretation, performance, execution, amendment and termination and dispute resolution shall be governed by the laws of the People's Republic of China.
2. Any dispute or claim arising out of or in connection with this Agreement or the interpretation, breach, termination or effect of this Agreement shall be resolved by the Parties through amicable negotiation. The negotiation shall commence immediately after a Party sends to the other Party a written request in relation to such negotiation.
3. If the Parties cannot resolve the dispute through negotiation with ten (10) days after a Party makes a request for negotiation, then either Party shall have the right to refer such dispute to the people's court of competent jurisdiction at the place where Party A is located.
4. During the process of litigation, except for the portion in dispute between the Parties, the remaining portion of this Agreement shall remain to be in force, and the Parties shall continue to perform the same.
5. This Article shall survive the invalidation of this Agreement, in whole or in part.

Article 9 Effectiveness and Amendment

1. Effective Date

This Agreement shall take effect from the execution date of this Agreement.

2. Amendment

No amendment made to this Agreement will take effect unless signed by the Parties in writing.

Article 10 Notices

1. If all notices permitted or required under this Agreement are sent by registered airmail, courier service, fax or otherwise in writing to the following address of the other Party (or any other address as notified by the other Party in writing), then the Party sending such notices shall be deemed to have duly performed its obligation to notify. The date of receipt of a notice or the date of correspondence under this Agreement shall be the day falling on the fifth (5th) day after the mail is sent (in case of a mail sent by courier service or any other mailing methods) or the second (2nd) Working day after it is sent out (if sent by fax).

Party A: Hexin E-Commerce Co., Ltd.

Address:

Attention:

Tel:

Party B: Ming Jia

Address:

Attention:

Tel:

Article 11 Miscellaneous

1. This Agreement constitutes the entire agreement between the Parties in respect of the subject matter of this Agreement and supersedes any previous intent or understanding in relation to this Agreement, and may be modified or amended only by a written instrument signed by authorized representatives of the Parties.
2. The provisions of this Agreement are severable, that is, if any provision of this Agreement is determined to be illegal or unenforceable, such provision shall be removed from this Agreement and shall not affect the effect of other provisions of this Agreement.
3. No failure or delay of a Party in exercising any right, power or privilege under this Agreement or any other contract or agreement in relation to this Agreement shall operate as a waiver of such right, power or privilege, nor shall any single or partial failure in exercising any right, power or privilege preclude the exercise of any such right, power or privilege in the future.

4. This Agreement is written in Chinese and executed in six (6) counterparts, each of Party A and Party B holds two (2) counterparts, and Party A retains two (2) counterparts for archive or registration; each counterpart shall have the same validity and effect.

(No body text below)

(This page is the signature and seal page to the agreement concluded between the Parties without body text)

Party A: Hexin E-Commerce Co., Ltd.

By:

Date: November 20, 2020

Party B: Ming Jia

By:

Date: November 20, 2020

List of Subsidiaries of the Registrant

Name	Subsidiaries	Place of Incorporation
Hexindai Hong Kong Limited	100%	Hong Kong
Hexin Asia Investment Limited	100%	British Virgin Islands
Hexin China Investment Limited	100%	British Virgin Islands
UK Holding Limited	100%	Cayman Islands
Hexin Investment Private Limited	100%	Singapore
Tianjin Haohongyuan Technology Co., Ltd.	100%	People's Republic of China
Beijing Hexin Yongheng Technology Development Co., Ltd.	100%	People's Republic of China
Beijing Hexin Jiuding Technology Co., Ltd.	VIE of Hexin Yongheng	People's Republic of China
Wusu Hexin Yongheng Commercial and Trading Co., Ltd. (formerly known as Wusu Hexin Internet Small Loan Co., Ltd.)	VIE of Hexin Yongheng and wholly-owned subsidiary of Hexin E-Commerce	People's Republic of China
Hexin Digital Technology Co., Ltd.	VIE of Hexin Yongheng	People's Republic of China

**Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Xiaobo An, certify that:

1. I have reviewed this annual report on Form 20-F of Xiaobai Maimai 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 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 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.
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: July 28, 2021

By: /s/ Xiaobo An
Name: Xiaobo An
Title: Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Rui (Kerrie) Zhang, certify that:

1. I have reviewed this annual report on Form 20-F of Xiaobai Maimai 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 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 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.
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: July 28, 2021

By: /s/ Rui (Kerrie) Zhang
Name: Rui (Kerrie) Zhang
Title: Chief Financial Officer

**Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Xiaobai Maimai Inc. (the “**Company**”) on Form 20-F for the fiscal year ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “**Report**”), I, Xiaobo An, 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: July 28, 2021

By: /s/ Xiaobo An
Name: Xiaobo An
Title: Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Xiaobai Maimai Inc. (the “**Company**”) on Form 20-F for the fiscal year ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “**Report**”), I, Rui (Kerrie) Zhang, 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: July 28, 2021

By: /s/ Rui (Kerrie) Zhang
Name: Rui (Kerrie) Zhang
Title: Chief Financial Officer

Date: July 28, 2021

Xiaobai Maimai Inc.

Room 515, Floor 5, Jia No. 92-4 to 24 Jianguo Road
Chaoyang District, Beijing 100020
People's Republic of China

Dear Sir/Madam:

We hereby consent to the reference of our name under the headings "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure" and "Item 4. Information on the Company—C. Organizational Structure" in Xiaobai Maimai Inc.'s annual report on Form 20-F for the year ended March 31, 2021 (the "Annual Report"), which will be filed with the Securities and Exchange Commission (the "SEC") in the month of July 2021. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully,

/s/ Han Kun

Han Kun Law Offices



· **MAIN OFFICE**

133-10 39TH AVENUE
FLUSHING, NY 11354
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FAX. (718) 445-6760

· **CALIFORNIA OFFICE**

36 W BAY STATE STREET
ALHAMBRA, CA 91801
TEL. (626) 282-1630
FAX. (626) 282-9726

· **BEIJING OFFICE**

11/F NORTH TOWER
BEIJING KERRY CENTRE
1 GUANGHUA ROAD
CHAOYANG DISTRICT
BEIJING 100020, PRC
TEL. (86 10) 65997923
FAX. (86 10) 65999100

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement (No. 333-223951) on Form S-8 and in Registration Statements (No. 333-250020 and 333-252434) on Form F-3s of our report dated July 28, 2021, relating to the consolidated financial statements of Xiaobai Maimai Inc. and subsidiaries (the "Company") as of March 31, 2021 and 2020, and for each of the two years in the period ended March 31, 2021, appearing in this Annual Report on Form 20-F of the Company for the year ended March 31, 2021.

/s/ Wei, Wei & Co., LLP

Flushing, New York

July 28, 2021

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement (No. 333-223951) on Form S-8 of our report dated July 31, 2019, relating to the consolidated financial statements and the financial statement schedule (before retrospective adjustments for the discontinued operations as discussed in note 4 to the consolidated financial statements) of Xiaobai Maimai Inc. (formerly known as Hexindai Inc.) as of and for the year ended March 31, 2019, appearing in this Annual Report on Form 20-F of Xiaobai Maimai Inc. for the year ended March 31, 2021.

/s/ Deloitte Touche Tohmatsu
Hong Kong
July 28, 2021

Deloitte.

德勤

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

August 13, 2020

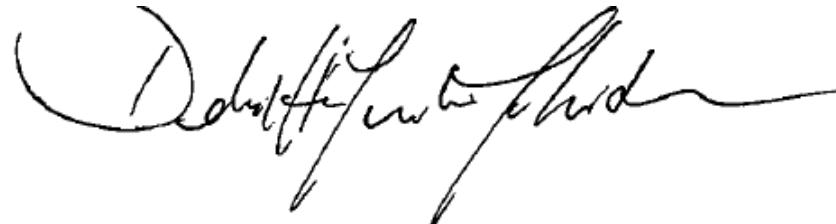
Securities and Exchange Commission
100 F Street, N.E.
Washington D.C.
20549-7561
USA

Dear Sirs/Madams,

We have read Item 16F of Hexindai Inc.'s Form 20-F dated August 13, 2020, and have the following comments:

1. We agree with the statements made in the paragraph 2, 4 and 5 of Item 16F for which we have a basis on which to comment on, and we agree with, the disclosures.
2. We have no basis on which to agree or disagree with the statements made in the paragraph 1, 3 and 6 of Item 16F.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Deloitte Touche Tohmatsu".
