

Noah Holdings

Noah Holdings Private Wealth and Asset Management Limited
諾亞控股私人財富資產管理有限公司

(Incorporated in the Cayman Islands with limited liability under the name Noah Holdings Limited and carrying on business in Hong Kong as Noah Holdings Private Wealth and Asset Management Limited)

Stock Code : 6686

GLOBAL OFFERING



Sole Sponsor, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

Goldman Sachs 高盛

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

 **BOC INTERNATIONAL**

 **DBS**

Joint Bookrunner and Joint Lead Manager

 **富途證券**

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

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(Incorporated in the Cayman Islands with limited liability under the name Noah Holdings Limited and carrying on business in Hong Kong as Noah Holdings Private Wealth and Asset Management Limited)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	1,100,000 Offer Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	110,000 Offer Shares (subject to reallocation)
Number of International Offer Shares	:	990,000 Offer Shares (subject to reallocation and the Over-allotment Option)
Maximum Public Offer Price	:	HK\$307.00 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	US\$0.0005 per Share
Stock code	:	6686

Sole Sponsor, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



*Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)*



BOC INTERNATIONAL



DBS

Joint Bookrunner and Joint Lead Manager



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A copy of this document, having attached thereto the documents specified in "Documents Available on Display — Documents Delivered to the Registrar of Companies" in Appendix VI, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this document or any of the other documents referred to above.

We expect to determine the pricing of the Offer Shares by agreement with the Sole Representative (for itself and on behalf of the Underwriters) on or about Wednesday, July 6, 2022 and, in any event, not later than Tuesday, July 12, 2022. The Public Offer Price will be not more than HK\$307.00 per Offer Share, unless otherwise announced. If, for any reason, we do not agree with the Sole Representative (for itself and on behalf of the Underwriters) on the pricing of the Offer Shares by Tuesday, July 12, 2022, the Global Offering will not proceed and will lapse.

We may set the International Offer Price at a level higher than the maximum Public Offer Price if (a) the Hong Kong dollar equivalent of the closing trading price of the ADSs on the NYSE on the last trading day on or before the Price Determination Date were to exceed the maximum Public Offer Price as stated in this document and/or (b) we believe that it is in its best interests as a listed company to set the International Offer Price at a level higher than the maximum Public Offer Price based on the level of interest expressed by professional and institutional investors during the bookbuilding process. If the International Offer Price is set at or lower than the maximum Public Offer Price, the Public Offer Price must be set at such price which is equal to the International Offer Price. In no circumstances will our Company set the Public Offer Price above the maximum Public Offer Price as stated in this document or the International Offer Price.

The Sole Representative (for itself and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered pursuant to the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this document.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in the section headed "Risk Factors" in this document. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) if certain events occur prior to 8:00 a.m. on the Listing Date. See "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this document. It is important that you refer to that section for further details.

Our ADSs, each two of which represent one Class A ordinary share, are listed for trading on the NYSE under the symbol "NOAH". The reported sale price of the ADSs on the NYSE on June 27, 2022 was US\$20.55 per ADS. In connection with the Global Offering, we have filed a registration statement on Form F-3 and a preliminary prospectus supplement and plans to file a final prospectus supplement with the SEC to register the sale of Shares under the U.S. Securities Act.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS DOCUMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this document or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. This document is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at ir.noahgroup.com. If you require a printed copy of this document, you may download and print from the website addresses above.

June 30, 2022

IMPORTANT

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this document or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This document is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at ir.noahgroup.com. If you require a printed copy of this document, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online through the **White Form eIPO** service at www.eipo.com.hk;
- (2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
 - (i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or
 - (ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this document are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this document is available online at the website addresses above.

Please refer to the section headed “How to Apply for Hong Kong Offer Shares” in this document for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application must be for a minimum of 20 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK\$		HK\$		HK\$		HK\$
20	6,201.89	200	62,018.82	2,000	620,188.20	15,000	4,651,411.50
40	12,403.76	300	93,028.24	3,000	930,282.30	20,000	6,201,881.99
60	18,605.65	400	124,037.64	4,000	1,240,376.40	25,000	7,752,352.49
80	24,807.53	500	155,047.05	5,000	1,550,470.50	30,000	9,302,822.99
100	31,009.42	600	186,056.46	6,000	1,860,564.59	35,000	10,853,293.49
120	37,211.29	700	217,065.87	7,000	2,170,658.69	40,000	12,403,763.98
140	43,413.17	800	248,075.28	8,000	2,480,752.79	45,000	13,954,234.48
160	49,615.06	900	279,084.69	9,000	2,790,846.89	50,000	15,504,704.98
180	55,816.93	1,000	310,094.10	10,000	3,100,941.00	55,000 ⁽¹⁾	17,055,175.48

Note:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE⁽¹⁾

Hong Kong Public Offering commences 9:00 a.m. on Thursday, June 30, 2022

Latest time for completing electronic applications under
White Form eIPO service through the designated
website www.eipo.com.hk⁽²⁾ 11:30 a.m. on Wednesday,
July 6, 2022

Application lists open⁽³⁾ 11:45 a.m. on Wednesday,
July 6, 2022

Latest time for completing payment of **White Form**
eIPO applications by effecting internet banking
transfer(s) or PPS payment transfer(s) 12:00 noon on Wednesday,
July 6, 2022

Latest time for giving **electronic application**
instructions to HKSCC⁽⁴⁾ 12:00 noon on Wednesday,
July 6, 2022

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close⁽³⁾ 12:00 noon on Wednesday,
July 6, 2022

Expected Price Determination Date⁽⁵⁾ Wednesday, July 6, 2022

Announcement of:

(1) the final Public Offer Price and the International Offer Price on our website at ir.noahgroup.com and the website of Hong Kong Stock Exchange at www.hkexnews.hk on or around Wednesday, July 6, 2022

(2) the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on our website at ir.noahgroup.com and the website of Hong Kong Stock Exchange at www.hkexnews.hk on or before Tuesday, July 12, 2022

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

(1) in the announcement to be posted on our website at ir.noahgroup.com⁽⁶⁾ and the website of the Stock Exchange at www.hkexnews.hk, respectively from Tuesday, July 12, 2022

EXPECTED TIMETABLE⁽¹⁾

- (2) from the designated results of allocations website at www.iporeresults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function from 8:00 a.m. on Tuesday, July 12, 2022 to 12:00 midnight on Monday, July 18, 2022
- (3) from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Tuesday, July 12, 2022, Wednesday, July 13, 2022, Thursday, July 14, 2022 and Friday, July 15, 2022

Dispatch/collection of refund cheques or **White Form** e-Refund payment instructions in respect of (i) wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) and (ii) wholly or partially unsuccessful application under the Hong Kong Public Offering on or before⁽⁸⁾⁽⁹⁾ Tuesday, July 12, 2022

Dispatch/collection of Share certificates or deposit of Share certificates into CCASS in respect of wholly or partially successful application under the Hong Kong Public Offering on or before⁽⁷⁾⁽⁹⁾ Tuesday, July 12, 2022

Dealings in the Class A ordinary shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on Wednesday, July 13, 2022

Notes:

- (1) All dates and times refer to Hong Kong local dates and time, except as otherwise stated.
- (2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, July 6, 2022, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares — C. Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists” in this document.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS or instructing your **broker** or **custodian** to apply on your behalf via CCASS should refer to “How to Apply for Hong Kong Offer Shares — A. Applications for Hong Kong Offer Shares — 6. Applying Through CCASS EIPO Service” in this document.
- (5) The Price Determination Date is expected to be on or around Wednesday, July 6, 2022 and, in any event, no later than Tuesday, July 12, 2022. If, for any reason, we do not agree with the Sole Representative (for itself and on behalf of the Underwriters) on the pricing of the Offer Shares by Tuesday, July 12, 2022, the Global Offering will not proceed and will lapse.

EXPECTED TIMETABLE⁽¹⁾

- (6) None of the website set out in this section or any of the information contained on the website forms part of this document.
- (7) No temporary documents of title will be issued in respect of the Offer Shares. Share certificates will only become valid at 8:00 a.m. on Wednesday, July 13, 2022, provided that (1) the Global Offering has become unconditional in all respects and (2) neither of the Underwriting Agreements has been terminated in accordance with their respective terms at or before that time. Investors who trade Class A ordinary shares on the basis of publicly available allocation details or prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.
- (8) e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Public Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this document.
- (9) Applicants who have applied on **White Form eIPO** for 50,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, July 12, 2022 or such other date as notified by our Company as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through **CCASS eIPO** service should refer to "How to Apply for Hong Kong Offer Shares — G. Despatch/Collection of Share Certificates/e-Refund Payment Instructions/Refund Checks — Personal Collection — If you apply through **CCASS eIPO** service" in this document for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks by ordinary post at their own risk.

Share certificates and/or refund checks for applicants who have applied for less than 50,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in "How to Apply for Hong Kong Offer Shares — F. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares — G. Despatch/Collection of Share Certificates/e-Refund Payment Instructions/Refund Checks" in this document.

The above expected timetable is a summary only. You should see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, we will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO INVESTORS

This document is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this document pursuant to the Hong Kong Public Offering. This document may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this document to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorized by our Company, the Sole Sponsor, Sole Representative, Joint Global Coordinators, Joint Bookrunners, and Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full document. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section headed “Risk Factors” of this document. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading HNW wealth management service provider in China with global asset management capacities. We were the eighth largest wealth management service provider with a market share of approximately 3.7% in China’s HNW wealth management services market, and the largest independent wealth management service provider with a market share of approximately 21.5% in China’s independent HNW wealth management services market, both in terms of total revenues in 2021, focused on serving HNW and ultra HNW investors, according to Frost & Sullivan. We work with worldwide top-tier general partners and fund managers, whom we define as our ecosystem partners, to provide investment products and professional services to our clients through two synergetic business segments, namely wealth management business and asset management business.

We manage wealth for HNW and ultra HNW individuals and institutions by connecting leading asset managers around the world, and thrive to deliver high-quality asset allocation and other comprehensive client services. As a pioneer in China’s HNW wealth management services industry, according to Frost & Sullivan, we are committed to creating value for our clients and have focus on innovation with many market-first achievements. Our digital transformation initiatives enable us to provide professional advices and suitable products to our clients and automate our business operations to improve efficiency.

We operate in 84 cities in mainland China, as well as in Hong Kong, Taiwan, New York, Silicon Valley and Singapore, with our domestic and overseas business accounting for 76.6% and 23.4% of total revenues in 2021, respectively. Through our global network of over 1,300 relationship managers, we distributed RMB97.2 billion (US\$15.3 billion) investment products to 42,764 clients in 2021, an increase of 25.0% from 34,213 in 2020, and our AUM reached RMB156.0 billion (US\$24.5 billion) as of December 31, 2021. We have demonstrated sustainable and strong growth and profitability. From 2019 to 2021, our total revenues increased at a CAGR of 12.6%, higher than the growth rate of the overall independent HNW wealth management market during the same period.

We have achieved significant growth in scale and profitability since our inception, and maintained robust growth during the Track Record Period. Our loyal client base and the long duration of most of our investment products have supported a growing and recurring revenue stream. From 2019 to 2021, recurring services fees increased from RMB1,845.5 million to RMB2,109.0 million, contributing to 54.1% and 48.7% of our total revenues, respectively. Our industry leading investment capabilities also allow us to generate sustainable performance-based income, which grew from RMB113.1 million in 2019 to RMB784.2 million in 2021, contributing to 3.3% and 18.1% of our total revenues. During the Track Record Period, our total revenues slightly decreased by 2.6% from RMB3,413.2 million in 2019 to RMB3,324.7 million in 2020, primarily due to the negative impact from the COVID-19 pandemic, but our total revenues further increased by 30.1% to RMB4,326.6 million (US\$678.9 million) in 2021.

SUMMARY

We recorded net income of RMB863.8 million and RMB1,306.1 million (US\$205.0 million) in 2019 and 2021, respectively, and net loss of RMB743.5 million in 2020. The net loss in 2020 was primarily due to the non-cash settlement expense of RMB1,828.9 million attributable to the Camsing Incident. When evaluating our operating performance, our management would also review and consider (i) share-based compensation, and (ii) settlement expense attributable to the Camsing Incident. In 2019, 2020 and 2021, we recorded share-based compensation expenses of RMB94.9 million, RMB59.8 million and RMB51.0 million (US\$8.0 million), respectively. In 2019, 2020 and 2021, we recorded settlement expenses attributable to the Camsing Incident of nil, RMB1,828.9 million and RMB19.9 million (US\$3.1 million), respectively.

OUR BUSINESS MODEL

We provide comprehensive financial services through our subsidiaries and Consolidated Affiliated Entities, comprising our wealth management business, asset management business and other businesses, to our clients. In 2021, our wealth management business, asset management business, and other businesses contributed to 74.2%, 24.2% and 1.6% of our total revenues, respectively.

For our wealth management business, we distribute a diverse suite of investment products provided by both our ecosystem partners and our asset management arm Gopher, primarily including mutual fund products, private secondary products and other products. These products are carefully selected by our product development team in accordance with the investment objectives and risk appetites of our clients. We generate revenue primarily from transaction-based one-time commissions at the time of purchase, recurring service fees based on total capital commitments or fair value of investments, and sharing of the performance-based income earned by general partners or fund managers. In 2021, the above three revenue sources contributed to 36.8%, 45.8% and 14.6% of the total revenue from our wealth management business, respectively. We also provide other services including, among others, investor education and trust services that are complementary to our clients' overall objectives around wealth preservation and tailored to their individual circumstances and needs.

To supplement the product portfolio and advisory services provided through our wealth management business, our asset management arm, Gopher, offers proprietary and unique investment portfolio specifically designed for our clients, which mainly include private equity investments through FoFs, feeder funds and S funds, as well as direct and co-investments, public securities investments, real estate investments, and multi-strategy and other investments. In particular, Gopher's "wealth stabilizer" product, Target Strategy, which utilizes different sub-strategies and active portfolio rebalancing to control volatilities, with its stable strategy funds launched in August 2021 and balanced and positive strategies funds launched in April 2021, achieved cumulative returns of 1.1%, 4.9% and 5.4%, respectively, by the end of 2021, effectively mitigated market risks for clients. Gopher not only invests in funds, but also focuses on developing its direct- and co-investment capabilities to offer unique and sought-after opportunities to clients for investments into promising portfolio companies. As of December 31, 2021, we have directly or indirectly invested in more than 7,000 companies, of which more than 170 had grown into unicorn companies¹ and more than 400 became publicly listed companies. Gopher's products are distributed both by leveraging the established channel of our wealth management business and Gopher's own direct sales team. By directly participating in a greater portion of the value chain from fund raising, investment, portfolio management to distribution, we believe we maintain stronger connectivity to our clients, are

¹ Refers to companies with valuation over US\$1.0 billion.

SUMMARY

better positioned to anticipate and cater to their needs and achieve enhanced economics for our business. Gopher generates revenue primarily from recurring service fees and performance-based income from funds for which it serves as the fund manager. In 2021, these two revenue sources contributed to 61.1% and 30.1% of the total revenue of our asset management business, respectively.

In addition to our wealth management business and asset management business, we also provide other services through our subsidiaries. These services serve as value-added services that we provide to our clients to broaden and deepen client relationships. In 2019, 2020 and 2021, other businesses represented 8.5%, 1.9% and 1.3% of our net revenues, respectively. Starting from 2019, this segment mainly includes lending business services whereby we made loans secured with collateral including investment products distributed by us and real estate properties, with a typical loan-to-value ratio of below 70%, to creditworthy investors. Since the third quarter of 2019, we have decreased lending businesses as we strategically decided to focus on our core businesses.

We operate our business to cater to the needs of our clients by leveraging (i) our unique ecosystem with leading product partners, including fund managers and top PE/VC general partners, (ii) a diversified product mix that contributes to a favorable revenue structure with competitive profit margins and delivers successful investment results, and (iii) significant synergies and high operating efficiency.

KEY PERFORMANCE INDICATORS

We primarily serve Chinese HNW and ultra HNW clients who reside in China or overseas with total investable assets exceeding RMB6.0 million. In addition to individual clients, we also strategically provide services to certain institutional clients, including entities affiliated with individuals, such as their family offices, as well as other institutional investors. Our client base has experienced significant growth in recent years. The table below sets forth certain information regarding our clients for the periods indicated:

	Year Ended December 31,		
	2019	2020	2021
Number of active clients (excluding mutual fund-only clients) ⁽¹⁾	14,538	12,161	12,831
Number of active clients (including mutual fund-only clients) ⁽¹⁾	31,495	34,213	42,764

Note:

- (1) Active clients refer to registered clients who purchase one or more investment products distributed or provided by us during a given period, excluding clients in our other businesses segment. Registered clients refer to clients who have completed a preliminary know-your-client and anti-money laundering review process, but may or may not have purchased any products from us.

Since the third quarter of 2019, we ceased offering private credit products and transitioned to distributing more mutual fund products. The number of our active clients (including mutual fund-only clients) increased from 31,495 in 2019 to 42,764 in 2021 with a CAGR of 16.5%, a reflection of our successful shift in focus from private credit products to mutual fund products. Such transition in product mix, on the other hand, has led to a decrease in the number of active clients who intended for private credit products during the Track Record Period.

SUMMARY

In order to provide targeted and personalized services to our clients, we classify our clients into five categories based on their AUA with us, namely ivory, gold, platinum, diamond, and black card clients, with the black card clients being the highest level. The number of our black card clients and diamond card clients reached 1,722 and 6,475 in 2021, with an AUA per client of RMB76.1 million (US\$11.9 million) and RMB16.5 million (US\$2.6 million), respectively. The table below sets forth certain information of our core clients as of or for the periods indicated.

	As of/For the Year Ended December 31,		
	2019 ⁽³⁾	2020 ⁽³⁾	2021
Number of black card clients ⁽¹⁾	1,139	1,250	1,722
Percentage of black card clients' AUA	46.1%	41.6%	46.5%
Number of diamond card clients ⁽²⁾	5,235	5,685	6,475
Percentage of diamond card clients' AUA	39.6%	41.6%	37.8%

Notes:

- (1) Black card clients refer to clients with an AUA of over RMB50 million (approximately US\$7 million).
- (2) Diamond card clients refer to clients with an AUA of over RMB10 million (approximately US\$1.4 million) but less than RMB50 million (approximately US\$7 million).
- (3) Starting from the second quarter of 2021, in order to more accurately identify our core client group, we have made certain adjustments to our client membership AUA calculation mechanism to align with the AUA basis for charging recurring service fees. Specifically, private equity products are calculated based on subscription amount while public securities products are calculated based on NAV under the new mechanism. We have also retrospectively adjusted the calculation for the prior periods to conform to the current mechanism.

We have a proven track record of consistently delivering a broad array of innovative and high-quality investment products and service offerings, which provide comprehensive and tailored investment opportunities to meet the specific wealth management requirements of our clients. Our total transaction value in 2021 was RMB97.2 billion (US\$15.3 billion), compared with RMB94.7 billion in 2020 and RMB78.5 billion in 2019. The table below sets out the aggregate transaction value of the different types of investment products that we distributed during the periods indicated:

	Year Ended December 31,						
	2019		2020		2021		
	RMB	%	RMB	%	RMB	US\$	
	(in millions, except for percentages)						
Product type							
Mutual fund products	15,511	19.8	37,981	40.1	37,169	5,833	38.2
Private secondary products	10,867	13.8	35,162	37.1	37,776	5,928	38.9
Private equity products	14,279	18.2	17,876 ⁽¹⁾	18.9	18,069 ⁽¹⁾	2,835	18.6
Private equity products provided by Gopher	13,144	16.7	14,442	15.3	18,069	2,835	18.6
Private equity products provided by third-party product partners	1,135	1.5	3,434	3.6	–	–	–
Other products ⁽²⁾	37,867	48.2	3,717	3.9	4,189	657	4.3
All products	78,524	100.0	94,736	100.0	97,203	15,253	100.0

SUMMARY

Notes:

- (1) Following the enactment of Supervision Measures in October 2020, we ceased offering private equity products through our wealth management business, and our asset management arm started to raise capital for private equity investments directly from our clients. In particular, in 2020, our asset management arm directly raised capital of RMB5.2 billion for its private equity investments. The figures are included in the table for illustration and comparison purposes only.
- (2) From the third quarter of 2019, we ceased offering private credit products (classified in “other products”) and transitioned to distributing more standardized public securities products. Such decision was based on a combination of (i) our commercial evaluation of the risks related to private credit products and (ii) our understanding and anticipation of the evolving regulatory and market environment following the implementation of a series of laws and regulations.

In addition, we measure the performance of our asset management business primarily through AUM, which determines the recurring service fees and performance-based income that we are able to collect over the life cycle of the investment products managed by us. Our AUM were RMB170.2 billion, RMB152.8 billion and RMB156.0 billion (US\$24.5 billion), respectively, as of December 31, 2019, 2020 and 2021. The table below summarizes our AUM and typical management fee rates chargeable by asset management services provided by Gopher for the last three years:

	As of December 31,								
	2019			2020			2021		
	Typical management fee rates	RMB	%	Typical management fee rates	RMB	%	Typical management fee rates	RMB	%
	(in billions, except for percentages)								
Product type									
Private equity investments	0.6%-2.0%	109.6	64.4	0.5%-2.0%	117.7	77.0	0.5%-2.1%	130.9	83.9
Public securities investments	0.4%-1.9%	9.3	5.5	0.4%-1.4%	9.8	6.4	0.4%-1.7%	11.2	7.2
Real estate investments	0.2%-2.3%	17.6	10.3	0.5%-2.2%	12.7	8.3	0.5%-2.3%	6.6	4.3
Multi-strategies investments	0.5%-1.1%	8.8	5.2	0.6%-1.1%	7.1	4.6	0.6%-1.1%	5.9	3.8
Other investments ⁽¹⁾	0.2%-1.4%	24.9	14.6	0.1%-0.6%	5.5	3.7	—	1.4	0.8
All products		<u>170.2</u>	<u>100.0</u>		<u>152.8</u>	<u>100.0</u>		<u>156.0</u>	<u>100.0</u>

Note:

- (1) Since the first quarter of 2021, we reclassified all remaining mezzanine financing products linked to corporate merger and acquisitions and buy outs from credit to private equity in the amount of RMB4.7 billion, considering its nature is more akin to equity than credit. We have also revised the comparative period presentation to conform to current period presentation.

SUMMARY

The following table illustrates the movement of AUM managed by Gopher for the periods indicated:

	As of/for the year ended December 31,		
	2019	2020	2021
	(RMB in billions)		
AUM at the beginning of the year	169.2	170.2	152.8
Asset new subscription	36.6	24.6	22.0
Asset appreciation ⁽¹⁾	0.7	0.8	0.1
Asset redemption	(36.3)	(42.8)	(18.9)
AUM at the end of the year	170.2	152.8	156.0

Note:

(1) Represents NAV movement of our public securities investments.

COMPETITIVE LANDSCAPE

In 2021, HNW wealth management services industry accounted for approximately 23.6% market share in the wealth management services industry in China, in terms of investable financial assets. China's HNW wealth management industry is mainly composed of private banking arms of financial institutions and independent HNW wealth management service providers. According to the Frost & Sullivan Report, revenues generated by financial institutions and independent HNW wealth management services providers contributed to approximately 83.0% and 17.0% of the total revenues generated in HNW wealth management services market in China in 2021, respectively. Top ten players in China's HNW wealth management industry accounted for an aggregate of 64.0% market share in terms of total revenues in 2021. The independent HNW wealth management market in China is a concentrated market, with top five players accounting for approximately 63.5% market share in terms of total revenues in 2021.

We were the eighth largest HNW wealth management service provider in China focusing on serving HNW and ultra HNW clients and accounted for approximately 3.7% market share in the HNW wealth management services market in terms of total revenues in 2021, with the top seven all being national bank-affiliated service providers who have different business and distribution models from independent HNW wealth management service providers. We were also the largest independent HNW wealth management service provider in China focusing on serving HNW and ultra HNW clients and accounted for approximately 21.5% market share in the independent HNW wealth management services market in terms of total revenues in 2021, according to Frost & Sullivan. For a more detailed discussion, see "Industry Overview — Competitive Landscape."

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and are differentiating factors that set us apart from our peers:

- pioneer and leader in China HNW wealth management services industry;
- high quality and loyal client base;

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- unparalleled ecosystem with access to unique investment opportunities;
- industry leading technology infrastructure; and
- visionary management team and “3R”s in the Noah Triangle.

For a detailed discussion of these strengths, see “Business — Our Strengths.”

OUR STRATEGIES

To achieve our mission and further solidify our unique position, we intend to leverage our existing strengths and pursue the following strategies:

- maintain and expand client base;
- continuous digital transformation;
- improve research and investment capacities;
- continue to optimize product mix and maintain product leadership; and
- overseas expansion.

For a detailed discussion of these strategies, see “Business — Our Strategies.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The selected consolidated statements of operations and the selected consolidated statements of cash flows for each of the three years ended December 31, 2021, and the selected consolidated balance sheets as of December 31, 2019, 2020 and 2021 have been derived from our audited consolidated financial statements contained in the Accountants’ Report in Appendix IA to this document. Our consolidated financial statements have been prepared in accordance with U.S. GAAP.

The following selected consolidated financial data for the periods and as of the dates indicated are qualified by reference to and should be read in conjunction with the Accountants’ Report in Appendix IA to this document and the section titled “Financial Information” in this document.

The summary of historical financial information set forth below includes translations of financial data in Renminbi into U.S. dollars for the convenience of the reader. These translations were made at a rate of RMB6.3726 to US\$1.00, the exchange rate on December 30, 2021 set forth in the H.10 statistical release of the Federal Reserve Board.

Our historical results for any prior period do not necessarily indicate our results to be expected for any future period.

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Summary of Selected Consolidated Results of Operations

The following table sets forth a summary of our consolidated results of operations, both in absolute amount and as a percentage of our total revenues, for the periods indicated:

	Years Ended December 31,					
	2019		2020		2021	
	RMB	%	RMB	%	RMB	US\$ %
	(in thousands, except for percentages)					
Revenues:						
Revenues from others						
One-time commissions	690,860	20.2%	679,014	20.4%	1,130,894	177,462 26.1%
Recurring service fees	524,692	15.4%	700,157	21.1%	913,700	143,379 21.1%
Performance-based income	23,437	0.7%	180,529	5.4%	391,903	61,498 9.1%
Other service fees	522,958	15.3%	196,151	5.9%	161,982	25,419 3.7%
Total revenues from others	<u>1,761,947</u>	<u>51.6%</u>	<u>1,755,851</u>	<u>52.8%</u>	<u>2,598,479</u>	<u>407,758 60.1%</u>
Revenues from funds Gopher manages						
One-time commissions	240,808	7.1%	129,823	3.9%	140,522	22,051 3.2%
Recurring service fees	1,320,773	38.7%	1,230,042	37.0%	1,195,309	187,570 27.6%
Performance-based income	89,648	2.6%	208,996	6.3%	392,290	61,559 9.1%
Total revenues from funds Gopher manages	<u>1,651,229</u>	<u>48.4%</u>	<u>1,568,861</u>	<u>47.2%</u>	<u>1,728,121</u>	<u>271,180 39.9%</u>
Total revenues	<u>3,413,176</u>	<u>100.0%</u>	<u>3,324,712</u>	<u>100.0%</u>	<u>4,326,600</u>	<u>678,938 100.0%</u>
Less: VAT related surcharges	<u>(21,364)</u>	<u>(0.6%)</u>	<u>(18,886)</u>	<u>(0.6%)</u>	<u>(33,506)</u>	<u>(5,258) (0.8%)</u>
Net revenues	<u>3,391,812</u>	<u>99.4%</u>	<u>3,305,826</u>	<u>99.4%</u>	<u>4,293,094</u>	<u>673,680 99.2%</u>
Operating cost and expenses:						
Compensation and benefits						
Relationship manager compensation	(625,044)	(18.3%)	(613,999)	(18.5%)	(920,896)	(144,509) (21.3%)
Performance-based compensation	(31,283)	(0.9%)	(85,413)	(2.6%)	(158,043)	(24,800) (3.7%)
Other compensations	(954,443)	(28.0%)	(804,600)	(24.2%)	(1,089,941)	(171,036) (25.2%)
Total compensation and benefits	<u>(1,610,770)</u>	<u>(47.2%)</u>	<u>(1,504,012)</u>	<u>(45.2%)</u>	<u>(2,168,880)</u>	<u>(340,345) (50.1%)</u>
Selling expenses	(331,346)	(9.7%)	(271,692)	(8.2%)	(437,131)	(68,595) (10.1%)
General and administrative expenses	(296,492)	(8.7%)	(277,879)	(8.4%)	(383,321)	(60,151) (8.9%)
Provision for credit losses	(130,723)	(3.8%)	(8,083)	(0.2%)	(112,959)	(17,726) (2.6%)
Other operating expenses, net	(196,793)	(5.8%)	(99,040)	(3.0%)	(107,844)	(16,923) (2.5%)
Government subsidies	89,278	2.6%	113,356	3.4%	115,939	18,193 2.7%
Total operating cost and expenses	<u>(2,476,846)</u>	<u>(72.6%)</u>	<u>(2,047,350)</u>	<u>(61.6%)</u>	<u>(3,094,196)</u>	<u>(485,547) (71.5%)</u>
Income from operations	<u>914,966</u>	<u>26.8%</u>	<u>1,258,476</u>	<u>37.9%</u>	<u>1,198,898</u>	<u>188,133 27.7%</u>

SUMMARY

	Years Ended December 31,						
	2019		2020		2021		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)						
Other income (expenses):							
Interest income	89,099	2.6%	67,317	2.0%	71,866	11,277	1.7%
Interest expenses	(430)	0.0%	-	-	-	-	-
Investment (loss) income	(28,620)	(0.8%)	(86,369)	(2.6%)	65,426	10,267	1.5%
Settlement expenses	-	-	(1,828,907)	(55.0%)	(19,908)	(3,124)	(0.5%)
Other (expense) income	(7,040)	(0.2%)	4,164	0.1%	(18,240)	(2,862)	(0.4%)
Total other income (expenses)	53,009	1.6%	(1,843,795)	(55.5%)	99,144	15,558	2.3%
Income (loss) before taxes and income from equity in affiliates	967,975	28.4%	(585,319)	(17.6%)	1,298,042	203,691	30.0%
Income tax expense	(220,025)	(6.4%)	(258,460)	(7.8%)	(293,940)	(46,126)	(6.8%)
Income from equity in affiliates	115,809	3.4%	100,257	3.0%	301,979	47,387	7.0%
Net income (loss)	863,759	25.3%	(743,522)	(22.4%)	1,306,081	204,952	30.2%
Less: net income (loss) attributable to non-controlling interests	34,608	1.0%	1,703	0.1%	(8,050)	(1,263)	(0.2%)
Net income (loss) attributable to Noah Holdings							
Private Wealth and Asset Management							
Limited shareholders	829,151	24.3%	(745,225)	(22.4%)	1,314,131	206,215	30.4%

Note:

- Approximately RMB17.7 million of the listing expenses have been charged to our consolidated statement of operations for the year ended December 31, 2021. We estimate that approximately RMB44.5 million of the listing expenses will be recorded as a deduction in equity directly and no listing expense is expected to be charged to the consolidated statement of operations for the year ending December 31, 2022. For details, see “Summary – Listing Expenses.”

During the Track Record Period, our total revenue slightly decreased by 2.6% from RMB3,413.2 million in 2019 to RMB3,324.7 million in 2020, primarily due to the negative impact from the COVID-19 pandemic, but our total revenue further increased by 30.1% to RMB4,326.6 million (US\$678.9 million) in 2021. We recorded net income of RMB863.8 million and RMB1,306.1 million (US\$205.0 million) in 2019 and 2021, respectively, and net loss of RMB743.5 million in 2020. The fluctuation of our net income (loss) during the Track Record Period was primarily attributable to the incurrence of other expenses in 2020 due to the settlement expense of RMB1,828.9 million related to the Camsing Incident. For our other business, we incurred a loss from operations of RMB18.8 million in 2020, compared to an income from operations of RMB85.9 million in 2019, as a result of a decrease in our total revenue for our other business, mainly due to our strategic shift in focus to our core wealth management and asset management businesses since 2020. Our loss from operations for our other business further increased to RMB207.8 million (US\$32.6 million) in 2021, primarily due to (i) an increase in provision for credit losses of RMB89.1 million (US\$14.0 million), primarily due to the changes in business environment for real estate collateral in 2021 as a result of the tightened regulations on real estate industry and our shift in focus to our core businesses since 2020, (ii) an increase in selling and general and administrative expenses as a

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result of continuous expenditure on strategy related consulting fees, as compared to less expenses incurred in 2020 due to COVID-19 pandemic, and (iii) an increase in other operating expenses, primarily attributable to an increase in depreciation expense of RMB53.8 million (US\$8.4 million) as we purchased new headquarter premises in 2021. For a discussion and analysis of the reasons for the changes in our key financial statement line items across periods, see “Financial Information — Financial Results.”

The following tables break down our revenues and operating margin by business segment for the periods indicated:

	Years Ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Revenues				
Wealth management business:				
One-time commissions	928,061	766,246	1,180,900	185,310
Recurring service fees ⁽¹⁾	1,155,450	1,284,447	1,469,600	230,612
Performance-based income	23,430	205,305	469,121	73,615
Other service fees	222,912	123,458	92,352	14,492
Total revenue for wealth management business	<u>2,329,853</u>	<u>2,379,456</u>	<u>3,211,973</u>	<u>504,029</u>
Asset management business:				
One-time commissions	3,607	42,591	90,516	14,203
Recurring service fees	690,015	645,752	639,409	100,337
Performance-based income	89,655	184,220	315,072	49,442
Other service fees	4,274	7,451	1,390	219
Total revenue for asset management business	<u>787,551</u>	<u>880,014</u>	<u>1,046,387</u>	<u>164,201</u>
Other businesses:				
Other service fees	295,772	65,242	68,240	10,708
Total revenue for other businesses	<u>295,772</u>	<u>65,242</u>	<u>68,240</u>	<u>10,708</u>
Total Revenues	<u><u>3,413,176</u></u>	<u><u>3,324,712</u></u>	<u><u>4,326,600</u></u>	<u><u>678,938</u></u>

Note:

- (1) Pursuant to the agreement Gopher and our wealth management branch entered into for product distribution, Gopher shared with the wealth management business segment recurring service fees of RMB151.8 million, RMB159.0 million and RMB135.1 million (US\$21.2 million) in 2019, 2020 and 2021, respectively. Such intra-group revenue have been deducted from our consolidated statements of operations. For details of the agreement, see “Financial Information — Components of Results of Operations — Revenues — Revenues from the Asset Management Business.”

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	Years Ended December 31,		
	2019	2020	2021
Operating income/(loss) margin⁽¹⁾			
Wealth management business	18.9%	34.5%	28.8%
Asset management business	49.9%	52.5%	46.6%
Other businesses	29.7%	(29.4%)	(366.3%)

Note:

- (1) Operating income/(loss) margin of each business segment is calculated based on income/(loss) from operations divided by net revenue of such business segment and multiplied by 100%.

During the Track Record Period, our total revenue generated from our wealth management business increased from RMB2,329.9 million in 2019 to RMB2,379.5 million in 2020 and further to RMB3,212.0 million (US\$504.0 million) in 2021, primarily due to more higher fee rate investment products that we distributed, the cumulative recurring service fees of long-duration investment products distributed by us as well as an increase in performance-based income from investment products that we distributed. Our total revenue generated from our asset management business increased from RMB787.6 million in 2019 to RMB880.0 million in 2020 and further to RMB1,046.4 million (US\$164.2 million) in 2021, primarily due to the increases in one-time commissions and performance-based income as a result of the continuously growth in private equity products. Our total revenue generated from our other businesses significantly decreased from RMB295.8 million in 2019 to RMB65.2 million in 2020, and remained stable at RMB68.2 million (US\$10.7 million) in 2021, primarily due to our strategic shift in focus to our core wealth management and asset management businesses.

During the Track Record Period, operating income margin of our wealth management business increased to 34.5% in 2020 from 18.9% in 2019, mainly attributable to the continuous improvement in our operating efficiency and the decrease in provision for credit losses; and operating income margin of our wealth management business slightly decreased to 28.8% in 2021, mainly attributable to our continued strategic investments in our talents and client experiences as well as less expenses incurred in 2020 due to the COVID-19 pandemic. Operating income margin of our asset management business increased to 52.5% in 2020 from 49.9% in 2019, mainly because our revenue from asset management business grew at a higher rate than our operating costs and expenses due to economies of scale during the same period; and operating income margin of our asset management business slightly decreased to 46.6% in 2021, mainly attributable to less expenses incurred in 2020 due to the COVID-19 pandemic. For other businesses, we had operating income margin of 29.7% in 2019, compared with operating loss margin of 29.4% in 2020 and 366.3% in 2021, mainly attributable to our strategic shift in focus to our core businesses and the increase in provision for credit losses. For discussion in detail on the primary casus for the fluctuation in our results of operations, see “Financial Information — Financial Results.”

From the third quarter of 2019, we ceased offering private credit products and transitioned to distributing more standardized public securities products. This decision was based on a combination of (i) our commercial evaluation of the risks related to private credit products following the Camsing Incident and (ii) our understanding and anticipation of the evolving regulatory and market environment following the implementation of a series of laws and regulations, including the Guidance Opinions, the Filing Instructions and the Supervision Measures. For details of these regulations, see “Risk Factors — Risks Related to Our Business — Because the laws and regulations governing the industries of wealth management, asset

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management and other businesses in China are developing and subject to further change, any failure to obtain or maintain requisite approvals, licenses or permits necessary to conduct our operations or any failure to comply with laws and regulations applicable to our business and services could harm our business,” “Regulations — Regulations on Private Funds” and “Regulations — Regulations on Fund Distribution.” This transition in product mix had an adverse impact on our business operations in the short-term, particularly in the last two quarters of 2019 and the first two quarters of 2020, resulting in a decrease in certain operating and financial performance indicators. However, we have achieved significant growth in our distribution of standardized public securities products, while remaining strong in PE/VC products, both of which have contributed significantly to the growth in our transaction value, revenue and income from operations since the third quarter of 2020.

The following table sets forth a breakdown of our revenues by geographic region for the periods indicated:

	Years Ended December 31,						
	2019		2020		2021		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)						
Revenues:							
Mainland China	2,467,351	72.3	2,595,596	78.0	3,316,019	520,356	76.6
Hong Kong	733,125	21.5	564,241	17.0	869,723	136,478	20.1
Others	212,700	6.2	164,875	5.0	140,858	22,104	3.3
Total Revenues	3,413,176	100.0	3,324,712	100.0	4,326,600	678,938	100.0

Summary of Consolidated Balance Sheets

The following table sets forth our summary of our consolidated balance sheets as of the periods indicated:

	As of December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Cash and cash equivalents	4,387,345	5,005,211	3,404,603	534,257
Restricted cash	6,589	9,993	510	80
Short-term investments (including short-term investments measured at fair value of RMB642,759, nil and RMB63,515 as of December 31, 2019, 2020 and 2021, respectively)	671,259	114,928	92,803	14,563
Accounts receivable, net of allowance for credit losses of nil, nil and RMB458 as of December 31, 2019, 2020 and 2021, respectively	219,566	434,458	808,029	126,797

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	As of December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Amounts due from related parties, net of allowance for credit losses of nil, RMB4,006 and RMB30,128 as of December 31, 2019 and 2020 and 2021, respectively	548,704	520,178	451,389	70,833
Loans receivable, net of allowance for credit losses of RMB5,147, RMB5,863 and RMB93,926 as of December 31, 2019, 2020 and 2021, respectively	654,060	418,947	595,766	93,489
Other current assets	243,701	199,447	163,710	25,690
Total current assets	6,731,224	6,703,162	5,516,810	865,709
Long-term investments (including long-term investments measured at fair value of RMB531,359, RMB373,678 and RMB457,284 as of December 31, 2019, 2020 and 2021, respectively)	881,091	536,384	668,572	104,914
Investments in affiliates	1,272,261	1,264,685	1,402,083	220,017
Property and equipment, net	296,320	248,669	2,580,935	405,005
Operating lease right-of-use assets, net	352,186	274,154	223,652	35,096
Deferred tax assets	167,430	224,240	335,905	52,711
Other non-current assets, net of allowance for credit losses of RMB16,912, nil and RMB4,000 as of December 31, 2019, 2020 and 2021, respectively	102,092	148,292	161,832	25,395
Total non-current assets	3,071,380	2,696,424	5,372,979	843,138
Total assets	9,802,604	9,399,586	10,889,789	1,708,847
Accrued payroll and welfare expenses	555,719	705,622	946,547	148,534
Income tax payable	126,743	140,777	190,260	29,856
Deferred revenues	100,693	71,613	63,631	9,985
Other current liabilities	721,898	432,650	649,255	101,882
Contingent liabilities	–	530,433	433,345	68,001
Total current liabilities	1,505,053	1,881,095	2,283,038	358,258

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	As of December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Operating lease liabilities, non-current	362,757	194,384	130,956	20,550
Deferred tax liabilities	56,401	45,881	234,134	36,741
Other non-current liabilities	3,433	855	100,020	15,695
Total liabilities	1,927,644	2,122,215	2,748,148	431,244
Net current assets	5,226,171	4,822,067	3,233,772	507,451
Net assets	7,874,960	7,277,371	8,141,641	1,277,603
Non-controlling interests	861,493	91,860	100,866	15,829
Total Liabilities and Equity	9,802,604	9,399,586	10,889,789	1,708,847

Our net asset decreased from RMB7,875.0 million as of December 31, 2019 to RMB7,277.4 million as of December 31, 2020, primarily due to (i) our net loss generated for the year ended December 31, 2020, (ii) our disposal of a subsidiary, and (iii) repurchase of Shares, partially offset by the issuance of RSUs under the settlement plan of the Camsing Incident. Our net asset increased from RMB7,277.4 million as of December 31, 2020 to RMB8,141.6 million (US\$1,277.6 million) as of December 31, 2021, primarily due to our net income generated for the year ended December 31, 2021, partially offset by our repurchase of Shares.

Our net current assets decreased from RMB5,226.2 million as of December 31, 2019 to RMB4,822.1 million as of December 31, 2020, primarily due to the incurrence of contingent liabilities in relation to the unsettled Camsing Incident. Our net current assets further decreased to RMB3,233.7 million (US\$507.5 million) as of December 31, 2021, primarily due to a net cash of RMB2,191.5 million (US\$343.9 million) used in acquiring our new headquarter premises in Shanghai. For a detailed discussion of our cash position, the balance sheet item that has a material impact on our liquidity, as well as material changes in the various working capital items, see “Financial Information — Liquidity and Capital Resources.”

SUMMARY

Summary of Consolidated Statements of Cash Flow Data

The following table sets forth the movements of our cash, cash equivalents and restricted cash for the periods indicated:

	Years Ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Net cash provided by operating activities	1,288,233	796,353	1,521,838	238,809
Net cash (used in) provided by investing activities	(182,012)	352,584	(2,572,094)	(403,619)
Net cash provided by (used in) financing activities	543,311	(371,422)	(513,121)	(80,519)
Effect of exchange rate changes	37,811	(148,745)	(46,714)	(7,330)
Net increases (decrease) in cash and cash equivalents	1,687,343	628,770	(1,610,091)	(252,659)
Cash, cash equivalents and restricted cash at the beginning of the year	2,706,591	4,393,934	5,022,704	788,172
Cash, cash equivalents and restricted cash at the end of the year	4,393,934	5,022,704	3,412,613	535,513

We had a material net cash outflow in 2021, primarily due to a net cash of RMB2,191.5 million (US\$343.9 million) used in acquiring our new headquarter premises in Shanghai. On May 9, 2021, we purchased new headquarter premises, by acquiring 100% of equity interests of an unrelated third party in cash, which is accounted for as asset acquisition, and recorded as part of property and equipment, net in our consolidated balance sheet. For a detailed discussion on material changes in the various working capital items, see “Financial Information — Liquidity and Capital Resources.”

DIVIDEND POLICY

Our Board of Directors has complete discretion as to whether to distribute dividends, subject to our articles of association and Cayman Islands law. In addition, our shareholders by ordinary resolution may declare a dividend, but no dividend may exceed the amount recommended by our Board of Directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend on its shares out of either profit or share premium amount, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our Board of Directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board of Directors may deem relevant. If we pay any dividends, our ADS holders will be paid 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.

As of December 31, 2021, we have distributable reserves of RMB4,779.8 million (US\$750.1 million).

SUMMARY

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Our Major Shareholders

As of the Latest Practicable Date, Ms. Jingbo Wang, co-founder, chairwoman and chief executive officer, through Jing Investors Co., Ltd., a BVI company beneficially owned and controlled by her through a trust and of which she is the sole director, indirectly held and had interest in 107,456 Class A ordinary shares and 6,730,000 Class B ordinary shares. As of the Latest Practicable Date, Ms. Wang controlled approximately 49.1% of the aggregate voting power in our Company. Immediately after the Listing, Ms. Wang will control approximately 21.9% of the aggregate voting power in our Company, assuming all Class B ordinary shares have been converted into Class A ordinary shares on the Listing Date, the percentage of issued share capital held by each of the shareholders remain unchanged after the Latest Practicable Date and before the Listing, the Over-allotment Option is not exercised, and no additional Shares are issued under the Share Incentive Plans. For further details, please see “Major Shareholders.”

Termination of the Weighted Voting Rights Structure

As of the Latest Practicable Date and immediately prior to the Listing, our share capital comprised Class A ordinary shares and Class B ordinary shares. Each Class A ordinary share entitled the holder to exercise one vote, and each Class B ordinary share entitled the holder to exercise four votes, on all matters that require a shareholder’s vote. All the Class B ordinary shares were held by the co-founders, namely Ms. Jingbo Wang and Mr. Zhe Yin, as of the Latest Practicable Date. In order to terminate our weighted voting rights structure for the purpose of the Listing, the co-founders have irrevocably undertaken that they will convert all the Class B ordinary shares held by them into Class A ordinary shares on or before the Listing Date on a one-for-one basis. We have also agreed not to issue any new Class B ordinary shares after the Listing Date. Accordingly, upon the Listing, we will only have Class A ordinary shares in issue, and will cease to have a weighted voting rights structure. Our Company will amend the Articles to remove provisions related to Class B ordinary shares in the First GM to be convened after the Listing.

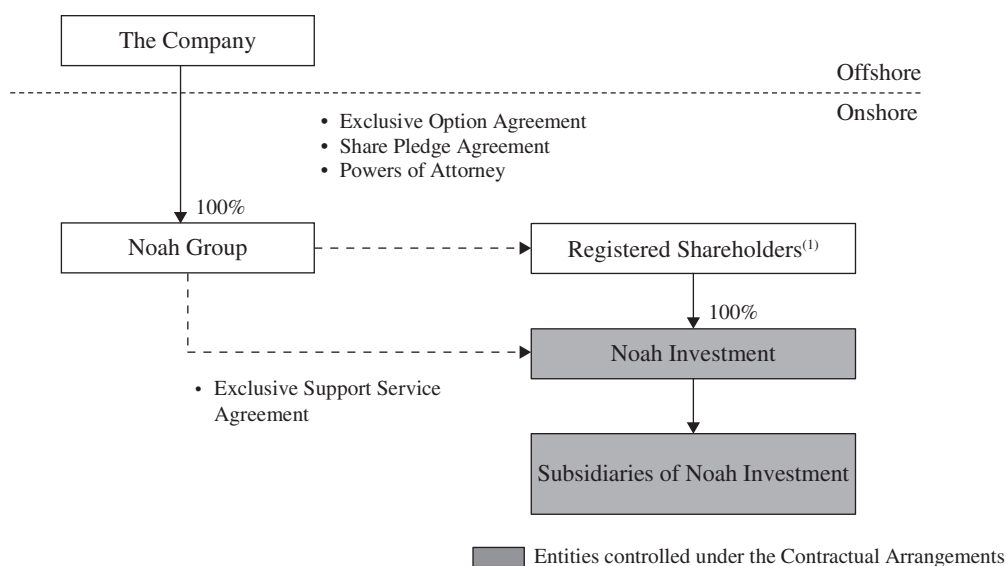
Contractual Arrangements

We operate our domestic asset management business under the Contractual Arrangements. In our domestic asset management business, we act as the general partner of relevant investment funds which investment portfolio includes, among others, investments in third-party managed funds and equity investments into private companies. The PRC government regulates certain businesses through strict business licensing requirements and laws and regulations, including restrictions on foreign investment. These third-party managed funds or investee companies may target or operate certain business that are subject to foreign investment restrictions, which may require that investors shall not be foreign-invested enterprises (“**FIEs**”) or their foreign ownership percentage shall be limited to a specified ceiling to the extent permitted by relevant foreign investment regulations. We adopted the Contractual Arrangements because if we were to conduct our domestic asset management business through our PRC subsidiaries which are FIEs, we may lose the accessibility to the investments in certain businesses that are subject to foreign investment restrictions. Therefore, we rely on the Contractual Arrangements that we entered into with Noah Investment and its shareholders to carry out our domestic asset management business.

SUMMARY

Noah Group, Noah Investment and its shareholders have entered into a series of contractual agreements, including an exclusive option agreement, an exclusive support service agreement, a share pledge agreement and powers of attorney. These Contractual Arrangements enable us to (1) have power to direct the activities that most significantly affect the economic performance of Noah Investment and its subsidiaries; (2) receive substantially all of the economic benefits from Noah Investment and its subsidiaries in consideration for the services provided by Noah Group; and (3) have an exclusive option to purchase all or part of the equity interests in Noah Investment when and to the extent permitted by PRC law, or request any existing shareholder of Noah Investment to transfer any or part of the equity interests in Noah Investment to another PRC person or entity designated by us at any time at our discretion. The Contractual Arrangements allow us to consolidate the financial results of Noah Investments and its operating subsidiaries. For the years ended December 31, 2019, 2020 and 2021, net revenues generated from entities we controlled through the Contractual Arrangements amounted to RMB816.5 million, RMB935.5 million and RMB1,466.7 million, respectively, accounting for 24.1%, 28.3% and 34.2%, respectively, of our net revenue. For more details of these contractual arrangements, see “History and Corporate Structure — Contractual Arrangements.”

Below is the simplified structure of the Contractual Arrangements as of the Latest Practicable Date. Our Directors and our Company’s PRC Legal Adviser confirm that there has been no substantial change in the structure of the Contractual Arrangements since the Company’s listing in the U.S in November 2010.



Note:

- (1) The registered shareholders of Noah Investment consisted of (i) Ms. Jingbo Wang with 46% equity interests, (ii) Mr. Zhe Yin with 12% equity interests, (iii) Mr. Boquan He with 25% equity interests, (iv) Ms. Xinjun Zhang with 4% equity interests, (v) Ms. Yan Wei with 3% equity interests and (vi) Ms. Qianghua Yan with 10% equity interests. Each of Ms. Jingbo Wang, Mr. Zhe Yin and Mr. Boquan He are our Directors. Ms. Xinjun Zhang and Ms. Yan Wei are employees of our Group. Ms. Qianghua Yan is an early and long-term investor in our Group and an Independent Third Party.

SUMMARY

Additionally, we have been advised by our PRC Legal Adviser that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations, and accordingly, the PRC regulatory authorities or courts may take a view that is contrary to the above opinion of the PRC Legal Adviser. It is uncertain whether any new PRC laws or regulations relating to contractual arrangements will be adopted or if adopted, what they would provide. If the corporate structure and the Contractual Arrangements are deemed by relevant regulatory authority or court to be illegal or invalid, either in whole or in part, we may lose control of its Consolidated Affiliated Entities and have to modify such structure to comply with regulatory requirements. However, there can be no assurance that we can achieve this without material disruption to its business. Further, if the corporate structure and the Contractual Arrangements are found to be in violation of any existing or future PRC laws or regulations, the relevant regulatory authority would have broad discretion to take action in dealing with the violation or failure, in which case, we could be subject to severe penalties, including being prohibited from continuing its operations or unwinding the Contractual Arrangements.

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC regulators in operating our business through Noah Investment and its operating subsidiaries under the Contractual Arrangements.

THE HOLDING FOREIGN COMPANIES ACCOUNTABLE ACT

The Holding Foreign Companies Accountable Act, or the HFCA Act, was enacted on December 18, 2020. The HFCA Act states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the Public Company Accounting Oversight Board (United States), or the PCAOB, for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange. The PCAOB identified our auditor as one of the registered public accounting firms that the PCAOB is unable to inspect or investigate completely.

On April 12, 2022, we were identified by the SEC under the HFCA Act as having filed audit reports issued by a registered public accounting firm that cannot be inspected or investigated completely by the PCAOB in connection with our filing of the annual report on Form 20-F for the fiscal year ended December 31, 2021. On April 13, 2022, we made a press release where we provided an update on our status under the HFCA Act. Based on our discussions with our U.S. legal advisor, and our understanding that the SEC's role at this stage of the process is solely to identify issuers that have used such PCAOB-identified public accounting firms to audit their financial statements and a company will be delisted from a U.S. stock exchange only if the company has been identified by the SEC for three consecutive years due to PCAOB's inability to inspect or investigate its auditor under the HFCA Act, we believe such initial identification would not affect, among others, our track record of good regulatory compliance of at least five full financial years on the NYSE, as required by Criteria A under Rule 19C.05A of the Hong Kong Listing Rules. As of the Latest Practicable Date, over 140 China-based U.S. listed companies were identified by the SEC as commission-identified issuers, including the vast majority of those that had been listed under Chapter 19C of the Hong Kong Listing Rules. According to the latest statements from the SEC, there have been ongoing and productive discussions between Chinese and U.S. authorities regarding audit inspection and investigations to reach an agreement. Based on the foregoing, our Directors are of the view that being listed as a commission-identified issuer by the SEC has no immediate impact to our business operations, our ability to maintain our listing status on the NYSE and pursue the proposed Listing, or the Group as a whole before April 30, 2024, the filing due date of our financial statements on the annual report on Form 20-F for the year ending December 31, 2023.

SUMMARY

Whether the PCAOB will be able to conduct inspections of our auditor before the issuance of our financial statements on the annual report on Form 20-F for the year ending December 31, 2023 which is due by April 30, 2024, or at all, is subject to substantial uncertainty and depends on a number of factors out of our, and our auditor's, control. If the PCAOB and Chinese authorities cannot reach an agreement timely and our ADSs are prohibited from trading in the United States, there is no certainty that a market for our shares will develop outside of the United States. Such a prohibition would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would materially and adversely affect our business, financial condition, and prospects. See "Risk Factors — Risks Related to Doing Business in China — Our ADSs may be delisted under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect auditors who are located in China. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections deprives our investors with the benefits of such inspections."

RISK FACTORS

There are certain risks involved in our business and industries, our corporate structure, doing business in China, investing in our ADSs and Shares, the Listing and the Global Offering, some of which are beyond our control and may affect your decision to invest in us and/or the value of your investment. See "Risk Factors" for details of our risk factors, which we strongly urge you to read in full before making an investment in our Shares. For example, some of the major risks we face include:

- The investment products that we distribute or manage involve various risks and any failure to identify or fully appreciate such risks may negatively affect our reputation, client relationships, operations and prospects.
- Our reputation and brand recognition are crucial to our business. Any harm to our reputation or failure to maintain, protect, promote or enhance our brand recognition may materially and adversely affect our business, financial condition and results of operations.
- If we breach fiduciary duties or other contractual obligations as the general partner or fund managers of the funds, or if our third-party product partners or investment partners engage in illegal activities or market misconduct, our results of operations will be adversely impacted. In addition, misconduct of our relationship managers or other employees, including potential misuse of client funds, could harm our reputation or lead to regulatory sanctions or litigation costs.
- Our businesses may be adversely impacted by general economic and market conditions.
- The performance of our investment portfolio may affect the AUM, revenues and profitability of our asset management business.
- We may not be able to continue to grow at our historical rate of growth, and if we fail to manage our growth effectively, our business may be materially and adversely affected.
- Because a significant portion of the one-time commissions and recurring service fees we earn on the distribution of investment products are based on commission and fee rates, any decrease in these commission and fee rates may have an adverse effect on our revenues, cash flow and results of operations.

SUMMARY

- The investment products we distribute are supplied by a limited number of product partners; and the renegotiation or termination of our relationships with such product partners could significantly impact our business.
- Because the laws and regulations governing the industries of wealth management, asset management and other businesses in China are developing and subject to further change, any failure to obtain or maintain requisite approvals, licenses or permits necessary to conduct our operations or any failure to comply with laws and regulations applicable to our business and services could harm our business.
- Some of our clients may redeem their investments from time to time, which could reduce our recurring service fees.
- Our business is subject to risks related to complaints, claims, controversies, regulatory actions, arbitration and legal proceedings.
- Our lending business is subject to credit risks, which could adversely affect our results of operations.
- Our business involves relatively new business models which may not be successful.
- Our ADSs may be delisted under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect auditors who are located in China. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections deprives our investors with the benefits of such inspections.

LEGAL PROCEEDINGS

In early 2018, one of the Consolidated Affiliated Entities of our Group, Shanghai Gopher, established credit funds (the “**Camsing Credit Funds**”) to allow our clients to invest in account receivables (the “**Camsing Accounts Receivables**”) arising from the sale of computer, consumer electronics and communication products by affiliates (the “**Sellers**”) of Camsing International Holding Limited (2662.HKEX) (“**Camsing**”) to a buyer (the “**Buyer**”). Under this supply chain factoring arrangement, the controlling shareholder and affiliates of Camsing guaranteed to repurchase the Camsing Accounts Receivables from the Camsing Credit Funds if the Buyer failed to settle the Camsing Accounts Receivables upon the relevant due dates.

Our Company has maintained and implemented internal control procedures with respect to Shanghai Gopher’s investment funds. During the internal control review of the Camsing Credit Funds, we discovered discrepancies in the identities of the contracting parties during two face-to-face interviews in mid-June 2019, and came to suspect that the Sellers had forged certain transactions with the Buyer, and that certain of the Camsing Accounts Receivables purported to be underlying assets for the Camsing Credit Funds did not arise from real commercial transactions between the Sellers and the Buyer. Among all financial institutions that had a business relationship with Camsing and its affiliates, Shanghai Gopher and its affiliate were the first to report the suspected fraudulent activities to the Shanghai Police and Shanghai Office of the CSRC, and initiated legal proceedings to the Sellers, the Buyer and relevant guarantors. These events are collectively referred to as the Camsing Incident (the “**Camsing Incident**”).

SUMMARY

As of the Latest Practicable Date, a total of 818 clients of Shanghai Gopher who invested in the Camsing Credit Funds were affected, and the outstanding amount of the Camsing Accounts Receivables under the Camsing Credit Funds which are subject to repayment default amounted to RMB3,415.5 million.

We believe we have solid legal grounds to defend legal claims from the affected clients in connection with the Camsing Incident against us because (i) Shanghai Gopher, as a fund manager, had implemented internal control and risk control policies and procedures with respect to the establishment and ongoing management of the Camsing Credit Funds, which we believe were in line with the internal control requirements of other fund managers for fulfilling their due diligence needs; (ii) there was no implicit or explicit guarantee on return of capital in the relevant investment agreements in connection with the Camsing Credit Funds, which have been disclosed to and agreed upon by the relevant clients at the time of their investments; (iii) Shanghai Gopher disclosed to the affected clients about the relevant investment risks in connection with the Camsing Credit Funds; and (iv) Shanghai Gopher, as a victim to the suspected fraudulent activities, has also taken appropriate legal actions to protect interests of the affected clients.

While we believe we have solid legal grounds to defend any legal claims from all 818 affected clients in the Camsing Incident against us, as a gesture of goodwill and to avoid distractions to our management and to minimize the potential legal costs for handling 818 potential legal proceedings, we voluntarily made an ex gratia settlement offer (the “Offer”) to affected clients. An affected client who accepted the offer shall receive restricted share units (“RSUs”) and become a Class A ordinary shareholder of our Company upon vesting, and in return (i) forego all outstanding legal rights associated with the investment in the Camsing Credit Funds, and (ii) irrevocably release our Company and all our affiliated entities and individuals from any and all claims immediately, known or unknown, that relate to the Camsing Credit Funds. Each RSU allows the grantees to receive one Class A ordinary share. We offered two RSU vesting plans (Plan A and Plan B) for the affected clients to choose from. Under Plan A, the Company would issue RSUs to affected clients based on a vesting schedule, whereby 10% of the RSUs would be vested immediately upon the acceptance of the settlement offer and the remaining 90% of the RSUs would be vested evenly in the following nine years. Under Plan B, on the third anniversary of the acceptance of the Offer, the affected clients would either decide to (a) receive an entitlement to future investment returns generated by the Camsing Credit Funds, while remaining unable to initiate claims against the Group; or (b) receive 40% of the RSUs, and on each subsequent anniversary, the Company would vest the remaining 60% of the RSUs evenly for the following six years. Prior to the third anniversary of the acceptance of the Offer, the Company would not vest any shares under the RSUs to any of the affected clients. For details, see Note 15 to the Accountant’s Report in Appendix IA to this document. As of the Latest Practicable Date, 199,526 RSUs have been vested by the affected clients who accepted the Offer.

As approved by the Board, new Class A ordinary shares not exceeding 1.6% of the share capital of our Company will be issued under the settlement plan annually for ten consecutive years. The settlement plan was not required to be approved by the Shareholders under our Articles.

As of December 31, 2021, 595 of the total of 818 affected clients (approximately 72.7%) had accepted the Offer, representing RMB2,574.9 million (US\$404.1 million) (approximately 75.4%) of the total amount of outstanding Camsing Accounts Receivables. The maximum number of Class A ordinary shares to be issued by our Company to these 595 affected clients was 3,715,114, which accounted for (i) approximately 11.4% of the total issued Shares of our Company as of December 31, 2021, (ii) approximately 6.4% of the voting rights of our Company as of December 31, 2021, and (iii) approximately 11.9% of the voting rights of our Company immediately upon the Listing (assuming all Class B ordinary shares have been converted into Class A ordinary shares, the Over-allotment Option is not exercised, and no additional Shares are issued under the Share Incentive Plan).

SUMMARY

We recorded a settlement expense attributable to the Camsing Incident of RMB1,828.9 million and RMB19.9 million for the years ended December 31, 2020 and 2021, respectively. The table below sets forth a breakdown of our settlement expense for the periods indicated:

	Year ended December 31,	
	2020	2021
	RMB'000	RMB'000
Share-based settlement expenses based on the fair value of the RSUs issued or to be issued to affected clients	1,290,811	105,597
Contingent liabilities recognized for unsettled affected clients (reversed due to settlement)	530,433	(86,725)
Foreign exchange adjustment due to the different foreign exchange rates adopted for contingent liabilities and share-based settlement expenses	7,663	1,036
	<u>1,828,907</u>	<u>19,908</u>

Although we were not involved in any of the suspected fraudulent activities, we have been proactively assessing the potential legal risks and implications associated with the Camsing Incident, and other potential legal proceedings, to protect the best interests of us and our shareholders. Our assessment of the potential legal impact of the pending cases initiated by affected clients of the Camsing Incident was still at a preliminary stage as of the Latest Practicable Date as these cases were stagnant and had no significant progress.

If we were to settle with the 223 unsettled affected clients on terms similar to the settlement with the 595 affected clients, the maximum financial impact on our Group would be RMB433.3 million, which has been recognized in full as an expense and a contingent liability. We believe that the Camsing Incident did not have a material adverse impact on our total transaction value and we have recovered from the impact of the Camsing Incident to our reputation as, among others, (i) the increase in the transaction value by 20.7% from RMB78.5 billion for the year ended December 31, 2019 to RMB94.7 billion for the year ended December 31, 2020, and the further increase to RMB97.2 billion for the year ended December 31, 2021; and (ii) revenue under our asset management business from performance-based income increased by 71.0% from RMB184.2 million in 2020 to RMB315.1 million in 2021 primarily due to an increase in performance-based income from private equity products. See “Business — Legal and Administrative Proceedings — The Camsing Incident.”

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$285.7 million after deducting the estimated underwriting fees and the estimated offering expenses payable by us and based upon maximum Public Offer Price, HK\$307.00 per Offer Share for both Hong Kong Public Offering and International Offering, and assuming the Over-allotment Option is not exercised. We intend to use the net proceeds from the Global Offering for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately 35%, or HK\$100.0 million, will be used to further develop our wealth management business.

SUMMARY

- Approximately 15%, or HK\$42.9 million, will be used to further develop our asset management business.
- Approximately 20%, or HK\$57.1 million, will be used for selectively pursuing potential investments.
- Approximately 10%, or HK\$28.6 million, will be used to invest in our in-house technology across all business lines.
- Approximately 10%, or HK\$28.6 million, will be used for our overseas expansion.
- Approximately 10%, or HK\$28.6 million, will be used for general corporate purposes, including but not limited to working capital and operating expenses.

See “Use of Proceeds” for further details.

THE LISTING

Our ADSs have been listed and traded on the NYSE since November 2010. Dealings in our ADSs on the NYSE are conducted in U.S. dollars. We have applied for a listing of our Class A ordinary shares on the Main Board under Chapter 19C (Secondary Listings of Qualifying Issuers) of the Hong Kong Listing Rules. Dealings in our Class A ordinary shares on the Hong Kong Stock Exchange will be conducted in Hong Kong dollars. Our Class A ordinary shares will be traded on the Hong Kong Stock Exchange in board lots of 20 Shares. For additional information, see “Information about the Listing.”

WAIVERS AND EXEMPTIONS

As we are applying for listing under Chapter 19C of the Hong Kong Listing Rules, we will not be subject to certain provisions of the Hong Kong Listing Rules, including, among others, rules on notifiable transactions, connected transactions, share option schemes, content of financial statements as well as certain other continuing obligations. In addition, in preparation for the Listing, we have applied for a number of waivers and exemptions from strict compliance with the relevant provisions of the Hong Kong Listing Rules, the SFO and the Companies (Winding Up and Miscellaneous Provisions) Ordinance and a ruling under the Takeovers Code. For additional information, see “Waivers and Exemptions.”

We enjoy exemptions from certain obligations under U.S. securities laws and the NYSE rules as a foreign private issuer as defined under the U.S. Exchange Act. Investors should exercise care when investing in our Shares and/or ADSs. See “Information about the Listing — Summary of Exemptions as a Foreign Private Issuer in the U.S.”

ARTICLES OF ASSOCIATION

We are an exempted company incorporated in the Cayman Islands with limited liability and its affairs are governed by the Memorandum and Articles of Association, the Cayman Companies Act, as well as the common law of the Cayman Islands.

SUMMARY

The laws of Hong Kong differ in certain respects from the Cayman Companies Act, and the Articles of Association are specific to our Company, and have not yet included all the core shareholder protection standards as required under Appendix 3 of the Hong Kong Listing Rules. The Articles also included provisions related to Class B ordinary shares, all of which shall be converted into Class A ordinary shares upon the Listing, and we have no intention to issue any further Class B ordinary shares after the Listing.

The First GM is expected to be held in late November 2022 or early December 2022 to approve the amendments to the Articles to (i) include core shareholder protection standards under Appendix 3 of the Hong Kong Listing Rules; and (ii) remove provisions related to Class B ordinary shares. Although there is no guarantee that the relevant resolutions will be passed at the First GM, our Directors do not anticipate any substantive objection from the Shareholders or any significant risk that the relevant resolutions will not pass, given that (i) four major shareholders (i.e. Ms. Jingbo Wang, Mr. Zhe Yin, Mr. Boquan He and Ms. Chia-Yue Chang, who will together hold approximately 39.3% of the total voting power of our Company upon Listing (assuming the Class B ordinary shares held by the co-founders have been converted into Class A ordinary shares upon Listing, the Over-allotment Option is not exercised and no additional shares are issued under the Share Incentive Plans)) have irrevocably undertaken to us that they will support the amendments to its Articles; (ii) the nature of the amendments is to enhance shareholder protection and to remove the weighted voting rights structure, which is in the best interests of our Company and the Shareholders as a whole; and (iii) if the holders of any ADSs fail to give timely voting instructions to the ADS depositary bank with respect to the relevant resolutions, we will exercise any discretionary proxy we may have under the deposit agreement for the ADSs to vote the underlying Class A ordinary shares in favor of the relevant resolutions. See “Waivers and Exemptions — 6. Core Shareholder Protection Standards” and “Summary of the Constitution of the Company and Cayman Islands company law” as set out in Appendix IV to this document for further details.

OFFERING STATISTICS

**Based on the indicative
offer price per Offer
Share of HK\$307.00 for
both the Hong Kong
Public Offering and
International Offering**

Our market capitalization ⁽¹⁾	HK\$9,575.1 million
Unaudited pro forma adjusted net tangible assets per Share ⁽²⁾	RMB265.74 or HK\$310.60

Notes:

- (1) The calculation of market capitalization is based on 31,189,233 Shares that will be in issue immediately following the Global Offering, without taking into account any allotment and issuance of Shares upon exercise of the Over-allotment Option, the vesting of the restricted share units under the settlement plan of the Camsing Incident, the Shares to be issued pursuant to the Share Incentive Plan, including pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time and any issuance or repurchase of Shares and/or ADSs that we may make.
- (2) The unaudited pro forma adjusted net tangible assets per Share is based on a total of 31,179,455 Shares that will be in issue assuming that the Global Offering have been completed on December 31, 2021, without taking into account any allotment and issuance of Shares upon exercise of the Over-allotment Option, the vesting of the restricted share units under the settlement plan of the Camsing Incident, the Shares to be issued pursuant to the Share Incentive Plan, including pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time and any issuance or repurchase of Shares that we may make.

SUMMARY

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions, and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately HK\$73.6 million, representing approximately 21.5% of the gross proceeds from the Global Offering (assuming that the Global Offering is conducted at the indicative offer price per Offer Share of HK\$307.00 for both Hong Kong Public Offering and International Offering and the Over-allotment Option is not exercised), among which (a) underwriting-related expenses, including underwriting commissions and other expenses, are expected to be approximately HK\$16.9 million, and (b) non-underwriting-related expenses are expected to be approximately HK\$56.7 million, comprising (1) fees and expenses of legal advisers and accountants of approximately HK\$45.9 million and (2) other fees and expenses of approximately HK\$10.8 million. Approximately HK\$21.6 million (RMB17.7 million) of the listing expenses have been charged to our consolidated results of operations and we estimate that approximately HK\$52.0 million (RMB44.5 million) of the listing expenses will be recorded as a deduction in equity directly upon completion of the Global Offering.

IMPACT OF COVID-19

The COVID-19 pandemic has caused an adverse impact on the Chinese and global economy, as well as the HNW wealth management services industry. Perceived or actual changes in investable assets and client confidence in the economy could reduce the demand for HNW and ultra HNW wealth management service we provide and negatively impact our operating results. We have experienced decrease in total revenues generated from our overseas businesses and domestic value-added services as a result of the COVID-19 pandemic. Nevertheless, we achieved 30.1% year-over-year increases in our total revenues from 2020 to 2021. Following the outbreak of the COVID-19 pandemic, we have increased our investment in technology to develop online transactional and operational capabilities. We are currently able to complete substantially all of our transactions and investor education online. In 2021, our business operation had substantially returned to normal levels.

Recently, there has been an increasing number of COVID-19 cases, including the COVID-19 Delta and Omicron variant cases, in multiple cities in China. As a result, various measures, including city lockdowns, travel restrictions and stay-at-home orders, have been reinstated and we may have to adjust various aspects of our operations. For example, since late March 2022, new waves of COVID-19 infections have emerged in Shanghai, where our headquarters are located and a majority of our management and employees currently reside, as well as in Beijing. We have not experienced any business suspension as a result of the recent COVID-19 resurgence in the affected areas such as Shanghai and Beijing, and substantially all of our transactions could be completed online. However, the execution and delivery of certain papers were delayed due to disruptions to the logistics and transportation services in certain regions, and face-to-face meetings with clients were limited due to quarantine measures and travel bans. Such delays and limitations have impacted our operational efficiency to a certain extent. Moreover, the spread of COVID-19, together with uncertainties over economic, political and other conditions in China and globally, has affected the overall investor sentiment and resulted in sporadic volatility in capital markets. As a result, we have experienced an immediate reduction in our results of operations as compared to the same periods in the previous year. Despite the overall challenges posed by the COVID-19 pandemic, we believe that changes in investors' behaviors and preference brought about by the COVID-19 pandemic also have a positive impact on our business. For example, due to the economic turmoil and unprecedented volatility in the global capital markets caused by the COVID-19 pandemic as well as the rising inflation, we have seen a growing number of clients becoming more active in seeking professional investment advice from us, especially on wealth preservation and risk protection.

SUMMARY

Leveraging our wide selection of product and service offerings, we remain optimistic of meeting our clients' demands for wealth management and asset allocation during and post COVID-19. For more detailed discussion on the impact of the recent COVID-19 outbreaks on our business and financial performance, see "Recent Developments."

However, there still remain significant uncertainties surrounding COVID-19, including the existing and new variants of COVID-19, and its further development as a global pandemic, including the effectiveness of vaccine programs against existing and any new variants of COVID-19. For risks relating to potential future outbreak of COVID-19, see "Risk Factors — Risks Related to Our Business — We may face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations."

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this document, there has not been any material adverse change in our financial or trading position or prospects since December 31, 2021, and there is no event since December 31, 2021 which would materially affect the information shown in the Accountants' Report in Appendix IA to this document.

RECENT DEVELOPMENTS

SUMMARY OF FIRST QUARTER 2022 HIGHLIGHTS

- **Total revenues** for the three months ended March 31, 2022 were RMB802.5 million (US\$126.6 million), a decrease of 34.8% from the three months ended March 31, 2021. Total revenues from the wealth management business for the three months ended March 31, 2022 were RMB581.2 million (US\$91.7 million), a decrease of 38.9% from the three months ended March 31, 2021. Total revenues from the asset management business for the three months ended March 31, 2022 were RMB201.7 million (US\$31.8 million), a decrease of 25.7% from the three months ended March 31, 2021. Total revenues from other businesses for the three months ended March 31, 2022 were RMB19.6 million (US\$3.1 million), an increase of 136.1% from the three months ended March 31, 2021.
- **Income from operations** for the three months ended March 31, 2022 was RMB313.8 million (US\$49.5 million), a decrease of 37.5% from the three months ended March 31, 2021.
- **Net income attributable to Noah's shareholders** for the three months ended March 31, 2022 was RMB305.2 million (US\$48.2 million), a decrease of 32.8% from the three months ended March 31, 2021.

Unless otherwise stated, all translations of RMB into U.S. dollars in this "Recent Developments" section were made at a rate of RMB6.3393 to US\$1.00, the effective noon buying rate for March 31, 2022 as set forth in the H.10 statistical release of the Federal Reserve Board. Percentages are calculated based on the RMB amounts and there may be minor differences due to rounding.

BUSINESS UPDATES

Wealth Management

Set forth below are certain material developments on our business and results of operations under our wealth management business segment in the first quarter of 2022:

- While our aggregate registered clients and active clients continued to grow, the number of our active clients (including mutual fund-only clients) decreased by 46.2% from 27,846 during the three months ended March 31, 2021 to 14,970 during the three months ended March 31, 2022, and the number of our active clients (excluding mutual fund-only clients) decreased by 55.3% from 6,299 during the three months ended March 31, 2021 to 2,818 during the three months ended March 31, 2022. The lower client activity was primarily because investor confidence was negatively affected by the adverse performance of the secondary market in the first quarter of 2022, mainly due to the combination of: (i) uncertainties over the global macroeconomic environment and political conditions and (ii) the impact of the recent resurgence of COVID-19 outbreaks in China.

Despite various restrictions on offline client interaction as a result of COVID-19, we remain active in maintaining close communication with our clients through a series of online investor seminars and forums to keep our clients posted on the market trends and provide them with investment advice on wealth preservation and risk protection. We have also invested in our branding and marketing activities in major cities to promote our brand awareness and attract potential investors. As the government has gradually lifted

RECENT DEVELOPMENTS

restrictions and quarantine measures in China, we will be able to have face-to-face interaction and hold offline events more frequently with our clients, which is expected to contribute to the growth of our active client base.

- The market volatility also adversely impacted our total transaction value in the first quarter of 2022. The aggregate transaction value of the investment products distributed during the three months ended March 31, 2022 was RMB15.0 billion (US\$2.4 billion), representing a 44.6% decrease from RMB27.1 billion during the three months ended March 31, 2021, primarily due to a 68.7%, 33.2% and 17.8% decrease of the private secondary products, private equity products and mutual fund products we distributed, respectively.

The table below sets out the aggregate transaction value of the different types of investment products that we distributed during the periods indicated:

	Three months ended March 31,				
	2021		2022		
	RMB	%	RMB	US\$	%
	(in millions, except for percentages)				
Product type					
Mutual fund products	8,645	31.9	7,110	1,122	47.4
Private secondary products	12,864	47.5	4,027	635	26.9
Private equity products	4,763	17.6	3,180	502	21.2
Other products	820	3.0	679	107	4.5
All products	27,092	100.0	14,996	2,366	100.0

- Our client service network covered 83 cities in mainland China as of March 31, 2022. The total number of our relationship managers remained relatively stable as of March 31, 2022 at 1,281.

Asset Management

Gopher's total AUM as of March 31, 2022 remained stable at RMB156.1 billion (US\$24.6 billion) as compared to December 31, 2021. In particular, we continue to focus on managing more private equity assets and Gopher's AUM in relation to private equity investments increased from RMB130.9 billion as of December 31, 2021 to RMB132.7 billion (US\$20.9 billion) as of March 31, 2022. In addition, Gopher's AUM in relation to public securities investments decreased by 7.1% from RMB11.2 billion as of December 31, 2021 to RMB10.4 billion (US\$1.6 billion) as of March 31, 2022, primarily due to the less satisfactory performance of the secondary market during the first quarter of 2022 as compared to 2021; Gopher's AUM in relation to real estate investments decreased by 6.1% from RMB6.6 billion as of December 31, 2021 to RMB6.2 billion (US\$1.0 billion) as of March 31, 2022 as a result of the redemptions of real estate assets, which was in line with our strategic transformation to decrease the size of real estate investment funds managed by Gopher; Gopher's AUM in relation to multi-strategy investments decreased by 8.5% from RMB5.9 billion as of December 31, 2021 to RMB5.4 billion (US\$0.9 billion) as of March 31, 2022, mainly as a result of a shift in investor preference away from bond investments; Gopher's AUM in relation to other

RECENT DEVELOPMENTS

investments, which include funds investing in private credit related underlying products, remained stable at RMB1.4 billion (US\$0.2 billion) as of March 31, 2022. The table below summarizes Gopher’s AUM by investment type for the periods indicated:

	As of December 31, 2021		As of March 31, 2022	
	RMB	%	RMB	%
	(in billions, except for percentages)			
Product type				
Private equity investments	130.9	83.9	132.7	85.0
Public securities investments	11.2	7.2	10.4	6.6
Real estate investments	6.6	4.3	6.2	4.1
Multi-strategies investments	5.9	3.8	5.4	3.4
Other investments	1.4	0.8	1.4	0.9
All products	156.0	100.0	156.1	100.0

The following table illustrates the movement of AUM managed by Gopher for the periods indicated:

	As of/for the year ended December 31, 2021	As of/for the period ended March 31, 2022
	(RMB in billions)	
AUM at the beginning of the year/period	152.8	156.0
Asset new subscription	22.0	5.5
Asset appreciation ⁽¹⁾	0.1	(0.1)
Asset redemption	(18.9)	(5.3)
AUM at the end of the year/period	156.0	156.1

Note:

(1) Represents NAV movement of our public securities investments.

FINANCIAL UPDATES

The unaudited interim condensed consolidated statements of operations and cash flows for the three months ended March 31, 2021 and 2022 and the unaudited interim condensed consolidated balance sheet as of March 31, 2022 presented below are derived from our unaudited interim condensed consolidated financial statements included in Appendix IB to this document. Our unaudited interim condensed consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and reviewed by the Reporting Accountants. The consolidated financial information below should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements for the three years ended December 31, 2021 and as of December 31, 2019, 2020 and 2021 and related notes included in Appendix IA to this document. Our historical results do not necessarily indicate results expected for any future periods, and the results of operations for the three months ended March 31, 2022 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2022. Please refer to “Financial Information,” “Risk Factors” and “Business” included elsewhere in this document for information regarding trends and other factors that may affect our results of operations.

RECENT DEVELOPMENTS

	For the three months ended March 31,		
	2021	2022	
	RMB	RMB	US\$
	(in thousands)		
Unaudited Interim Condensed Consolidated Statements of Operations:			
Revenues:			
Revenues from others			
One-time commissions	278,704	81,154	12,802
Recurring service fees	220,513	193,379	30,505
Performance-based income	276,524	142,911	22,544
Other service fees	23,713	38,760	6,114
Total revenues from others	799,454	456,204	71,965
Revenues from funds Gopher manages			
One-time commissions	46,146	21,155	3,337
Recurring service fees	256,697	293,052	46,228
Performance-based income	128,556	32,067	5,058
Total revenues from funds Gopher manages	431,399	346,274	54,623
Total revenues	1,230,853	802,478	126,588
Less: VAT related surcharges	(6,117)	(6,786)	(1,070)
Net revenues	1,224,736	795,692	125,518
Operating costs and expenses:			
Compensation and benefits			
Relationship manager compensation	(206,872)	(109,995)	(17,351)
Other compensations	(375,253)	(247,910)	(39,107)
Total compensation and benefits	(582,125)	(357,905)	(56,458)
Selling expenses	(83,455)	(59,906)	(9,450)
General and administrative expenses	(80,285)	(58,207)	(9,182)
(Provision for) reversal of credit losses	(3,407)	9,198	1,451
Other operating expenses, net	(27,088)	(29,635)	(4,675)
Government subsidies	54,014	14,558	2,296
Total operating costs and expenses	(722,346)	(481,897)	(76,018)
Income from operations	502,390	313,795	49,500
Other income:			
Interest income	22,927	12,637	1,993
Investment income	34,361	25,373	4,002
Other expense	(486)	(278)	(44)
Total other income	56,802	37,732	5,951
Income before taxes and income from equity in affiliates	559,192	351,527	55,451
Income tax expense	(129,846)	(77,336)	(12,199)
Income from equity in affiliates	23,513	30,020	4,736
Net income	452,859	304,211	47,988
Less: net loss attributable to non-controlling interests	(1,234)	(1,031)	(163)
Net income attributable to Noah's shareholders	454,093	305,242	48,151

RECENT DEVELOPMENTS

	As of March 31, 2022	
	RMB	US\$
	(in thousands)	
Unaudited Interim Condensed Consolidated Balance Sheet:		
Cash and cash equivalents	3,899,892	615,193
Restricted cash	512	81
Short-term investments (including short-term investments measured at fair value of RMB44,722 as of March 31, 2022)	64,347	10,150
Accounts receivable, net of allowance for credit losses of RMB1,288 as of March 31, 2022	396,485	62,544
Amounts due from related parties, net of allowance for credit losses of RMB30,021 as of March 31, 2022	532,533	84,005
Loans receivable, net of allowance for credit losses of RMB84,111 as of March 31, 2022	578,355	91,233
Other current assets	170,813	26,945
Total current assets	5,642,937	890,151
Long-term investments (including long-term investments measured at fair value of RMB551,670 as of March 31, 2022)	699,174	110,292
Investment in affiliates	1,430,346	225,632
Property and equipment, net	2,544,521	401,388
Operating lease right-of-use assets, net	212,993	33,599
Deferred tax assets	335,911	52,989
Other non-current assets, net of allowance for credit losses of RMB4,000 as of March 31, 2022	162,206	25,587
Total non-current assets	5,385,151	849,487
Total assets	11,028,088	1,739,638
Accrued payroll and welfare expenses	880,353	138,872
Income tax payable	236,915	37,372
Deferred revenues	79,970	12,615
Other current liabilities	518,214	81,746
Contingent liabilities	431,080	68,001
Total current liabilities	2,146,532	338,606
Operating lease liabilities, non-current	120,790	19,054
Deferred tax liabilities	232,848	36,731
Other non-current liabilities	83,931	13,240
Total liabilities	2,584,101	407,631
Net current assets	3,496,405	551,545
Net assets	8,443,987	1,332,007
Total Shareholders' Equity	8,443,987	1,332,007
Total Liabilities and Equity	11,028,088	1,739,638

RECENT DEVELOPMENTS

	For the three months ended March 31,		
	2021	2022	
	RMB	RMB	US\$
	(in thousands)		
Unaudited Interim Condensed Consolidated Statements of Cash Flows:			
Net cash provided by operating activities	495,940	501,184	79,061
Net cash (used in) provided by investing activities	(68,874)	9,341	1,474
Net cash used in financing activities	(542,963)	(12,058)	(1,903)
Effect of exchange rate changes	15,004	(3,176)	(501)
Net (decrease) increases in cash, cash equivalents and restricted cash	(100,893)	495,291	78,131
Cash, cash equivalents and restricted cash at the beginning of the period	<u>5,022,704</u>	<u>3,412,613</u>	<u>538,326</u>
Cash, cash equivalents and restricted cash at the end of the period	<u><u>4,921,811</u></u>	<u><u>3,907,904</u></u>	<u><u>616,457</u></u>

THREE MONTHS ENDED MARCH 31, 2022 COMPARED TO THREE MONTHS ENDED MARCH 31, 2021

Total Revenues. Our total revenues decreased by 34.8% from RMB1,230.9 million for the three months ended March 31, 2021 to RMB802.5 million (US\$126.6 million) for the three months ended March 31, 2022. The decrease in our total revenues was primarily due to decreases in one-time commissions and performance-based incomes, partially offset by increases in recurring service fees and other service fees.

Operating Costs and Expenses. Our operating costs and expenses decreased by 33.3% from RMB722.3 million for the three months ended March 31, 2021 to RMB481.9 million (US\$76.0 million) for the three months ended March 31, 2022, primarily due to less relationship manager compensation related to the decreased transaction value of investment products distributed, less performance fee compensation, less selling expenses incurred, less general and administrative expenses incurred as well as a reversal of provision for credit losses.

Other Income. Our other income decreased by 33.6% from RMB56.8 million for the three months ended March 31, 2021 to RMB37.7 million (US\$6.0 million) for the three months ended March 31, 2022, primarily due to (i) a decrease in interest income as a result of a decrease in cash, primarily due to a net cash of RMB2,191.5 million used in acquiring the Company's new headquarter premises in Shanghai in May 2021, and (ii) a decrease in investment income resulting from certain long-term investments measured at fair value.

Income Tax Expenses. Our income tax expenses decreased by 40.4% from RMB129.8 million for the three months ended March 31, 2021 to RMB77.3 million (US\$12.2 million) for the three months ended March 31, 2022, primarily due to less taxable income.

Net Income Attributable to Noah's Shareholders. Our net income attribute to Noah's shareholders was RMB305.2 million (US\$48.2 million) for the three months ended March 31, 2022, compared with net income attributable to Noah's shareholders of RMB454.1 million for the three months ended March 31, 2021. Due to uncertainties in the global and China's economies, volatility in financial markets as well as the resurgence of COVID-19 outbreaks, we expect to experience lower growth in net income in 2022 as compared to the previous year.

RECENT DEVELOPMENTS

Wealth Management

	For the three months ended March 31,		
	2021	2022	
	RMB	RMB	US\$
	(in thousands)		
Revenues			
Revenues from others:			
One-time commissions	278,463	81,154	12,802
Recurring service fees	219,319	193,379	30,505
Performance-based income	276,524	142,911	22,544
Other service fees	14,017	19,113	3,015
Total revenues from others	788,323	436,557	68,865
Revenues from funds Gopher manages:			
One-time commissions	16,270	11,859	1,871
Recurring service fees	95,971	118,871	18,751
Performance-based income	50,726	13,868	2,188
Total revenues from funds Gopher manages	162,967	144,598	22,810
Total revenues	951,290	581,155	91,675
Less: VAT related surcharges	(4,838)	(2,711)	(428)
Net Revenues	946,452	578,444	91,247
Operating costs and expenses:			
Compensation and benefits	(422,079)	(247,823)	(39,093)
Selling expenses	(66,827)	(52,043)	(8,210)
General and administrative expenses	(55,924)	(42,754)	(6,744)
Provision for credit losses	–	(603)	(95)
Other operating expenses	(22,083)	(5,516)	(870)
Government subsidies	38,596	5,639	890
Total operating costs and expenses	(528,317)	(343,100)	(54,123)
Income from operations:	418,135	235,344	37,125

Total Revenue. Our total revenue from wealth management business decreased by 38.9% from RMB951.3 million for the three months ended March 31, 2021 to RMB581.2 million (US\$91.7 million) for the three months ended March 31, 2022, primarily due to decreases in one-time commissions and performance-based incomes as a result of the adverse performance of the secondary market, partially offset by increase in other service fees.

- Total revenue from one-time commissions decreased by 68.4% from RMB294.7 million for the three months ended March 31, 2021 to RMB93.0 million (US\$14.7 million) for the three months ended March 31, 2022, primarily due to a 68.7% decrease in transaction value of private secondary products that we distributed.

RECENT DEVELOPMENTS

- Total revenue from recurring service fees was RMB312.3 million (US\$49.3 million) for the three months ended March 31, 2022, compared with RMB315.3 million for the three months ended March 31, 2021.
- Total revenue from performance-based income decreased by 52.1% from RMB327.3 million for the three months ended March 31, 2021 to RMB156.8 million (US\$24.7 million) for the three months ended March 31, 2022, primarily due to less performance-based income that were shared from private secondary products providers.
- Total revenue from other service fees increased by 36.4% from RMB14.0 million for the three months ended March 31, 2021 to RMB19.1 million (US\$3.0 million) for the three months ended March 31, 2022, primarily due to more value-added services such as trust services that we offered to our HNW clients.

Operating Costs and Expenses. Our operating costs and expenses for wealth management business decreased by 35.1% from RMB528.3 million for the three months ended March 31, 2021 to RMB343.1 million (US\$54.1 million) for the three months ended March 31, 2022, primarily due to less relationship manager compensation related to the decreased transaction value of investment products distributed as a result of the adverse performance of the secondary market and less selling, general and administrative expenses incurred.

- Compensation and benefits include compensation for relationship managers and other employees. Compensation and benefits decreased by 41.3% from RMB422.1 million for the three months ended March 31, 2021 to RMB247.8 million (US\$39.1 million) for the three months ended March 31, 2022, primarily due to (i) a decrease in relationship manager compensation related to transaction value of investment products distributed as a result of the adverse performance of the secondary market, and (ii) a decrease in other compensations as a result of a decrease in annual bonus for other employees.
- Selling expenses decreased by 22.1% from RMB66.9 million for the three months ended March 31, 2021 to RMB52.0 million (US\$8.2 million) for the three months ended March 31, 2022, primarily due to a decrease in our offline advertising and marketing activities due to the recurrent outbreaks of COVID-19 in China.
- General and administrative expenses decreased by 23.5% from RMB56.0 million for the three months ended March 31, 2021 to RMB42.8 million (US\$6.7 million) for the three months ended March 31, 2022, primarily due to a decrease in consulting fees.
- Other operating expenses decreased by 75.0% from RMB22.1 million for the three months ended March 31, 2021 to RMB5.5 million (US\$0.9 million) for the three months ended March 31, 2022, primarily due to the decreased transaction value of investment products distributed.
- Government subsidies were RMB38.6 million for the three months ended March 31, 2021 and RMB5.6 million (US\$0.9 million) for the three months ended March 31, 2022, respectively.

RECENT DEVELOPMENTS

Asset Management

	For the three months ended March 31,		
	2021	2022	
	RMB	RMB	US\$
	(in thousands)		
Revenues			
Revenues from others:			
One-time commissions	241	–	–
Recurring service fees	1,194	–	–
Performance-based income	–	–	–
Other service fees	1,390	–	–
Total revenues from others	2,825	–	–
Revenues from funds Gopher manages:			
One-time commissions	29,876	9,296	1,466
Recurring service fees	160,726	174,181	27,476
Performance-based income	77,830	18,199	2,871
Total revenues from funds Gopher manages	268,432	201,676	31,814
Total revenues	271,257	201,676	31,814
Less: VAT related surcharges	(1,229)	(1,039)	(164)
Net Revenues	270,028	200,637	31,650
Operating costs and expenses:			
Compensation and benefits	(138,936)	(99,824)	(15,747)
Selling expenses	(12,001)	(4,234)	(668)
General and administrative expenses	(18,094)	(10,029)	(1,582)
Provision for credit losses	–	(227)	(36)
Other operating expenses	(1,805)	(1,270)	(200)
Government subsidies	15,283	8,885	(1,402)
Total operating costs and expenses	(155,553)	(106,699)	(16,831)
Income from operations:	114,475	93,938	14,818

RECENT DEVELOPMENTS

Total Revenue. Our total revenue from asset management business decreased by 25.7% from RMB271.3 million for the three months ended March 31, 2021 to RMB201.7 million (US\$31.8 million) for the three months ended March 31, 2022, primarily due to decreases in one-time commissions and performance-based incomes, partially offset by increase in recurring service fees.

- Total revenue from one-time commissions decreased by 69.1% from RMB30.1 million for the three months ended March 31, 2021 to RMB9.3 million (US\$1.5 million) for the three months ended March 31, 2022, primarily due to less private equity products sold.
- Total revenue from recurring service fees increased by 7.5% from RMB162.0 million for the three months ended March 31, 2021 to RMB174.2 million (US\$27.5 million) for the three months ended March 31, 2022, primarily due to an increase in assets under management.
- Total revenue from performance-based income for the three months ended March 31, 2022 was RMB18.2 million (US\$2.9 million), compared with RMB77.8 million for the three months ended March 31, 2021. The decrease was primarily due to less performance-based income realized from private equity products.

Operating Costs and Expenses. Our operating costs and expenses for asset management business decreased by 31.4% from RMB155.6 million for the three months ended March 31, 2021 to RMB106.7 million (US\$16.8 million) for the three months ended March 31, 2022, primarily due to less performance fee compensation as well as less selling, general and administrative expenses incurred.

- Compensation and benefits include compensation of investment professionals and other employees. Compensation and benefits decreased by 28.2% from RMB138.9 million for the three months ended March 31, 2021 to RMB99.8 million (US\$15.7 million) for the three months ended March 31, 2022, primarily due to less performance fee compensation.
- Selling expenses decreased by 64.7% from RMB12.0 million for the three months ended March 31, 2021 to RMB4.2 million (US\$0.7 million) for the three months ended March 31, 2022, primarily due to a decrease in our offline advertising and marketing activities due to the recurrent outbreaks of COVID-19 in China.
- General and administrative expenses decreased by 44.6% from RMB18.1 million for the three months ended March 31, 2021 to RMB10.0 million (US\$1.6 million) for the three months ended March 31, 2022, primarily due to a decrease in consulting fees.
- Other operating expenses was RMB1.3 million (US\$0.2 million) for the three months ended March 31, 2022, compared with RMB1.8 million for the three months ended March 31, 2021.
- Government subsidies were RMB15.3 million for the three months ended March 31, 2021 and RMB8.9 million (US\$1.4 million) for the three months ended March 31, 2022, respectively.

RECENT DEVELOPMENTS

Other Businesses

	For the three months ended March 31,		
	2021	2022	
	RMB	RMB	US\$
	(in thousands)		
Revenues			
Revenues from others:			
Other service fees	8,306	19,647	3,099
Total revenues from others	8,306	19,647	3,099
Total revenues	8,306	19,647	3,099
Less: VAT related surcharges	(50)	(3,036)	(479)
Net Revenues	8,256	16,611	(2,620)
Operating costs and expenses:			
Compensation and benefits	(21,110)	(10,258)	(1,618)
Selling expenses	(4,627)	(3,629)	(572)
General and administrative expenses	(6,267)	(5,424)	(856)
(Provision for) reversal of credit losses	(3,407)	10,028	1,582
Other operating expenses	(3,200)	(22,849)	(3,604)
Government subsidies	135	34	5
Total operating costs and expenses	(38,476)	(32,098)	(5,063)
Loss from operations:	(30,220)	(15,487)	(2,443)

Total Revenue. Our total revenue from other business increased by 136.1% from RMB8.3 million for the three months ended March 31, 2021 to RMB19.6 million (US\$3.1 million) for the three months ended March 31, 2022, primarily due to an increase in other service fees as result of rental income generated from rented properties that we purchased as part of our new headquarter premises in Shanghai in 2021.

Operating Costs and Expenses. Our operating costs and expenses for other businesses decreased by 16.6% from RMB38.5 million for the three months ended March 31, 2021 to RMB32.1 million (US\$5.1 million) for the three months ended March 31, 2022, primarily due to less compensation and benefits and a reversal of provision for credit losses, partially offset by an increase in other operating expenses related to depreciation expense of our new headquarter premises.

CERTAIN BALANCE SHEET ITEMS

As of March 31, 2022, we had RMB3,899.9 million (US\$615.2 million) in cash and cash equivalents, mainly consisting of cash on hand and money market funds, which are unrestricted as to withdrawal and use.

RECENT DEVELOPMENTS

Accounts Receivables

Our accounts receivables represent amounts invoiced or we have the right to invoice. The balances of our accounts receivables as of March 31, 2022 were substantially within one year. As of December 31, 2021 and March 31, 2022, our accounts receivables, net of allowance for credit losses of RMB0.5 million and RMB1.3 million, respectively, amounted to RMB808.0 million and RMB396.5 million (US\$62.5 million), respectively. The decrease was primarily due to the subsequent settlement of certain accounts receivables and decreases in total revenues of our wealth management for the three months ended March 31, 2022.

Amounts Due from Related Parties

During the three months ended March 31, 2022, we had certain related party transactions. For details, see Note 16 to the Unaudited Interim Condensed Consolidated Financial Statements set out in Appendix IB to this document. As of March 31, 2022, our amounts due from related parties of RMB479.4 million (US\$75.6 million) are trade in nature, and amounts due from related parties of RMB53.1 million (US\$8.4 million) associated with loan distributed are non-trade in nature. These non-trade loans are due on demand and expected to be matured within one year, most of which are interest free.

Loans Receivable

Our loans receivable represents loans offered to our individual clients as value-added services in our other business. As of December 31, 2021 and March 31, 2022, our loans receivable, net of allowance for credit losses of RMB94.0 million and RMB84.1 million, respectively, amounted to RMB595.8 million and RMB578.4 million (US\$91.2 million), respectively. The decrease was primarily due to the subsequent settlement of certain loans receivable.

Investments

We have classified our investments into short-term investments and long-term investments, in terms of contractual maturity date of less than one year or more than one year. Our balance of short-term investments (including short-term investments measured at fair value of RMB63.5 million and RMB44.7 million as of December 31, 2021 and March 31, 2022, respectively) decreased by 30.7% from RMB92.8 million as of December 31, 2021 to RMB64.3 million (US\$10.2 million) as of March 31, 2022, primarily due to redemption of certain trading debt securities. Our balance of long-term investments (including long-term investments measured at fair value of RMB457.3 million and RMB551.7 million as of December 31, 2021 and March 31, 2022, respectively) were RMB668.6 million as of December 31, 2021 and RMB699.2 million (US\$110.3 million) as of March 31, 2022, respectively.

Investments in Affiliates

Our investments in affiliates primarily consist of (i) investments in affiliated companies, over which we had significant influence generally through an ownership interest of 20% or higher, but not considered as control, and (ii) investments in funds that we served as general partner or fund manager. Our investments in affiliates were RMB1,430.3 million (US\$225.6 million) as of March 31, 2022, compared to RMB1,402.1 million as of December 31, 2021. The increase was primarily due to investment income in affiliates recorded in the three months ended March 31, 2022.

RECENT DEVELOPMENTS

CASH FLOW AND CAPITAL EXPENDITURES

Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2022 was RMB501.2 million (US\$79.1 million), primarily as a result of operating cash inflow generated by net income of RMB304.2 million (US\$48.0 million) and collection of accounts receivables of RMB653.8 million (US\$103.1 million). Net cash provided by operating activities for the three months ended March 31, 2021 was RMB495.9 million, primarily as a result of operating cash inflow generated by net income of RMB452.9 million.

Investing Activities

Net cash provided by investing activities for the three months ended March 31, 2022 was RMB9.3 million (US\$1.5 million), primarily due to the collection of loans originated. Net cash used in investing activities for the three months ended March 31, 2021 was RMB68.9 million, primarily due to the net loans initiated to borrowers.

Financing Activities

Net cash used in financing activities for the three months ended March 31, 2022 was RMB12.1 million (US\$1.9 million), primarily due to payment of assumed liability resulting from certain asset acquisition. Net cash used in financing activities for the three months ended March 31, 2021 was RMB543.0 million, primarily due to repurchasing ordinary shares as well as acquiring additional shares from non-controlling interest shareholder in one of our subsidiaries.

Capital Expenditures

We made capital expenditures of RMB11.8 million and RMB4.1 million (US\$0.7 million) for the three months ended March 31, 2021 and 2022, respectively. Our capital expenditures for the three months ended March 31, 2021 and 2022 consisted primarily of expenditures related to expansion of our fulfillment infrastructure, technology platform as well as renovation and upgrade of our office buildings. We currently do not have any commitment for capital expenditures or other cash requirements outside of our ordinary course of business.

IMPACT OF COVID-19

The COVID-19 pandemic has caused an adverse impact on the Chinese and global economy, as well as the HNW wealth management services industry. Perceived or actual changes in investable assets and client confidence in the economy could reduce the demand for HNW and ultra HNW wealth management service we provide and negatively impact our operating results. We have experienced decrease in total revenues generated from our overseas businesses and domestic value-added services as a result of the COVID-19 pandemic. Following the outbreak of the COVID-19 pandemic, we have increased our investment in technology to develop online transactional and operational capabilities. We are currently able to complete substantially all of our transactions and investor education online. In 2021, our business operation had substantially returned to normal levels.

RECENT DEVELOPMENTS

Recently, there has been an increasing number of COVID-19 cases, including the COVID-19 Delta and Omicron variant cases, in multiple cities in China. As a result, various measures, including city lockdowns, travel restrictions and stay-at-home orders, have been reinstated and we may have to adjust various aspects of our operations. For example, since late March 2022, new waves of COVID-19 infections have emerged in Shanghai, where our headquarters are located and a majority of our management and employees currently reside, as well as in Beijing. To contain the spread of COVID-19, the local governments have imposed various restrictions on business and social activities. We have not experienced any business suspension as a result of the recent COVID-19 resurgence in the affected areas such as Shanghai and Beijing, and substantially all of our transactions could be completed online. However, the execution and delivery of certain papers were delayed due to disruptions to the logistics and transportation services in certain regions, and face-to-face meetings with clients were limited due to quarantine measures and travel bans. Such delays and limitations have impacted our operational efficiency to a certain extent. Moreover, the spread of COVID-19, together with uncertainties over economic, political and other conditions in China and globally, has affected the overall investor sentiment and resulted in sporadic volatility in capital markets. As a result, we have experienced an immediate reduction in our results of operations as compared to the same periods in the previous year. Specifically, our total revenues in April 2022 was RMB218 million, down approximately 28% from April 2021, which is extracted from the unaudited interim condensed consolidated financial statements for the one month period ended April 30, 2022, prepared by the Board of Directors in accordance with accounting principles generally accepted in the United States of America except it does not contain minimum disclosure requirement by Accounting Standards Codification 270, Interim Reporting issued by the Financial Accounting Standards Board. Such unaudited interim condensed consolidated financial statements have been reviewed by the Reporting Accountants in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants and the review opinion was qualified for the effect in respect of the omitted disclosure. Despite the overall challenges posed by the COVID-19 pandemic, we believe that changes in investors’ behaviors and preference brought about by the COVID-19 pandemic also have a positive impact on our business. For example, due to the economic turmoil and unprecedented volatility in the global capital markets caused by the COVID-19 pandemic as well as the rising inflation, we have seen a growing number of clients becoming more active in seeking professional investment advice from us, especially on wealth preservation and risk protection. Leveraging our wide selection of product and service offerings, we remain optimistic of meeting our clients’ demands for wealth management and asset allocation during and post COVID-19.

Having considered (i) the governmental authorities’ significant resources and efforts to contain the recent regional outbreaks, (ii) our comprehensive product offerings coupled with our strong online transaction capabilities, which could cater to the evolving needs of our clients under different circumstances and conditions and enable us to offer suitable investment products and portfolios that provide better protection to our clients amid the COVID-19 outbreak, and (iii) our sufficient level of liquidity, we believe that despite that we may continue to experience slowdown in our business operations in the short term, the recurrence of COVID-19 is unlikely to have a material adverse impact on our business, results of operations and financial condition as a whole in the long term. As of the Latest Practicable Date, we had incurred expenses of approximately RMB2.0 million to fight against the COVID-19, including expenses relating to purchase of medical and rescue supplies to support our frontline employees as well as technology investments to ensure online transactional and operational capabilities. However, there still remain significant uncertainties surrounding COVID-19, including the existing and new variants of COVID-19, and its further development as a global pandemic, including the effectiveness of vaccine programs against existing and any new variants of COVID-19. For

RECENT DEVELOPMENTS

risks relating to potential future outbreak of COVID-19, see “Risk Factors — Risks Related to Our Business — We may face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.”

According to Frost & Sullivan, in terms of the overall HNW wealth management services industry in China, as there remain uncertainties as to the future economic growth, investors have taken a more cautious approach to investment. Since the end of 2021, new regional COVID-19 outbreaks have hit certain cities in China, including but not limited to Shanghai, Xi’an and Hangzhou, and business operations of the HNW wealth management service providers in these cities have been disrupted by a series of preventive and control measures implemented by local governments. Moreover, HNW investors from industries that have been negatively impacted by the pandemic, such as catering services industry and hotel industry, have also suffered losses during such period amid the COVID-19 outbreak. As a result, the business performance of China’s HNW wealth management service providers have been adversely affected in the first quarter of 2022.

According to Frost & Sullivan, it is expected that restrictions and quarantine measures in response to the COVID-19 pandemic would be gradually lifted and the general economic conditions and business activities would resume to the normal level. Accordingly, the HNW wealth management services industry is expected to witness a rapid growth driven by the anticipated development of China’s economy and the increasing HNW populations and private wealth in China.

RECENT REGULATORY DEVELOPMENTS

Regulatory Changes on Data and Cybersecurity

Recently, the PRC governmental authorities have promulgated, among others, the Personal Information Protection Laws and Data Security Laws to ensure cybersecurity, data and personal information protection, which demonstrates that relevant laws and regulations governing such areas are developing along with the enforced and constantly tightening of relevant regulatory supervision. Specifically, on December 28, 2021, the Cyberspace Administration of China (the “CAC”), and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review, which came into effect on February 15, 2022. The Measures for Cybersecurity Review provides that, among others, the procurement of network products and services by critical information infrastructure operators and the data processing activities conducted by network platform operators which affect or may affect national security shall be subject to cybersecurity review. Besides, according to the Measures for Cybersecurity Review, a network platform operator who processes the personal information of more than one million users and is seeking for listing in a foreign country must apply for a cybersecurity review. As advised by our PRC Legal Adviser, we should not be deemed as an operator of critical information infrastructure and the network products and services purchased and used by us are general network products and services in the market, and there is no obvious risk of supply chain interruption. In addition, as confirmed during a consultation with the China Cybersecurity Review Technology and Certification Center (the “Center”) and advised by our PRC Legal Adviser, that the obligations to proactively apply for cybersecurity review by an entity seeking listing in a foreign country shall not be applicable to our proposed Listing in Hong Kong.

On November 14, 2021, the CAC published the Regulations on Network Data Security Management (Draft for Comments) (the “**Draft Network Data Regulations**”), which specified that data processors seeking a public listing in Hong Kong that affect or may affect national security are required to apply for cybersecurity review. The CAC has solicited comments on this draft until December 13, 2021, however, as of the Latest Practicable Date, the Network Data Regulations had not yet been formally adopted and there is no timetable as to when it will

RECENT DEVELOPMENTS

be enacted. As such, substantial uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation, including the standards for determining whether a listing in Hong Kong “affects or may affect national security”. As confirmed during a consultation with the Center and advised by our PRC Legal Adviser, since the Draft Network Data Regulations are only drafts for comments and not currently in effect, we are not required to apply for cybersecurity review under the current regulatory regime. However, we cannot assure you that relevant governmental authorities will not interpret the laws and regulations in ways that may negatively affect us. For more details, please see “Risk Factors — Risks Related to Doing Business in China — Our business is subject to various evolving PRC laws and regulations regarding data privacy and cybersecurity. Failure of cybersecurity and data privacy concerns could subject us to penalties, damage our reputation and brand, and harm our business and results of operations.”

Regulatory Developments on Overseas Listing

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Strictly Cracking Down Illegal Securities Activities in accordance with the Law (the “**Opinions on Securities Activities**”), which announced the plans to take effective measures to enhance the administration over illegal securities activities and the supervision on the offering and listing of PRC domestic companies in an overseas market, including promoting the construction of relevant regulatory systems.

On December 24, 2021, the CSRC promulgated the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (the “**Draft Overseas Listing Administration Provisions**”), and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (the “**Draft Overseas Listing Filing Measures**”), which, if become effective, require that a PRC domestic company that seeks to offer and list securities in an overseas market, whether through direct or indirect form, to file the required documents with the CSRC within three working days after such application for overseas offering and listing is submitted, and stipulate certain circumstances under which the overseas offering and listing would be prohibited, as well as the measures taken by the CSRC if a PRC domestic company falls into any of such circumstances prior to the overseas offering and listing, such as imposing a postponement or termination of the proposed overseas offering and listing, and canceling the corresponding filing on the conditions that the proposed overseas offering and listing application documents have been filed. As of the Latest Practicable Date, the Draft Overseas Listing Administration Provisions and the Draft Overseas Listing Filing Measures were released for public comments and the final version and effective date of such regulations are subject to change with substantial uncertainty. If the Draft Overseas Listing Administration Provisions and the Draft Overseas Listing Filing Measures become effective in their current forms before the Listing is completed, we may be required to obtain the approval from or complete the filing procedures with the CSRC for the Listing. Our Directors and PRC Legal Adviser are of the view that, as long as we comply with all relevant legal requirements, take all necessary steps, and submit all relevant materials in accordance with the Draft Overseas Listing Administration Provisions and the Draft Overseas Listing Filing Measures, there will not be material legal impediment to obtaining the approval from or completing the filing procedures with the CSRC for the Listing. For more details, please see “Risk Factors — Risks Related to Doing Business in China — The approval of or filing with the CSRC or other PRC government authorities may be required in connection with this offering under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval or complete such filing” and “Regulations — PRC Regulations — Regulations on Securities Offering and Listing Outside of the PRC.”

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.

“2008 Share Incentive Plan”	the 2008 share incentive plan as amended and initially filed with the SEC on October 20, 2010, details of which are set out in the section headed “Directors and Senior Management — Compensation”
“2010 Share Incentive Plan”	The 2010 share incentive plan as amended and initially filed with the SEC on October 27, 2010, details of which are set out in the section headed “Directors and Senior Management — Compensation”
“2017 Share Incentive Plan”	the 2017 share incentive plan adopted on December 29, 2017 and filed with the SEC on December 29, 2017, details of which are set out in the section headed “Directors and Senior Management — Compensation”
“Accountants’ Report”	accountants’ report for the years ended December 31, 2019, 2020 and 2021 in Appendix IA to this document
“ADS(s)”	American Depositary Shares (two ADSs representing one Class A ordinary share)
“AMAC”	Asset Management Association of China (中國證券投資基金業協會)
“Articles” or “Articles of Association”	the Articles of Association of our Company adopted by a special resolution passed on January 28, 2016, a summary of which is set out in Appendix IV to this document
“Board” or “Board of Directors”	the board of Directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong or other relevant jurisdictions are generally open for business
“Cayman Companies Act”	the Companies Act (As Revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), a regulatory authority formed via the merger of the CBRC and CIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2018] No. 6) issued by the State Council on March 24, 2018, and, if the context requires, includes its predecessors, namely the CBRC and CIRC

DEFINITIONS

“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會), which was merged with the CIRC to form the CBIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2018] No. 6) issued by the State Council on March 24, 2018
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System (https://ip.ccass.com) or through the CCASS Phone System (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC’s Customer Service Centre by completing an input request
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China, excluding, for the purposes of this document only, Taiwan and the special administrative regions of Hong Kong and Macau, except where the context otherwise requires

DEFINITIONS

“CIRC”	China Insurance Regulatory Commission (中國保險監督管理委員會), which was merged with the CBRC and formed the CBIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2018] No. 6) issued by the State Council on March 24, 2018
“Class A ordinary shares”	Class A ordinary shares of the share capital of our Company with a par value of US\$0.0005 each, giving a holder of a Class A ordinary share one vote per share on any resolution tabled at our general meeting
“Class B ordinary shares”	Class B ordinary shares of the share capital of our Company with a par value of US\$0.0005 each, conferring weighted voting rights in our Company such that a holder of a Class B ordinary share is entitled to four votes per share on any resolution tabled at our general meeting. All Class B ordinary shares will be converted into Class A ordinary shares on the Listing Date and we will cease to have a weighted voting rights structure after the Listing
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and supplemented from time to time
“Company”, “our Company” or “the Company”	Noah Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands on June 29, 2007, carrying on business in Hong Kong as “Noah Holdings Private Wealth and Asset Management Limited (諾亞控股私人財富資產管理有限公司)” and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on April 22, 2021 under the English corporate name approved pursuant to section 782 of the Companies Ordinance as “Noah Holdings Private Wealth and Asset Management Limited” and Chinese corporate name as “諾亞控股私人財富資產管理有限公司” (as a result of being served a notice by the Registrar of Companies pursuant to section 780 under the Companies Ordinance) and, where the context requires, its subsidiaries (including its Consolidated Affiliated Entities) from time to time
“connected transaction(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules

DEFINITIONS

“Consolidated Affiliated Entities”	Noah Investment and its subsidiaries, all of which are controlled by our Company through the Contractual Arrangements
“Contractual Arrangements”	variable interest entity structure and, where the context requires, the agreements underlying the structure
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	member(s) of the Board
“DTC”	The Depository Trust Company, the central book-entry clearing and settlement system for equity securities in the United States and the clearance system for our ADSs
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), which was promulgated on 16 March 2007 and last amended on 29 December 2018
“Extreme Conditions”	any extreme conditions or events, the occurrence of which will cause interruption to the ordinary course of business operations in Hong Kong and/or that may affect the Price Determination Date or the Listing Date
“First GM”	the upcoming annual general meeting of our Company to be held in late November 2022 or early December 2022
“Foreign Investment Law”	the PRC Foreign Investment Law (《中華人民共和國外商投資法》), promulgated by the National People’s Congress of the PRC on March 15, 2019, which became effective on January 1, 2020
“foreign private issuer”	as such term is defined in Rule 3b-4 under the U.S. Exchange Act
“Founders” or “co-founders”	Ms. Jingbo Wang and Mr. Zhe Yin
“GDP”	gross domestic product
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Gopher Asset Management”	Gopher Asset Management Co., Ltd. (歌斐資產管理有限公司), a limited liability company established under the laws of the PRC on February 9, 2012, and one of our Company’s Consolidated Affiliated Entities

DEFINITIONS

“Gopher GP”	Gopher Capital GP Limited, an exempted company with limited liability incorporated in the Cayman Islands on May 11, 2012, and one of the Significant Subsidiaries
“Grandfathered Greater China Issuer”	has the meaning ascribed to it under Chapter 19C of the Hong Kong Listing Rules
“ Green Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “our Group”, “the Group”, “our”, “us” or “we”	the Company, its subsidiaries and the Consolidated Affiliated Entities from time to time
“HK\$” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Hong Kong Offer Shares”	the Shares offered pursuant to the Hong Kong Public Offering
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Public Offer Price on the terms and conditions described in this document
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting – Hong Kong Underwriters” in this document

DEFINITIONS

“Hong Kong Underwriting Agreement”	the underwriting agreement dated June 29, 2022, relating to the Hong Kong Public Offering and entered into by our Company and the Sole Representative (on behalf of itself and other Hong Kong Underwriters)
“independent third party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company
“International Offer Price”	the final offer price per International Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%)
“International Offer Shares”	the Shares offered pursuant to the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“International Offering”	the offer of the International Offer Shares at the International Offer Price pursuant to a prospectus supplement and the shelf registration statement on Form F-3 that was filed with the SEC and became effective on June 21, 2022
“International Underwriters”	the group of underwriters, led by the Sole Representative, that expects to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering, which is expected to be entered into by our Company and the Sole Representative (on behalf of itself and other International Underwriters) on or about July 6, 2022
“Joint Bookrunners”	the joint bookrunners as named in “Directors and Parties Involved in the Global Offering” of this document
“Joint Global Coordinators”	the joint global coordinators as named in “Directors and Parties Involved in the Global Offering” of this document
“Joint Lead Managers”	the joint lead managers as named in “Directors and Parties Involved in the Global Offering” of this document
“Joint Policy Statement”	the Joint Policy Statement Regarding the Listing of Overseas Companies jointly issued by the Hong Kong Stock Exchange and the SFC on September 27, 2013

DEFINITIONS

“Latest Practicable Date”	June 21, 2022, being the latest practicable date prior to the date of this document for the purpose of ascertaining certain information contained in this document
“Listing”	the secondary listing our Company is seeking on the Hong Kong Stock Exchange under Chapter 19C of the Hong Kong Listing Rules
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be on or about Wednesday, July 13, 2022, on which the Class A ordinary shares are listed on the Main Board of the Hong Kong Stock Exchange and from which dealings in the Class A ordinary shares are permitted to commence on the Main Board of the Hong Kong Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
“Memorandum” or “Memorandum of Association”	the Memorandum of Association of our Company adopted by a special resolution passed on January 28, 2016, a summary of which is set out in Appendix IV to this document
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Negative List”	the Special Administrative Measures (Negative List) for Foreign Investment Access, most recently jointly promulgated by the MOFCOM and the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) on December 21, 2021 and which became effective on January 1, 2022, as amended, supplemented or otherwise modified from time to time
“Noah Group”	Shanghai Noah Investment (Group) Co., Ltd. (上海諾亞投資(集團)有限公司), a limited liability company established under the laws of the PRC on August 24, 2007, and one of the Significant Subsidiaries

DEFINITIONS

“Noah HK”	Noah Holdings (Hong Kong) Limited, a limited company incorporated under the laws of Hong Kong on September 1, 2011, and one of the Significant Subsidiaries
“Noah Insurance”	Noah Insurance (Hong Kong) Limited, a limited company incorporated under the laws of Hong Kong on January 3, 2011, and one of the Significant Subsidiaries
“Noah Investment”	Shanghai Noah Investment Management Co., Ltd. (上海諾亞投資管理有限公司), a limited liability company established under the laws of the PRC on August 26, 2005, and one of the Consolidated Affiliated Entities and Significant Subsidiaries
“Noah Upright”	Noah Upright Fund Distribution Co., Ltd. (諾亞正行基金銷售有限公司), a limited liability company established under the laws of the PRC on November 18, 2003, and one of the Significant Subsidiaries
“NYSE”	New York Stock Exchange
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which our Company may issue pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option our Company expects to grant to the International Underwriters, exercisable by the Sole Representative (for itself and on behalf of the International Underwriters) under the International Underwriting Agreement, which may require us to allot and issue up to an aggregate of 165,000 additional Offer Shares at the International Offer Price to cover over-allocations in the International Offering, if any
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PCAOB”	the Public Company Accounting Oversight Board
“PRC Legal Adviser”	Zhong Lun Law Firm, our legal adviser as to the laws of the PRC
“Price Determination Agreement”	the agreement to be entered into by the Sole Representative (for itself and on behalf of the Underwriters) and us on the Price Determination Date to record and fix the pricing of the Offer Shares

DEFINITIONS

“Price Determination Date”	the date, expected to be on or about Wednesday, July 6, 2022, on which the International Offer Price and Public Offer Price will be determined, or such later time as the Sole Representative (for itself and on behalf of the Underwriters) and we may agree, but in any event, no later than Tuesday, July 12, 2022
“Principal Share Registrar”	Maples Fund Services (Cayman) Limited
“Public Offer Price”	the final offer price per Hong Kong Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%)
“Qualifying Issuer”	has the meaning ascribed to it under Chapter 19C of the Hong Kong Listing Rules
“Registered Shareholders”	the registered shareholders of Noah Investment, namely Ms. Jingbo Wang, Mr. Zhe Yin, Mr. Boquan He, Ms. Xinjun Zhang, Ms. Yan Wei and Ms. Qianghua Yan
“Relevant Persons”	the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Underwriters, any of them or the Company’s respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), including local branches, when applicable
“SAFE Circular 37”	the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) promulgated by SAFE with effect from July 4, 2014
“SAIC”	State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), which has now been merged into SAMR
“SAMR”	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), including local branches, when applicable

DEFINITIONS

“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SCNPC”	the Standing Committee of the NPC
“SEC”	the United States Securities and Exchange Commission
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Gopher”	Shanghai Gopher Asset Management Co., Ltd. (上海歌斐資產管理有限公司), a limited liability company established in the PRC on December 14, 2012, and one of the Consolidated Affiliated Entities and Significant Subsidiaries
“Shanghai Massa”	Shanghai Gopher Massa Asset Management Co., Ltd. (上海歌斐瑪撒資產管理有限公司), a limited liability company established under the laws of the PRC on June 29, 2015, and one of the Consolidated Affiliated Entities and Significant Subsidiaries
“Shanghai Nuohong”	Shanghai Nuohong Real Estate Co., Ltd. (上海諾虹置業有限公司), a limited liability company established under the laws of the PRC on May 30, 2013, and one of the Significant Subsidiaries
“Share Incentive Plans”	2008 Share Incentive Plan, 2010 Share Incentive Plan and 2017 Share Incentive Plan
“Shareholder(s)”	holder(s) of Shares and, where the context requires, ADSs
“Shares”	Class A ordinary shares and Class B ordinary shares in the share capital of our Company, as the context so requires
“Significant Subsidiaries”	the Company’s subsidiaries and Consolidated Affiliated Entities as identified in the section headed “History and Corporate Structure — Corporate Structure — Significant Subsidiaries” of this document
“Sole Representative”	the sole representative as named in “Directors and Parties Involved in the Global Offering” of this document

DEFINITIONS

“Sole Sponsor”	the sole sponsor of the Listing of the Class A ordinary shares on the Main Board of the Hong Kong Stock Exchange, being Goldman Sachs (Asia) L.L.C.
“Stabilizing Manager”	Goldman Sachs (Asia) L.L.C.
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into on or around the Price Determination Date between Jing Investors Co., Ltd. and Yin Investment Co., Ltd. and the Stabilizing Manager or its affiliates, pursuant to which the Stabilizing Manager may, on its own or through its affiliates, borrow up to 165,000 Shares from Jing Investors Co., Ltd. and Yin Investment Co., Ltd. to facilitate the settlement of over-allocations
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in the Hong Kong Listing Rules and includes consolidated affiliated entities and variable interest entities
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
“Track Record Period”	the years ended December 31, 2019, 2020 and 2021
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“U.S. Exchange Act”	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
“U.S. GAAP”	accounting principles generally accepted in the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“weighted voting rights”	has the meaning ascribed to it under the Hong Kong Listing Rules

DEFINITIONS

“White Form eIPO” the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the **White Form eIPO Service Provider**, www.eipo.com.hk

“White Form eIPO Service Provider” Computershare Hong Kong Investor Services Limited

In this document, the terms “associate(s),” “close associate(s),” “controlling shareholder(s),” “core connected person(s)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Unless otherwise expressly stated or the context otherwise requires, all data in this document is as of the date of this document.

The English names of PRC entities, PRC laws or regulations, and PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

The following is a glossary of certain terms used in this document in connection with us and/or our business. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“active clients”	registered clients who purchase one or more investment products distributed or provided by us during a given period, excluding clients in our other businesses segment
“assets under advisory” or “AUA”	clients’ total outstanding assets managed by Gopher or third party product providers
“assets under management” or “AUM”	the amount of capital commitments made by investors to the funds we provide continuous management services without adjustment for any gain or loss from investment, for which we are entitled to receive recurring service fees or performance-based income, except for public securities investments. For public securities investments, the “assets under management” or “AUM” refers to the net asset value of the investments we manage, for which we are entitled to receive recurring service fees and performance-based income
“CAGR”	compound annual growth rate, a method of assessing the average growth of a value over a certain time period
“COVID-19”	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
“FOF”	fund of funds
“HNW”	high net worth
“HNW clients” or “HNW investors”	clients/investors with investable financial assets of no less than RMB6 million
“investment products”	products we distribute to clients, such as mutual fund products, private secondary products, private equity products and other products
“MoM”	manager of managers
“NAV”	net asset value
“private funds”	investment funds which raise capital through non-public offerings of funds targeting qualified investors

GLOSSARY OF TECHNICAL TERMS

“registered clients”	clients who have completed a preliminary know-your-client and anti-money laundering review process, but may or may not have purchased any products from us
“repeat client rate”	the number of clients who have both (i) purchased investment products from our Company in a given year and (ii) purchased two or more investment products in any year(s) (the purchases may be made in different years), as a percentage of the clients who have purchased investment products from our Company in that given year
“transaction value”	the aggregate value of the investment products we distribute during a given period
“ultra HNW clients” or “ultra HNW investors”	clients/investors with investable financial assets of more than RMB50 million

FORWARD-LOOKING STATEMENTS

Certain statements in this document are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will,” “expect,” “anticipate,” “estimate,” “believe,” “going forward,” “ought to,” “may,” “seek,” “should,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “aim,” “aspire,” “objective,” “target,” “schedules” and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. The forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that it operates. The risks, uncertainties and other factors, many of which are beyond our control that could influence actual results include, but are not limited to:

- our goals and strategies;
- our future business development, financial condition and results of operations;
- the expected growth of the industries in which we operate;
- our expectations regarding demand for and market acceptance of the products and services it distributes, manages or offers;
- our expectations regarding keeping and strengthening its relationships with product providers;
- relevant government policies and regulations relating to the industries in which we operate;
- our ability to attract and retain qualified employees;
- our ability to stay abreast of market trends and technological advances;
- our plans to invest in research and development to enhance our product choices and service offerings;
- competition in the industries in which we operate;
- general economic and business conditions in China and internationally;
- our ability to obtain certain licenses and permits necessary to operate and expand its businesses;
- our ability to effectively protect its intellectual property rights and not infringe on the intellectual property rights of others; and
- all other risks and uncertainties described in the section headed “Risk Factors” in this document.

FORWARD-LOOKING STATEMENTS

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Hong Kong Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of the Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

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Prospective investors should consider carefully all the information set out in this document and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the Global Offering. You should pay particular attention to the fact that we are a company incorporated in the Cayman Islands and that our principal operations are conducted in China and are governed by a legal and regulatory environment that in some respects differs from what prevails in other countries. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial condition and prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment. The trading price of the Offer Shares could decline due to any of these risks, and you may lose all or part of your investment.

The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section titled “Forward-looking Statements” of this document.

RISKS RELATED TO OUR BUSINESS

The investment products that we distribute or manage involve various risks and any failure to identify or fully appreciate such risks may negatively affect our reputation, client relationships, operations and prospects.

We distribute and manage a variety of investment products, including onshore and offshore private equity and venture capital products, public securities products, and other products. These products often have complex structures and involve default risks, interest rate risks, liquidity risks, market risks, counterparty risks, fraud risks and other risks.

Our success in distributing, managing and offering our products and services depends, in part, on our ability to successfully identify and fully appreciate the risks associated with such products and services. Not only must we be cautious about these risks in designing and developing our products and services, we must also accurately describe and disclose the risks associated with our products and services to, and evaluate them for, our clients. Our risk management policies and procedures may not be fully effective in mitigating the risk exposure for all of our clients in all market environments or covering all types of risks.

If we fail to identify and fully appreciate the risks associated with the products and services we distribute, manage and offer, or fail to disclose such risks to our clients, or if our clients suffer financial losses or other damages resulting from the investment products or services we distribute, manage or offer, our reputation, client relationships, business, results of operations and prospects may be materially and adversely affected.

In addition, we are subject to risks arising from any potential fraudulent activities or other misconduct or violation of laws by the third-party product partners or investment partners we collaborate with. Any such misconduct or violation of laws may adversely affect the performance of the relevant products we distribute and expose our clients to losses. Despite product risk warnings and platform disclaimers, our clients may attempt to hold us responsible for their losses, which may subject us to civil or criminal liability, harm our reputation and cause us to incur additional costs and expenses. Furthermore, in order to maintain social harmony and financial market stability, and as a result of the lack of maturity of wealth management and asset management markets in the PRC, we may also face pressure from

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regulatory authorities or expectation from the public to compensate or bail out our clients whose investments are negatively impacted by misconduct or violation of laws of our product partners or investment partners, which could have a material and adverse impact on our business, results of operations and financial condition.

Our reputation and brand recognition are crucial to our business. Any harm to our reputation or failure to maintain, protect, promote or enhance our brand recognition may materially and adversely affect our business, financial condition and results of operations.

Our reputation and brand recognition, which depend on earning and maintaining the trust and confidence of our clients or prospective clients, are critical to our business. Our reputation and brand recognition are vulnerable to threats that are difficult or impossible to control, and costly or impossible to remediate. Regulatory inquiries or investigations, lawsuits initiated by clients or other third parties, employee misconduct, perceptions of conflicts of interest and rumors, among others, could substantially damage our reputation, even if they are baseless.

Moreover, any misconduct or allegations of misconduct by our product managers of third-party funds we distribute could result in negative media publicity and adversely affect our reputation and the confidence of our clients. For example, certain credit funds (the “**Camsing Credit Funds**”) managed by Shanghai Gopher had invested in supply chain account receivables (the “**Camsing Accounts Receivables**”) with respect to the sale of computer, consumer electronics and communication products by affiliates of Camsing International Holding Limited as underlying investable assets. Certain companies and individuals in connection with such supply chain account receivables were later suspected to commit fraudulent activities (the “**Camsing Incident**”). As of the Latest Practicable Date, a total of 818 clients of Shanghai Gopher who invested in the Camsing Credit Funds were affected, and the outstanding amount of the Camsing Accounts Receivables under the Camsing Credit Funds which are subject to repayment default amounted to RMB3,415.5 million. While we believe we have solid legal grounds to defend any legal claims from the affected clients in the Camsing Incident against us, as a gesture of goodwill and to avoid distractions to our management and to minimize the potential legal costs for handling 818 potential legal proceedings, we voluntarily made an ex gratia settlement offer (the “**Offer**”) to affected clients. An affected client who accepted the offer shall receive restricted share units that become a Class A ordinary shares holder of our Company upon vesting, and in return (i) forego all outstanding legal rights associated with the investment in the Camsing Credit Funds, and (ii) irrevocably release our Company and all our affiliated entities and individuals from any and all claims immediately, known or unknown, that relate to the Camsing Credit Funds. As approved by the Board, new Class A ordinary shares not exceeding 1.6% of the share capital of our Company will be issued under the settlement plan annually for ten consecutive years. As of December 31, 2021, 595 of the total of 818 affected clients (approximately 72.7%) had accepted the Offer, representing RMB2,574.9 million (US\$404.1 million) (approximately 75.4%) of the total amount of outstanding Camsing Accounts Receivables. We recorded a settlement expense attributable to the Camsing Incident of RMB1,828.9 million and RMB19.9 million for the years ended December 31, 2020 and 2021, respectively. If we were to settle with the 223 unsettled affected clients on terms similar to the settlement with the 595 affected clients, the maximum financial impact on our Group would be RMB433.3 million, which has been recognized in full as an expense and a contingent liability. We believe that the Camsing Incident did not have a material adverse impact on our total transaction value and we have recovered from the impact of the Camsing Incident to our reputation. See “Business — Legal and Administrative Proceedings — The Camsing Incident.”

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Furthermore, any negative media coverage about the financial service industry in general or product/service quality problems in the industry, may also negatively impact our reputation and brand recognition. If we are unable to maintain a good reputation or further enhance our brand recognition, our ability to attract and retain clients, product partners and key employees could be harmed and, as a result, our business and revenues may be materially and adversely affected.

If we breach fiduciary duties or other contractual obligations as the general partner or fund managers of the funds, or if our third-party product partners or investment partners engage in illegal activities or market misconduct, our results of operations will be adversely impacted. In addition, misconduct of our relationship managers or other employees, including potential misuse of client funds, could harm our reputation or lead to regulatory sanctions or litigation costs.

Because we serve as the general partner or manager for the funds under our asset management business, we have fiduciary duty to the limited partners or the investors. If we are deemed to breach the fiduciary duty, such as failure to establish or implement appropriate controls when handling and processing our clients' cash investments, we may be exposed to risks and losses. We could also experience losses on our principal in a fund in the form of limited liability partnership for which we act as the general partner, as the general partner typically bears unlimited liabilities for the debts of a limited liability partnership. In addition, illegal activities or market misconduct committed by the third-party product partners or investment partners we collaborate with may adversely impact our product offerings and reputation, discourage clients from purchasing products distributed or provided by us, lead to regulatory actions and penalties, and cause us to share any losses incurred by our clients. Furthermore, as PRC laws and regulations are silent on the legal segregation of losses or liabilities incurred by contract-based private funds and assets of the fund manager, we cannot assure you that whether our assets will be subject to third-party claims arising from losses or liabilities incurred by contract-based private funds that we manage. If the assets managed by us are subject to such claims, our future growth may be materially and adversely affected.

In addition, misconduct of our relationship managers or other employees could result in violations of law, regulatory sanctions, litigation or serious reputational or financial harm, among other consequences. Misconduct may include but not limited to:

- engaging in misrepresentation, negligence or fraudulent activities when distributing investment products or providing asset management or other services to clients;
- improperly using or disclosing confidential information of our clients, product partners or other parties;
- concealing unauthorized or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- accessing and misusing client funds, especially those maintained in segregated accounts for our contract-based private funds; or
- other conducts not complying with laws and regulations or our internal policies or procedures.

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Our internal control system which supervises service quality and regulatory compliance may not always deter misconduct of our relationship managers or other employees, and the precautions we take to prevent and detect misconduct may not be effective in all cases. Any of the abovementioned misconduct could impair our ability to attract, serve and retain clients and may lead to significant legal liability, reputational harm and material adverse effects on our business, results of operations or financial condition.

Our businesses may be adversely impacted by general economic and market conditions.

As a wealth management service provider, our businesses, financial condition and results of operations may be materially affected by China's and global economic and financial market conditions, as well as economic conditions specific to our business. We serve HNW and ultra HNW clients in China and globally through both our wealth management and asset management businesses. As a result, any economic downturns or capital market volatilities may negatively affect the financial performance of the products distributed or managed by us, reduce the revenue generated from our wealth management and asset management businesses, which in turn may materially and adversely affect our overall financial performance and results of operations.

The performance of our investment portfolio may affect the AUM, revenue and profitability of our asset management business.

The allocation of our investment portfolio under asset management and investment amounts varies by investment type and is based upon our periodic evaluation and assessment of inherent and known risks associated with the respective asset class. The revenue of our asset management business include performance-based fees, which are typically based on the amount of returns on our managed accounts which exceed a certain threshold of return for each investor. We will not earn performance-based fees if our management's judgment is incorrect and the investment portfolio does not generate cumulative performance that surpasses the relevant target thresholds or if a fund experiences losses on a cumulative basis.

Less satisfactory investment portfolio performance, either as a result of macro-economic downturns in the market or economic conditions, including but not limited to changes in interest rates, inflation, political uncertainty, our investment style and the particular investments that we make, may result in a decline in our revenue and income by causing (i) the NAV of the assets under our management or advisory to decrease, which would result in lower recurring service fees to us, (ii) lower investment returns, resulting in a reduction of performance-based income to us, and (iii) increase in investor redemptions, which would in turn lead to fewer AUM and lower recurring service fees for us. If our future investment performance is perceived to worsen, the revenue and profitability of our asset management business will likely decline and our ability to grow existing funds and raise new funds in the future will likely be impaired.

We may not be able to continue to grow at our historical rate of growth, and if we fail to manage our growth effectively, our business may be materially and adversely affected.

We commenced our business in 2005 as a consulting services provider focusing on wealth management and have gradually transitioned to a comprehensive integrated financial services group with wealth management, asset management, and other businesses. Over the last five years, we have experienced substantial growth, with our net revenues increasing at a compound annual growth rate of 11.3% from 2016 to 2021. We cannot assure you that we will continue to grow at our historical rate of growth, or that we will be able to achieve expected results, in future. For instance, our total revenues decreased from RMB1,230.9 million for the three

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months ended March 31, 2021 to RMB802.5 million (US\$126.6 million) for the three months ended March 31, 2022, and our net income attribute to Noah's shareholders was RMB305.2 million (US\$48.2 million) for the three months ended March 31, 2022 compared to RMB454.1 million for the three months ended March 31, 2021. Moreover, due to uncertainties in the global and China's economies, volatility in financial markets as well as the resurgence of COVID-19 outbreaks, we expect to experience lower growth in net income in 2022 as compared to the previous year. It is also difficult to predict whether the new investment products and services we continuously develop will be attractive to our clients and prospective clients. In addition, our growth has placed, and will continue to place, a significant strain on our management, personnel, systems and resources. We may not manage our growth effectively or accurately predict our future results of operations. As a result, our historical growth rate may not be indicative of our future performance.

Because a significant portion of the one-time commissions and recurring service fees we earn on the distribution of investment products are based on commission and fee rates, any decrease in these commission and fee rates may have an adverse effect on our revenues, cash flow and results of operations.

Substantially all of our recurring service fees and one-time commissions are paid by funds managed by our third-party product partners and Gopher, our asset management arm, which are negotiated and vary from product to product. In 2019, 2020 and 2021, 81.4%, 82.4% and 78.1% of our total revenues were derived from recurring service fees and one-time commissions, respectively. Recurring service fees and one-time commission rates can fluctuate based on the prevailing political, economic, regulatory, taxation and competitive factors that affect the product partners and Gopher. These factors, which are not within our control, include the capacity of product partners and Gopher to place new business, profits of product partners, client demand and preference for investment products, the availability of comparable products from other product partners at a lower cost, the availability of alternative investment products to clients and the tax deductibility of commissions and fees. In addition, the historical volume of investment products that we distributed or managed may have a significant impact on our bargaining power with product partners or clients in relation to the commission and fee rates for future products. Because we can neither determine, nor predict, the timing or extent of commission and fee rate changes with respect to the investment products, it is difficult for us to assess the effect of any of these changes on our operations. Therefore, any decrease in commission and fee rates may adversely affect our revenues, cash flow and results of operations.

The investment products we distribute are supplied by a limited number of product partners; and the renegotiation or termination of our relationships with such product partners could significantly impact our business.

The investment products we distribute are supplied by a selected number of investment product partners, including private equity firms, real estate fund managers, securities investment fund managers, mutual fund management companies, and insurance companies. Although our wealth management business has a broad coverage of most major fund managers and product partners in the market, due to our stringent screening process and risk management standards, a significant portion of the products distributed by us are sourced from a limited number of product partners. Our relationships with our product partners or funds managed by our product partners are governed by distribution agreements. These agreements establish, among other things, the scope of our responsibility and our commission rates with respect to the distribution of particular products. These agreements typically are entered into on a product by product basis and expire at the expiration date of the relevant investment product. For any new investment products, new agreements need to be negotiated and entered into. If product

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partners that in the aggregate account for a significant portion of our business decide not to enter into contracts with us for their investment products, or the terms of our contracts with them become less beneficial to us, our business and operating results may be materially and adversely affected.

Because the laws and regulations governing the industries of wealth management, asset management and other businesses in China are developing and subject to further change, any failure to obtain or maintain requisite approvals, licenses or permits necessary to conduct our operations or any failure to comply with laws and regulations applicable to our business and services could harm our business.

The relevant regulatory authorities, including the CSRC and the AMAC, have released various laws and regulations governing the industries of wealth management, asset management and other businesses in China, including regulations over private equity products, privately-raised securities investment funds, asset management plans managed by securities companies or mutual fund management companies, trust products and insurance products. However, these laws and regulations are subject to further changes and the PRC government has not adopted a unified regulatory framework yet.

As for our asset management business, the CSRC is in charge of the supervision and regulation of private funds, including, without limitation, private equity funds, venture capital funds, privately-raised securities investment funds and other forms of private funds. The AMAC has promulgated a series of rules and measures regulating the registration of private funds, qualified investor standards, fund raising, investment advice service provided by third parties, structured asset management plan and private asset management plans investing into real estate development enterprises or projects and etc. See “Regulations — Regulations on Private Funds.” In addition, the CSRC and AMAC may adopt further detailed regulations and implementing policies that govern private funds and private fund managers. These laws, rules and regulations could be highly complex, continuously evolving and could change or be reinterpreted to be burdensome or difficult to comply with. Since fund management business is a significant part of our asset management business, our asset management business is subject to such regulations on private funds and related implementation rules thereof.

As the regulators of the wealth management and asset management industries in China are enhancing their supervision over the industries, applicable laws and regulations may be adopted to address new issues that arise from time to time or to require additional licenses and permits. For example, on April 27, 2018, the PBOC, CBIRC, CSRC and SAFE jointly released the Guidance Opinions on Regulating the Asset Management Business of Financial Institutions (the “**Guidance Opinions**”), which prohibits the issuance of private credit products that contain maturity mismatch arrangements or any direct or indirect guarantee of return, and requires relevant institutions to follow detailed guidance with regards to the maximum volume of private credit products issued and minimum liquidity thresholds. The Guidance Opinions will apply to private funds in the absence of specific laws and regulations thereto. On July 20, 2018, the PBOC issued the Circular on Further Clarifying Matters concerning the Guidance Opinions on Regulating the Asset Management Business of Financial Institutions. On October 22, 2018, the CSRC issued the Administrative Measures on Private Asset Management Business of Securities and Futures Institutions. Furthermore, according to the Instructions for the Filing of Privately-Raised Investment Funds (2019 Version) (the “**Filing Instructions**”) issued by the AMAC on December 23, 2019, the AMAC does not accept the filing application of private funds engaging in regular and operational private lending activities in form of entrustment loans, trust loans or other means. In line with our understanding and anticipation of the changing regulatory and market environment given the publication of the new rules including the Guidance Opinions and the Filing Instructions, we have strategically ceased offering substantially all of our credit products from the third quarter of 2019, which had a negative impact on our results of operations.

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Furthermore, on August 28, 2020, the CSRC issued the Supervision Measures on Distribution Institutions of Publicly-Raised Securities Investment Fund (the “**Supervision Measures**”), which came into effect in October 2020. The Supervision Measures provides that independent fund distribution institutions, like Noah Upright, shall specialize in the distribution of publicly-raised securities investment funds and privately-raised securities investment funds, except as otherwise provided by the CSRC. Following the enactment of the Supervision Measures, we ceased offering investment products that invest in private equity investments through Noah Upright, and collaborate with our private equity product partners solely through our asset management business.

As we develop our business, the products we manage or distribute might be subject to detailed regulations and implementing policies to be issued by the CSRC or AMAC in the future and we cannot assure you that our asset management or wealth management business will not be materially and adversely affected if any supervisory authority enhances its regulation over asset management plans.

Furthermore, the Notice on Regulation and Renovation of the “Cash Loan” Business promulgated on December 1, 2017 (the “**Circular 141**”) requires microloan companies and other entities to charge synthetic fund costs, including the interest and fees paid by the borrowers, in compliance with the rules provided by the Supreme People’s Court, and such costs shall be within the legally allowed annualized interest rate for private lending. The Circular 141 and subsequent rules and regulations also provide that no institution or third-party agency shall collect loans by actual or threatened violence, intimidation, insult, defamation, harassment, disseminating private information, or other ways that cause harm. In addition, the Opinions on Several Issues Concerning Handling Illegal Lending Criminal Cases, jointly promulgated by the Supreme People’s Court, the Supreme People’s Procuratorate, the Ministry of Public Security, and the Ministry of Justice on July 23, 2019, provides rules on supervision of and punishment for illegal lending, such as debt-collection by means of violence. Although we have decreased the scale of our lending businesses since the third quarter of 2019, we cannot assure you whether the funding party, loan collection agencies or other service providers we cooperate with charge extra fees from the borrower or conduct other behaviors in violation of the provisions of the relevant rules and regulations. The local authorities have broad discretion in interpreting, implementing and enforcing the applicable laws, rules, regulations and governmental policies, such as capital reserve ratio, the maximum amount of a single loan, limitation on operating territory, payment method of interest and fees, restrictions on financing and methods of debt collection. As a result, there are uncertainties in the interpretation, implementation and enforcement of such laws, rules, regulations and governmental policies, and occasionally, we may receive instructions issued by the local authorities on our microloan business model from time to time, or have to depend on verbal clarifications from local authorities. Therefore, if the local authorities make unfavorable interpretation, instruction or ruling against our microloan business model, or modify the local regulatory policies on microloan business in the future, our lending business might be restricted and negatively impacted.

In accordance with the relevant laws and regulations in jurisdictions in which we operate, our subsidiaries and Consolidated Affiliated Entities are required to obtain and maintain various approvals, licenses and permits necessary to operate our business from the central and/or local government, including but not limited to, business license, fund distribution license, certificate for privately-raised investment fund manager, family trust license, insurance brokerage license, and trust business license. These approvals, licenses and permits are obtained upon satisfactory compliance with, among other things, the applicable laws and regulations, which are developing and might conflict with each other. For example, pursuant to the relevant PRC laws and regulations, a company who carries out microloan business shall obtain requisite approval

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from local financial authority for its business operations as well as the establishment and change of its shareholding structure. Our lending business subsidiary, Noah Rongyitong (Wuhu) Microloan Co., Ltd. (“**Rongyitong**”), has been approved to carry out microloan business by the local government of Anhui Province. The Guidance on the Pilot Establishment of Microloan Companies, jointly promulgated by the CBRC on May 4, 2008, which was merged into the CBIRC, and the PBOC, requires that the capital contribution from one individual, entity or other association (including the capital from its related parties) to a microloan company may not exceed 10% of such company’s total registered capital. The Guidance Opinions of Finance Office of Anhui Province on Carrying out the Pilot Work of Microloan Companies promulgated on October 10, 2008 provides, however, that the shareholding percentage of the major founding shareholder shall not exceed 20% in principle, and the shareholding percentage of another shareholder and its related parties shall not exceed 10%. On October 24, 2011, the government of Anhui Province published the Opinions of Finance Office of Anhui Province on Promoting the Standardized Development of Microloan Companies across Anhui Province, which eased the restrictions on the shareholding percentage of microloan companies and provided that, when applying for the establishment of a microloan company, the shareholding percentage of the major founding shareholder shall not exceed 35% in principle, and the shareholding percentage of the major founding shareholder and its related parties in aggregate shall not exceed 50%. The Finance Office of Anhui Province, which is the competent authority for the regulation of microloan companies in Anhui Province, has approved Rongyitong for its microloan business and its initial shareholding structure in 2013, namely, Shanghai Noah Financial Services Corp. as a founding shareholder holding 35% equity interests in Rongyitong with all the shareholders of Rongyitong being its related parties. Subsequently, when Shanghai Noah Financial Services Corp. transferred its equity interests to Noah Group in 2017, Rongyitong obtained the approval from the Finance Office of Anhui Province on the change of its shareholding structure as well. The shareholding structure remains unchanged thereafter with Noah Group holding 35% equity interests in Rongyitong and all the shareholders being its related parties. As of the Latest Practicable Date, we had not received any queries or notifications from the Finance Office of Anhui Province and had not been subject to any administrative penalties or other sanctions in relation to shareholding structure of Rongyitong. As such, our PRC Legal Adviser is of the view that, Rongyitong has obtained requisite approvals for carrying out microloan business and for its current shareholding structure. However, we cannot assure you that whether we will be required to adjust Rongyitong’s shareholding structure and transfer a portion of our equity interests in Rongyitong to third parties to comply with relevant rules and regulations. If that were to occur, such transfer could affect our overall control of Rongyitong. If we fail to obtain or maintain the required licenses, permits and approvals, we may be subject to fines, confiscation of the income derived from the related business, the suspension of operations and adverse publicity arising from such non-compliance with government regulations. In addition, there can be no assurance that we will be able to obtain, maintain and renew all of the approvals, licenses and permits required for our business operations upon their expiration in a timely manner or at all, which may materially impact our business operations.

As of the Latest Practicable Date, our Significant Subsidiaries had obtained all material licenses, approvals and permits necessary from competent regulatory authorities for our business operations in the jurisdictions in which we operate. We renew all such permits and licenses from time to time to comply with the relevant laws and regulations. As of the Latest Practicable Date, we were not aware of any facts that would prevent us from renewing permits or licenses material to our Group.

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Some of our clients may redeem their investments from time to time, which could reduce our recurring service fees.

Certain of the agreements we entered into with investors in relation to investment products distributed to them permit investors to redeem their investments with us at quarterly or annual intervals, after an initial “lock-up” period during which redemptions are restricted or penalized. If the return on the assets under our management does not meet investors’ expectations, investors may elect to redeem their investments and invest their assets elsewhere. As our recurring service fees correlate directly with the amount of our AUM, redemptions may cause our expected recurring service fees to decrease. Similarly, the total balance of investment products offered or distributed by us to our clients could decrease due to redemptions as well and impact our fees from investment products. Investors may decide to reallocate their capital away from us for a number of reasons, including less satisfactory investment performance, changes in prevailing interest rates which make other investment options more attractive, changes in investor perception regarding our focus or alignment of interest, dissatisfaction with, changes in or a broadening of a fund’s investment strategy, changes in our reputation, and departures of, or changes in responsibilities of, key investment professionals. For these and other reasons, the pace of investor redemptions and the corresponding reduction in our AUM and total balance of investment products offered or distributed by us could accelerate. In addition, investor sentiment in stock market may be adversely affected during periods when capital markets are volatile, especially after our transformation to NAV-based products, which may result in decreases in the transaction value of mutual fund products and private secondary products as well as increases in investor redemptions. This may also lead to a flight-to-safety and a change in product mix, causing fluctuations in our fees from investment products. Furthermore, redemptions of the investment products that we manage could ultimately require us to liquidate fund assets under unfavorable circumstances, which may further harm our reputation and results of operations.

Our business is subject to risks related to complaints, claims, controversies, regulatory actions, arbitration and legal proceedings.

We are subject to lawsuits, regulatory actions and other claims in the ordinary course of our business from time to time. In particular, we may face lawsuits, arbitrations or other claims brought by our clients who purchase investment products or services we distribute, offer or provide which turn out to be unsuitable for any reason, such as misconduct by the managers of the third-party funds, or providers of the products that we have recommended or made available to our clients, or illegal, non-compliance or unsatisfactory actions taken by third parties such as suppliers, service providers and other business partners that are outside of our control, or change of legal requirements or regulatory environment. For example, certain credit funds managed by Shanghai Gopher had invested in supply chain account receivables with respect to the sale of computer, consumer electronics and communication products by affiliates of Camsing International Holding Limited as underlying investable assets. Certain companies and individuals in connection with such supply chain account receivables were later suspected to commit fraudulent activities. Shanghai Gopher, as the fund manger, has received notices from court and arbitration tribunal concerning claims initiated by individual clients. See “Business — Legal and Administrative Proceedings — The Camsing Incident” for more information. We may also encounter claims alleging misrepresentation by our relationship managers or other employees. Moreover, we may not be able to comply with any new regulatory requirement in a timely manner or at all, and we may also be subject to regulatory actions and may encounter additional lawsuits, arbitrations or other claims from our investors. These risks may be heightened during periods when credit, equity or other financial markets are deteriorating in value or are volatile, or when clients or investors are experiencing losses.

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Claims or actions brought against us may result in settlements, awards, injunctions, fines, claims and penalties or other results adverse to us, including harm to our reputation. In the event that we become subject to claims caused by actions taken or unsatisfactory performance by our suppliers, service providers or other business partners, we may attempt to seek compensation from the relevant suppliers, service providers or other business partners. However, such compensation may be limited. If no claim can be asserted against a supplier, service provider or business partner, or amounts that we claim cannot be fully recovered from the supplier, service provider or business partner, we may be required to bear such losses and compensation at our own costs. Even if we are successful in defending against these actions, we may incur significant expenses. Predicting the outcome of such matters is inherently difficult, particularly where claimants seek substantial or unspecified damages, or when legal or other proceedings are at an early stage. A substantial judgment, award, settlement, fine, or penalty may be materially adverse to our results of operations and financial condition.

Our lending business is subject to credit risks, which could adversely affect our results of operations.

There are inherent risks associated with the lending business provided by us, including credit risk which is the risk that borrowers may not repay the outstanding loans balances. These borrowers are primarily individuals and generally have fewer financial resources in terms of capital or borrowing capacity than larger entities and may have fewer financial resources to weather an economic downturn. Moreover, since the loans made by us are collateralized by real estate properties or investment products distributed by us, any decrease in real estate prices or downturn in the investment performances could adversely affect the values of these collaterals, which may in turn have a negative impact on the ability of borrowers to repay their loans and further adversely affect our operating results and financial condition. Factors, such as inflation, employment levels, local policy changes and other factors beyond our control may increase our credit risks, which may result in material adverse effects on our business and financial conditions.

Our business involves relatively new business models which may not be successful.

Our business comprises various business lines, some of which are relatively new, such as our mutual fund product offerings. Although we intend to devote additional resources to expanding these businesses and develop and offer more innovative products and services to our clients, we have limited experience with these businesses and cannot assure you of their future success. If we fail to address the needs of our clients, adapt to rapidly-evolving market trends or continue to offer innovative products and services, we may fail to capture market demand. In addition, our new business lines will continue to encounter risks and difficulties that early-stage businesses frequently experience, including the potential failure to expand client base in a cost-efficient manner, adequately manage risks and expenses, implement, adapt and modify our client development strategies as needed, develop and maintain our competitive advantages and anticipate and adapt to changing economic, competitive and other market conditions in China's financing industry. If we are unable to successfully develop our new business lines into profitable businesses, our business and revenues may be materially and adversely affected.

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We face significant competition in our businesses. If we are unable to compete effectively with our existing and potential competitors, we could lose our market share and our results of operations and financial condition may be materially and adversely affected.

The wealth management and asset management industries in China are all undergoing rapid changes and growth. We operate in a competitive environment and compete for clients on the basis of product offering and performance, client services, reputation and brand names. Our ability to compete in this environment is also affected by license requirements for the distribution of investment products, the provision of asset management and certain other services imposed on businesses operating in such industries. Our future success in each of these areas will depend in part on our ability to continue to maintain the relevant licenses and anticipate and meet market needs on a timely and cost-effective basis.

In our wealth management business, we face competition primarily from other independent wealth management companies as well as commercial banks and their wealth management subsidiaries, private banks and securities firms. In our asset management business, we also face competition from other asset management service providers in the market, including managers of private equity funds, real estate funds and public securities funds. In addition, our other businesses segment faces competition from a range of financial service providers which offer similar services in China. As part of China's reform and opening policy, the Chinese government has further liberalized the financial sector in recent years, including lifting certain restrictions on the business scope of financial institutions such as foreign banks, securities companies and fund management companies, reducing quantitative entry conditions for foreign investors to invest in banking and insurance institutions and carry out these businesses, relaxing the limits on foreign ownership of joint ventures in China's financial sectors such as banking, securities investment fund management companies, securities and insurance companies. If such liberalization continues, we may face additional competition in the industries in which we operate and our market share might be threatened or taken by foreign competitors or their joint ventures operating in the Chinese financial market.

Many of our competitors have greater financial and marketing resources or larger customer base. For example, the PRC commercial banks we compete with tend to enjoy significant competitive advantages due to their nationwide networks, longer operating histories, larger customer bases and settlement capabilities. Moreover, many product partners with whom we currently have relationships, such as private equity investment firms, are also engaged in, or may in the future engage in, the distribution of third-party investment products and may benefit from the integration of investment products with their other product offerings.

Our failure to respond to rapid product innovation in the financial industry in a timely and cost-effective manner may have an adverse effect on our business and operating results.

The financial industry is increasingly influenced by frequent new product and service introductions and evolving industry standards. We believe that our future success will depend on our ability to continue to anticipate product and service innovations and to offer additional products and services that meet evolving standards on a timely and cost-effective basis. There is a risk that we may not successfully identify new product and service opportunities or develop and introduce these opportunities in a timely and cost-effective manner. In addition, products and services that our competitors develop or introduce may render our products and services less competitive. As a result, our failure to respond to product and service innovation that may affect our industry in the future may have a material adverse effect on our business and results of operations.

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If we fail to maintain an effective system of internal controls over financial reporting, we may be unable to accurately report our results of operations or prevent fraud, and investor confidence and the market price of our Shares and/or ADSs may be materially and adversely affected.

As a public company in the United States, we are subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002 (the “**Section 404**”) requires that we include a report from management on the effectiveness of its internal control over financial reporting in our annual report on Form 20-F. In addition, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting.

Our management has concluded that our internal control over financial reporting is effective as of December 31, 2021. Our independent registered public accounting firm has issued an attestation report on our management’s assessment of our internal control over financial report and has concluded that our internal control over financial reporting is effective in all material aspects.

However, 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 maintain an effective internal control system, our financial statements could contain material misstatements and we could 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 Shares and/or ADSs.

Adverse changes in China’s or global economic and political policies could materially and adversely affect our business, financial condition and results of operations.

Any prolonged slowdown in the global or Chinese economy may have a negative impact on our business, results of operations and financial condition, and continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet potential liquidity needs.

Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Since we derive the majority of our revenues from our operations in China, our business and prospects may be affected by economic, political and legal developments or changes in the financial markets in China. Our revenues ultimately depend on the appetite of our clients to invest in the investment products we distribute or manage, which in turn depend on their level of disposable income, perceived future earnings and willingness to invest. As there are still substantial uncertainties in the current and future conditions in the global and China’s economies, our clients may reduce or delay their investment in the financial markets in general, and defer or forgo the purchase of products we distribute or manage. We may have difficulty expanding our client base fast enough, or at all, to offset the impact of decreased investment by our existing clients. Additionally, our business and prospects are directly affected by the inherent risks associated with the capital markets in China, such as market volatility, overall investment sentiments, fluctuations in capital raising and trading volumes and the creditworthiness of the securities industry. Securities market volatility could discourage investor confidence and reduce securities trading and corporate finance activities, which, in turn, may negatively affect the commission income, recurring service fees and performance-based income we earn from our wealth management and asset management

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businesses due to reduced value of our wealth management and asset management portfolio and increased client redemptions. Moreover, insolvencies associated with an economic downturn could adversely affect our business through the loss of investment product providers or clients or by hampering our ability to place business. Any prolonged slowdown in the global or China's economy may lead to reduced investment in the products we distribute or manage, which could materially and adversely affect our financial condition and results of operations. Specifically, owners of small to medium enterprises and our other entrepreneur clients who face pressures in business operations and cash flow because of the COVID-19 outbreak might reduce their transaction volumes with us.

In addition, our results of operations may also be affected by geopolitical events and other developments beyond our control, which may in turn adversely affect the economic and market conditions in China and globally. There have been concerns over unrest, terrorist threats and the potential for war in the Middle East, Europe and elsewhere, as well as over the conflicts involving Ukraine, Syria and North Korea. For example, the military conflict between Russia and Ukraine has resulted in an escalated regional instability, amplified the existing geopolitical tension among Russia and other countries in the region and in the west, as well as adversely affected commodity and other financial markets or economic conditions. The United States, European Union, the United Kingdom, Switzerland and other countries have imposed, and may further impose, financial and economic sanctions and export controls targeting certain Russian entities and/or individuals, which could adversely affect the global economy and financial markets, even though we do not have any direct exposure to Russia or the adjoining geographic regions. The duration of such military conflict and the related sanctions, as well as their impact on the global financial markets, cannot be predicted. There have also been concerns on the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Furthermore, there is considerable uncertainty over the long-term effects of the monetary and fiscal policies adopted by central banks and financial authorities in some of the world's leading economies, including the United States and China.

Moreover, a slowdown in the global or Chinese economy or the recurrence of any financial disruptions may have a material and adverse impact on financings available to us. The weakness in the economy could erode investors' confidence, which constitutes the basis of the equity markets. Any financial turmoil affecting the financial markets and banking system may significantly restrict our ability to obtain financing in the capital markets or from financial institutions on commercially reasonable terms, or at all. Although we are uncertain about the extent to which any global financial and economic crisis and slowdown of the China's economy may impact our business, there is a risk that our business, results of operations and prospects may be materially and adversely affected by any global economic downturn and the slowdown of the China's economy.

Our business is subject to the risks associated with international operations.

International expansion is an important component of our growth strategy, with revenues from regions outside of mainland China representing 23.4% of our total revenues in 2021. Expanding our business overseas exposes us to a number of risks, including but not limited to:

- our ability to select the appropriate geographical regions for international expansion;
- difficulty in understanding local markets and culture and complying with unfamiliar laws and regulations;

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- unexpected legal or regulatory changes in local markets;
- fluctuations in currency exchange rates;
- difficulty in identifying appropriate partners and establishing and maintaining good cooperative relationships with them;
- difficulty in recruiting and retaining qualified personnel;
- potentially adverse tax consequences; and
- increased costs associated with doing business in foreign jurisdictions.

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

Our business may be materially and adversely affected by the effects of natural disasters, health epidemics or other public safety concerns. For example, the outbreak of a novel strain of coronavirus (COVID-19), first reported in December 2019, has spread rapidly throughout the world. On March 11, 2020, the World Health Organization declared the outbreak a “global pandemic”. Many businesses and social activities in mainland China and other countries and regions have been seriously disrupted, including those of us, our suppliers, partners, clients and employees. The global outbreak has also caused market panic, which materially and negatively affected the global financial markets. In particular, we and our clients have experienced and may continue to experience limitations to face-to-face meetings due to quarantine measures and travel bans adopted by governments to contain the spread of this outbreak. In 2020, we have experienced decrease in total revenues generated from our overseas businesses and domestic value-added services as a result of the COVID-19 pandemic. In 2021, our business operation had substantially returned to normal levels. Recently, there has been an increasing number of COVID-19 cases, including the COVID-19 Delta and Omicron variant cases, in multiple cities in China. As a result, various measures, including city lockdowns, travel restrictions and stay-at-home orders, have been reinstated and we may have to adjust various aspects of our operations. The restrictions on business and social activities imposed in the affected areas such as Shanghai and Beijing since late March 2022 have negatively affected our operational efficiency to a certain extent and the overall investor sentiment, which led to a slowdown in our business and results of operations during such periods. For details of the impact of recent resurgence of regional COVID-19 outbreaks on our business, see “Recent Developments — Impact of COVID-19.” In addition, the highly-contagious Delta and Omicron variants of COVID-19 have caused authorities in various countries to reimpose restrictions such as mask mandates, curfews and prohibitions on large gatherings. There remain significant uncertainties surrounding COVID-19, including the existing and new variants of COVID-19, and its further development as a global pandemic, including the effectiveness of vaccine programs against existing and any new variants of COVID-19. The extent to which the COVID-19 outbreak may continue to adversely affect the macro-economic environment as well as our business, results of operations and financial condition remains uncertain, and will depend on future developments, including the duration, severity and reach of the COVID-19 outbreak, and actions taken to contain the outbreak or treat its impacts.

Our headquarters is located in Shanghai, where most of our management and employees currently reside. Our relationship managers are based in 84 cities in China, and various offices overseas. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect Shanghai and other locations where our offices reside in, our operation may experience material disruptions, which may materially and adversely affect our business,

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financial condition and results of operations. We are also 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 or service 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. Our business operation could also be disrupted if any of our employees are suspected of having contracted any contagious disease or condition, since it could require our employees to be quarantined or our offices to be closed down and disinfected. All of these may have a material adverse effect on our results of operations and financial condition in the near terms. Additionally, if the outbreak persists or escalates, we may be subject to further negative impact on our business operations or financial condition.

In addition, our business, results of operations, financial conditions and prospects could also be adversely affected to the extent that any natural disasters, health epidemics and other outbreaks harms the Chinese and global economies in general.

Certain of the investment products we distribute or manage have real estate or real estate-related businesses as underlying assets. These products are subject to the risks inherent in the construction, development, ownership and operation of real estate, as well as risks associated with regulatory and policy changes affecting the real estate industry in China.

Certain investment products that we distribute or manage have real estate or real estate-related business in China as their underlying assets. In 2019, 2020 and 2021, the total value of investment products that we distributed with real estate or real estate-related businesses as the underlying assets accounted for 21.0%, 0.8% and 0.9% of the total value of all the products we distributed, respectively. Real estate investments as a percentage of our total AUM were 10.3%, 8.3% and 4.3% in 2019, 2020 and 2021. Our real estate investments primarily include two properties in Shanghai and two properties in the United States.

Although we are not exposed to risks related to high yield bonds issued by Chinese residential real estate developers, such products are still subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include those associated with the burdens of ownership of real property, general and local economic conditions, changes in supply of and demand for competing properties in an area, natural disasters, changes in government regulations, changes in real property tax rates, changes in interest rates, the reduced availability of mortgage funds, which may render the sale or refinancing of properties difficult or impracticable, and other factors that are beyond our control.

In particular, the real estate industry in China is subject to extensive governmental regulation and policy changes. The PRC government exerts considerable direct and indirect influence on the development of the real estate sector by imposing various industry policies and other economic measures. Specifically, in the past few years, PRC governments at both national and local levels have adopted numerous policies to slow down the surge of real estate prices and to curb speculative buying through more stringent implementation of residential price control measures, some of which were subsequently cancelled when the market turned softer. Such measures may adversely impact the real estate market, dissuade potential purchasers from making purchases, reduce transaction volume, cause a decline in selling prices, and prevent developers from raising capitals they need and increase developers' costs to start new projects.

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In addition, we cannot assure you that the PRC government will not adopt new measures in the future that may result in lower growth rates in the real estate industry. Frequent changes in government policies may also create uncertainty that could discourage investment in the real estate sector.

Any failure to ensure cybersecurity or protection of our clients' personal data or privacy could lead to legal liabilities, adversely affect our reputation and have a material adverse effect on our business, financial condition or results of operations.

Our services involve the exchange of information, including personal and financial information related to our clients in a variety of electronic and non-electronic means.

We face risks inherent in handling large volumes of data and protecting such data, particularly concerning transactions and other activities that take place on our platform, including but not limited to:

- protecting the data on our system, including against attacks on our system by outside parties or fraudulent behaviors by our employees;
- addressing concerns related to privacy and data-sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, disclosure or security of personal information, including any requests from regulatory and government authorities relating to such data.

There have been many media reports about different financial services companies, consumer-based companies, governmental agencies and other organizations involving unauthorized disclosure of confidential information related to their clients or users in recent years, as well as cyber-attacks involving the dissemination, theft and destruction of corporate information or other assets, which resulted in third-party claims or actions against these companies. There have also been incidents where hackers have requested “ransom” payments in exchange for not disclosing client information or for restoring access to information or systems.

We are occasionally the target of attempted cyber-attacks, including denial-of-service attacks, and we continuously monitor and develop our systems to protect our technology infrastructure and data from misappropriation or corruption. We may face an increasing number of attempted cyber-attacks as we expand our mobile- and other Internet-based products and services, as well as our usage of mobile technologies and as we provide more of these services to a greater number of individual clients. In addition, in collaboration with third-party vendors and their respective service providers, agents, exchanges, clearing houses and other financial institutions, we could be adversely impacted if any of them is subject to a successful cyber-attack or other information security event. These effects could include the loss of access to information or services from the third party subject to the cyber-attack or other security breach, which could, in turn, interrupt certain of our businesses.

Our efforts in enhancing the security of our systems and information may not be successful in anticipating, detecting or implementing effective preventive measures against all cyber threats, especially because the techniques used are increasingly sophisticated, change frequently and are often not recognized until attacks are launched. Cyber-attacks can originate from a variety of sources. Any system failure or security breach or lapse that results in the leakage of user data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability. We rely on a complex network of process and software controls to protect the confidentiality of data provided to us or stored on our systems. If we do not maintain adequate internal controls or fail to implement new or improved controls as necessary,

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we may experience data misappropriation or breach of confidentiality. We could be subject to liability if we inappropriately disclose any client's personal information, or if third parties are able to penetrate our network security or otherwise gain access to any client's name, address, portfolio holdings, or other personal information stored by us. Any such event could subject us to claims for identity theft or other similar fraud claims or claims for other misuses of personal information, such as unauthorized marketing or unauthorized access to personal information. In addition, such events would cause our clients to lose their trust and confidence in us, which may result in a material adverse effect on our business, results of operations and financial condition.

In addition, as we provide investment product distribution services for product partners, we may have to share certain personal information of our investors with contracted product partners, such as names, addresses, phone numbers and transaction accounts. We have limited control or influence over the security policies or measures adopted by such product partners. Any compromise or failure of the information security measures of these product partners could also have a material and adverse effect on our reputation, business, prospects, financial condition and results of operations.

The proper functioning of our technology platforms is essential to our business. Any significant failure in our information technology systems could have a material adverse effect on our business and profitability.

Our business is highly dependent on the ability of our information technology systems to timely process a large amount of information relating to the investment products and services we provide to our clients. The proper functioning of our financial control, accounting, product database, client database, client service and other data processing systems, together with the communication systems between our various service centers and our headquarters in Shanghai, is critical to our business and to our ability to compete effectively. In particular, we rely on our online service platforms, including our website www.noah-fund.com and our mobile applications, such as WeNoah, Fund Smile and iNoah, to provide our clients with updated information about the products they purchased. Maintaining and improving our technology infrastructure requires a significant level of investment. Any failure to maintain satisfactory performance, reliability, security and availability of our network infrastructure could result in the unavailability or slowdown of our website or reduced order fulfillment performance and cause significant harm to our reputation and our ability to attract and maintain users. Server interruptions, breakdowns or system failures in the cities where we maintain our servers and system hardware, including failures that may be attributable to sustained power shutdowns, or other events within or outside our control, could reduce the volume of products sold and the attractiveness of product offerings on our platform. We maintain our backup system hardware and operate our back-end infrastructure, but such backup may not be effective in addressing any of the foregoing problems. Our network systems are also vulnerable to damage from computer viruses, fire, flood, earthquake, power loss, telecommunications failures, computer hacking and similar events. Although we have not experienced any major system failures, any such future occurrences could reduce client satisfaction, damage our reputation and may materially and adversely affect our financial condition, results of operations and business prospects.

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

We rely primarily on a combination of copyrights, trade secret, trademarks, competition laws and contractual arrangements to protect our intellectual property rights. We cannot assure you that the steps we have taken or will take in the future to protect our intellectual property rights will be sufficient. The implementation, enforcement and scope of protection of intellectual property-related laws in China is evolving and uncertain. Current or potential competitors may use our intellectual property without authorization to develop products and services that are substantially equivalent or superior to ours, which could reduce demands for our solutions and services, adversely affect our operational results and harm our competitive position. Even if we are able to discover evidence of infringement or misappropriation, our recourse against such competitors may be limited or we may have to pursue litigation, which could involve substantial costs and diversion of our management's attention from the operation of our business.

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

Intellectual property litigation is expensive and time-consuming and could divert resources and management attention from the operation of our business even if the claim is without merit. Although we have not been subject to any litigation, pending or threatened, alleging infringement of third parties' intellectual property rights, we cannot assure you that such infringement claims will not be asserted against us in the future. If there is a successful claim of infringement, we may be required to alter our services, cease certain activities, pay substantial royalties and damages to, and obtain one or more licenses from, third parties. We may not be able to obtain those licenses on commercially acceptable terms, or at all. Any of those consequences could reduce our revenues, impair our client relationships and harm our reputation.

Confidentiality agreements with employees, product partners and others may not adequately prevent disclosure of our trade secrets and other proprietary information.

We require our employees, product partners and others to enter into confidentiality agreements in order to protect our trade secrets, other proprietary information and, most importantly, our client information. These agreements might not effectively prevent disclosure of our trade secrets, know-how or other proprietary information and might not provide an adequate remedy in the event of unauthorized disclosure of such confidential information. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any trade secret rights against such parties. We may be subject to costly and time-consuming litigations to protect or defend ourselves in these incidents, which may materially and adversely affect our business and financial condition.

Our future success depends to a certain extent on our continuing efforts to retain our existing management team and other key employees as well as to attract, integrate and retain highly skilled and qualified personnel, and our business may be disrupted if our efforts are unsuccessful.

Our future success depends to a certain extent on the continued services of our current executive officers and senior management team. We also rely on the skills, experience and efforts of other key employees, including management, marketing, support, research and development, technical and services personnel. Qualified employees are in high demand across the financial service industries in China, and our future success depends on our ability to attract, train, motivate and retain highly skilled employees and the ability of our executive officers and other members of our senior management to work effectively as a team.

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If one or more of our executive officers or other key employees are unable or unwilling to continue in their present positions, we may not be able to find replacements easily, which may disrupt our business operations. We do not have key personnel insurance in place. If any of our executive officers or other key employees joins a competitor or forms a competing company, we may lose clients, know-how, key professionals and staff members. Each of our executive officers has entered into an employment agreement with us, which contains confidentiality and non-competition provisions. However, if any dispute arises between our executive officers and us, we cannot assure you of the extent to which any of these agreements could be enforced in China.

If we fail to attract and retain qualified relationship managers, our business could suffer.

We rely on our relationship managers to develop and maintain relationships with our clients. Our relationship managers serve as our day-to-day contacts with our clients and carry out a substantial portion of the client services we deliver. Their professional competence and approachability are essential to establishing and maintaining our brand image. We rely on our relationship managers to distribute investment products, from which we derive substantially all of our revenues. As we further grow our business and expand into new cities and regions, we have an increasing demand for professional relationship managers. We have been actively recruiting and will continue to recruit qualified relationship managers to join our coverage network. However, there is no assurance that we can recruit and retain sufficient relationship managers to support our further growth. In some of the regions where we have recently established or plan to establish service centers, the talent pool from which we can recruit relationship managers is smaller than in national economic centers such as Shanghai and Beijing. Even if we could recruit sufficient relationship managers, we may have to incur disproportional training and administrative expenses in order to prepare our local recruits for their job. If we are unable to attract, train and retain highly productive relationship managers, our business could be materially and adversely affected. Competition for relationship managers may also force us to increase the compensation of our relationship managers, which would increase operating cost and reduce our profitability.

We may be subject to domestic and overseas anti-corruption, anti-money laundering, counter-terrorist financing and sanctions related laws and regulations and any failure by us to comply with such laws and regulations could damage our reputation, expose us to significant penalties, and decrease our income and profitability.

We are subject to anti-corruption, anti-money laundering, counter-terrorist financing and sanctions related laws and regulations in the PRC and other jurisdictions where we operate. These laws and regulations require wealth management providers to establish sound internal control policies and procedures with respect to the relevant monitoring and reporting activities. Such policies and procedures require us to, among other things, establish a customer identification system in accordance with relevant rules, record the details of customer activities and report suspicious transactions to relevant authorities.

While we have adopted policies and procedures aimed at detecting and preventing the use of our services to facilitate money laundering activities, terrorist acts or business of sanctioned persons, such policies and procedures may not completely eliminate instances in which we may be used by other parties to engage in money laundering and other illegal or improper activities without our knowledge. In addition, there is no assurance that our employees will always abide by our anti-corruption and integrity policies. In the event that we fail to fully comply with applicable laws and regulations, the relevant government agencies may impose fines or other penalties against us, and our reputation, financial condition and results of operations may be negatively affected.

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We have limited insurance coverage.

Insurance companies in mainland China currently do not offer as extensive an array of insurance products as insurance companies in more developed economies. For example, while we are able to obtain professional indemnity insurance in Hong Kong for our operations located there, such insurance offerings are rare in mainland China. Other than casualty insurance on some of our assets, and directors, supervisors and senior executives' liability insurance, we do not have commercial insurance coverage on our other assets and we do not have insurance to cover our business or interruption of our business, litigation or product liability. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured occurrence of loss or damage to property, litigation or business disruption may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

A downgrade in our credit rating could restrict our access to, and negatively impact the terms of, current or future financings.

Standard & Poor's Global Ratings ("S&P") has given us an investment grade long-term credit rating. We cannot provide assurance that our current rating will remain in effect for any given period of time or will not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any decision by S&P to downgrade our rating in the future, or any rating by other rating agencies below our current S&P rating, particularly below investment grade, could restrict our access to, and negatively impact the terms and conditions of future financings. Specifically, if our rating is downgraded and we decide to conduct more financings, such as obtaining bank loans, our borrowing costs would increase. In addition, we may not be able to obtain favorable credit terms or lenders may require us to provide collateral, letters of credit, or other forms of security, which would increase our operating costs.

We have granted, and may continue to grant, share options and other forms of share-based incentive plans, which may result in increased share-based compensation expenses.

We have adopted the Share Incentive Plans for the purposes of attracting and retaining the best available personnel by linking the personal interests of our employees to our success and by providing such individuals with an incentive for outstanding performance to generate superior returns for the Shareholders. As of December 31, 2021, there were 361,853 options to purchase Class A ordinary shares outstanding, and 138,834 restricted shares had been issued and were outstanding under the 2017 Share Incentive Plan. In 2019, 2020 and 2021, we recorded share-based compensation expenses of RMB94.9 million, RMB59.8 million and RMB51.0 million, respectively.

We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

We are subject to credit risk.

We are subject to credit risk related to accounts receivable, amounts due from related parties and loans receivable, and any significant default on our receivables could materially and adversely affect our liquidity, financial condition and results of operations. As of December 31, 2019, 2020 and 2021, our accounts receivables amounted to RMB219.6 million, RMB434.5

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million and RMB808.0 million (US\$126.8 million), respectively, our amounts due from related parties amounted to RMB548.7 million, RMB520.2 million and RMB451.4 million (US\$70.8 million), respectively, and our loans receivable amounted to RMB654.1 million, RMB418.9 million and RMB595.8 million (US\$93.5 million). We may not be able to collect all such receivables due to a variety of factors that are beyond our control. For example, fund investors may not satisfy their contractual obligation to fund capital calls when requested by Gopher or other fund managers of the funds. This may result in shortfalls in capital and may affect the ability of our funds to consummate investments and adversely affect our ability to receive service fees and other income. If we are not able to effectively manage the credit risk associated with our receivables, or if one or more counterparties run into financial difficulties, this could result in losses for us. The performance of our funds may also be affected by credit risk, which could have an adverse effect on our income.

Fluctuation of fair value change of short-term and long-term investments that we made and valuation uncertainty of other long-term investments measured at fair value due to the use of unobservable inputs may adversely affect our financial condition, results of operations, and prospects.

From time to time, we purchase short-term investments, which mainly include held-to-maturity investments, available-for-sale investments, trading debt securities and investments held by consolidated investment funds measured at fair value, and long-term investments, which consist of investments in several private equity funds as a limited partner and equity investments of common shares of several companies. The methodologies that we use to assess the fair value of the short-term and long-term investments involve a significant degree of management judgment and are inherently uncertain. We are exposed to credit risks in relation to our short-term and long-term investments, which may adversely affect the net changes in their fair value. As of December 31, 2019, 2020 and 2021, we had short-term investments of RMB671.3 million, RMB114.9 million and RMB92.8 million (US\$14.6 million), and long-term investments of RMB881.1 million, RMB536.4 million and RMB668.6 million (US\$104.9 million), respectively. In addition, certain of our other long-term investments are measured at fair value with significant unobservable inputs used in the valuation techniques. Changes in any of these unobservable inputs may result in changes of the valuation of our other long-term investments measured at fair value, which leads to uncertainty in accounting estimation. We cannot assure you that market conditions will create gains on our short-term and long-term investments or we will not incur any fair value losses or impairment losses on our short-term and long-term investments in the future. If we incur such fair value losses or impairment losses, our financial condition, results of operations, and prospects may be adversely affected.

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

We recorded deferred tax assets of RMB167.4 million, RMB224.2 million, RMB335.9 million (US\$52.7 million), respectively, as of December 31, 2019, 2020 and 2021. We periodically assess the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, our experience with tax attributes expiring unused and tax planning alternatives. Our ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carry forward periods provided for in the tax law. Any changes in management's judgment as well as our future taxable profits and tax planning strategies would affect the carrying amounts of deferred tax assets to be recognized and the recoverability of deferred tax assets recognized in our consolidated financial statements, and therefore could materially and adversely affect our financial condition and results of operation in future years.

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Our investments in affiliates may not be successful and we may incur significant losses or be subject to liquidity risk as a result.

Our investments in affiliates primarily consist of (i) investments in affiliated companies, over which we had significant influence generally through an ownership interest of 20% or higher, but not considered as control, and (ii) investments in funds that we served as general partner or fund manager, including Gopher Transform Private Fund, real estate funds and real estate funds of funds, private equity funds of funds, and other public securities funds of funds. We may not be successful in achieving the strategic objective upon which any given investment or joint venture is premised, and we could lose all or part of our investment. As of December 31, 2019, 2020 and 2021, we recorded investments in affiliates of RMB1,272.3 million, RMB1,264.7 million and RMB1,402.1 million (US\$220.0 million), respectively. We recognized impairment losses on investments in affiliates of nil, RMB38.2 million and nil for the years ended December 31, 2019, 2020 and 2021, respectively, which were recorded as income from equity in affiliates in the consolidated statements of operations. Therefore, any such losses may have a material adverse effect on our results of operations, and in particular, our net income or loss.

In addition, our investments in affiliates are relatively illiquid as there is no cash flow until proceeds from the disposal of investments and payments of dividends, among others, have been received. We cannot predict whether such entities will declare any dividends or make any other distributions to us. Therefore, the illiquidity nature of our investments in affiliates may limit our ability to respond to adverse changes in the performance of such investees and subject us to liquidity risk, which may in turn materially and adversely affect our financial condition and result or operations.

The government subsidies received by us during the Track Record Period were non-recurring in nature.

For the years ended December 31, 2019, 2020 and 2021, certain government subsidies of RMB89.3 million, RMB113.4 million and RMB115.9 million (US\$18.2 million), respectively, were granted to us as incentives for our investing and operating in certain local districts in the PRC. These government subsidies are non-recurring in nature and the amounts of these subsidies were subject to the discretion of local governments and there were no fulfilled conditions or contingencies. There is no assurance that we will receive such government subsidies for future financial years. For more information on the government subsidies, see Note 2 to the Accountant's Report in Appendix IA to this document.

RISKS RELATED TO CORPORATE STRUCTURE

We are a Cayman Islands holding company primarily operating in China through our subsidiaries and Consolidated Affiliated Entities, including Noah Investment with which we have maintained Contractual Arrangements and its subsidiaries in the PRC. Investors thus are not purchasing, and may never directly hold, equity interests in the Consolidated Affiliated Entities. There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to such agreements that establish the Contractual Arrangements for a portion of our Company's China operations, including potential future actions by the PRC government, which could affect the enforceability of the Contractual Arrangements with Noah Investment and its subsidiaries and, consequently, significantly affect the financial condition and results of operations of our Company. If the PRC government finds that such agreements do not comply with PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, we could be subject to severe penalties or be forced to relinquish our interests in Noah Investment and its subsidiaries or forfeit its rights under the Contractual Arrangements.

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We operate our domestic asset management business under the Contractual Arrangements. In our domestic asset management business, we act as the general partner of relevant investment funds which investment portfolio includes, among others, investments in third-party managed funds and equity investments into private companies. The PRC government regulates certain businesses through strict business licensing requirements and laws and regulations, including restrictions on foreign investment. These third-party managed funds or investee companies may target or operate certain businesses that are subject to foreign investment restrictions, which may require that investors shall not be foreign-invested enterprises (“FIEs”) or their foreign ownership percentage shall be limited to a specified ceiling to the extent permitted by relevant foreign investment regulations. We adopted the Contractual Arrangements because if we were to conduct our domestic asset management business through our PRC subsidiaries which are FIEs, we may lose the accessibility to the investments in certain businesses that are subject to foreign investment restrictions. Therefore, we rely on the Contractual Arrangements that we entered into with Noah Investment and its shareholders to carry out our domestic asset management business.

The Contractual Arrangements with Noah Investment and its shareholders enable us to (1) have power to direct the activities that most significantly affect the economic performance of Noah Investment and its subsidiaries; (2) receive substantially all of the economic benefits from Noah Investment and its subsidiaries in consideration for the services provided by Noah Group; and (3) have an exclusive option to purchase all or part of the equity interests in Noah Investment when and to the extent permitted by PRC law, or request any existing shareholder of Noah Investment to transfer any or part of the equity interests in Noah Investment to another PRC person or entity designated by us at any time at our discretion. Because of the Contractual Arrangements, we are the primary beneficiary of Noah Investment and its subsidiaries and hence treat them as our Consolidated Affiliated Entities and consolidate their results of operations into ours. In addition, we hold the required licenses and permits necessary to conduct our asset management business in China through our Consolidated Affiliated Entities. Investors of our Shares and/or ADSs are not purchasing equity interest in our Consolidated Affiliated Entities in China but instead are purchasing equity interest in a Cayman Islands holding company with no direct equity ownership of our Consolidated Affiliated Entities. For further details on the Contractual Arrangements, see “History and Corporate Structure — Contractual Arrangements.”

One of the shareholders of Noah Investment ceased to be a PRC citizen in 2018. According to the provisions of the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (Revised in 2009) issued by the MOFCOM on June 22, 2009, the change of nationality of a shareholder of a domestic company who is a natural person will not cause the company to cease to be deemed a domestic company. However, if the funds for which we have been acting, or will act as the general partner or fund manager invest into other equity investment funds or investee companies in China, it is possible that these funds or investee companies may be recognized by PRC governmental authorities as having foreign ultimate beneficiaries. This may result in violation of foreign investment restrictions by these funds or investee companies or limit our potential investment opportunities due to restrictions on foreign investments in certain industries in China, thus adversely affect our domestic asset management business.

We believe that our corporate structure and the Contractual Arrangements do not result in a violation of the current applicable PRC laws and regulations. Our PRC Legal Adviser, based on its understanding of PRC laws and regulations currently in effect, is of the opinion that each of the contracts under the Contractual Arrangements among our wholly-owned PRC subsidiary, Noah Group, Noah Investment, and its shareholders, is valid, legal and binding in accordance with its terms. However, we have been further advised by our PRC Legal Adviser that as there

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are substantial uncertainties regarding the interpretation and application of PRC laws and regulations and relevant regulatory measures concerning the foreign investment restrictions and administrative licenses and permits related to various underlying industries, there can be no assurance that the PRC government authorities or courts, or other authorities that regulate the industries that our funds are directly or indirectly investing into, would agree that our corporate structure or any of the contracts under the Contractual Arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. PRC laws and regulations governing the legality, validity and enforceability of the Contractual Arrangements are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations.

If our corporate structure and the Contractual Arrangements are deemed by relevant regulatory authorities to be illegal, either in whole or in part, we may lose control of our Consolidated Affiliated Entities and have to modify such structure to comply with regulatory requirements. However, there can be no assurance that we can achieve this without material disruption to our business. Further, if our corporate structure and the Contractual Arrangements are found to be in violation of any existing or future PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations, including:

- revoking our business and operating licenses;
- levying fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations;
- shutting down our services;
- discontinuing or restricting our operations in China;
- imposing conditions or requirements with which we may not be able to comply;
- requiring us to change our corporate structure and the Contractual Arrangements;
- restricting or prohibiting our use of the proceeds from overseas offering to finance our Consolidated Affiliated Entities' business and operations; and
- taking other regulatory or enforcement actions that could be harmful to our business.

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC regulators in operating our business through our Consolidated Affiliated Entities under the Contractual Arrangements. However, new PRC laws, rules and regulations may be introduced to impose additional requirements that may be applicable to our corporate structure and the Contractual Arrangements. Occurrence of any of these events could materially and adversely affect our business, financial condition and results of operations. In addition, if the imposition of any of these penalties or requirement to restructure our corporate structure causes us to lose the rights to direct the activities of our Consolidated Affiliated Entities or our right to receive its economic benefits, we would no longer be able to consolidate the financial results of our Consolidated Affiliated Entities in our consolidated financial statements.

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We rely on our Consolidated Affiliated Entities to operate a portion of our China operations, which may not be as effective as direct ownership in providing operational control.

As noted above, we rely on our Consolidated Affiliated Entities, to operate a portion of our operations in China. The Contractual Arrangements may not be as effective as direct ownership in providing us with control over our Consolidated Affiliated Entities. If Noah Investment or its shareholders fail to perform their respective obligations under the Contractual Arrangements, our recourse to the assets held by our Consolidated Affiliated Entities is indirect and we may have to incur substantial costs and expend significant resources to enforce such arrangements in reliance on legal remedies under PRC law. These remedies may not always be effective, particularly in light of uncertainties in the PRC legal system. Furthermore, in connection with litigation, arbitration or other judicial or dispute resolution proceedings, assets under the name of any of record holder of equity interests in our Consolidated Affiliated Entities, including such equity interests, may be put under court custody. As a consequence, we cannot be certain that the equity interests will be disposed pursuant to the Contractual Arrangement or ownership by the record holder of the equity interests. In addition, we may lose the ability to use and enjoy assets held by any of our Consolidated Affiliated Entities that are important to the operation of our business if those Consolidated Affiliated Entities declare bankruptcy or become subject to dissolution or liquidation proceedings. The Contractual Arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. Under the Contractual Arrangements, as a legal matter, if our Noah Investment or its shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective. However, the legal environment in the PRC is not as developed as in other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce the Contractual Arrangements, which may make it difficult to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct our business may be negatively affected.

Contractual Arrangements among our PRC subsidiary, Noah Group, one of our Consolidated Affiliated Entities, Noah Investment, and Noah Investment's shareholders may be subject to scrutiny by the PRC tax authorities, who may determine that we or Noah Investment and its subsidiaries owe additional taxes, which could substantially reduce our consolidated net income and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We are not able to determine whether the Contractual Arrangements that we have entered into among our PRC subsidiary, Noah Group, one of our Consolidated Affiliated Entities, Noah Investment, and Noah Investment's shareholders will be regarded by the PRC tax authorities as arm's length transactions. We could face material and adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements among Noah Group, Noah Investment, and Noah Investment's shareholders were not entered into on an arm's length basis or resulted in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust Noah Investment's income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by Noah Investment, which could in turn increase its respective tax liabilities. In addition, the PRC tax authorities may impose punitive interest on Noah Investment for the adjusted but unpaid taxes at the rate of 5% over the basic Renminbi lending

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rate published by the PBOC according to applicable regulations. Although Noah Group did not generate any revenues from providing services to Noah Investment in the past, if there are such revenues in the future and the PRC tax authorities decide to make transfer pricing adjustments on Noah Investment's net income, our consolidated net income may be adversely affected.

Because certain shareholders of our Consolidated Affiliated Entities are our Directors and executive officers, their fiduciary duties to us may conflict with their respective roles in the Consolidated Affiliated Entities. If any of the shareholders of our Consolidated Affiliated Entities fails to act in the best interests of our company or our shareholders, our business and results of operations may be materially and adversely affected.

Certain shareholders of Noah Investment, one of our Consolidated Affiliated Entities, are our Directors and executive officers, including Ms. Jingbo Wang, our chairwoman and chief executive officer, Mr. Zhe Yin, our Director, and Mr. Boquan He, our non-executive Director. Conflicts of interest may arise between the dual roles of those individuals who are either our Directors or executive officers and shareholders of our Consolidated Affiliated Entities. The fiduciary duties owed by these Directors and officers to our Company under Cayman Islands law, including their duties to act honestly, in good faith and in our best interests, may conflict with their roles as shareholders of our Consolidated Affiliated Entities, as what is in the best interest of our Consolidated Affiliated Entities may not be in the best interests of our company. In addition, these individuals may breach or cause Noah Investment and its subsidiaries to breach or refuse to renew the existing Contractual Arrangements with us. We do not have existing arrangements to address such potential conflicts of interest, other than to replace the current directors of Noah Investment, either by exercising our option under the exclusive option agreement with Noah Investment's shareholders to cause them to transfer all of their equity ownership in Noah Investment to a PRC entity or individual designated by us, and this new shareholder of Noah Investment could then appoint new directors of Noah Investment to replace the current directors, or cause our PRC subsidiary, Noah Group, in the capacity of the attorney-in-fact of Noah Investment's shareholders to directly appoint new directors of Noah Investment to replace these individuals.

We rely on Noah Investment's shareholders to comply with PRC law, which protects contracts and provides that directors and executive officers owe a duty of loyalty to our company and require them to avoid conflicts of interest and not to take advantage of their positions for personal gains. Although our independent Directors or disinterested officers may take measures to prevent the parties with dual roles from making decisions that may favor themselves as shareholders of the Consolidated Affiliated Entities, we cannot assure you that these measures would be effective in all instances and that when conflicts arise, those individuals will act in the best interest of our company or that conflicts will be resolved in our favor. The legal frameworks of China and the Cayman Islands do not provide guidance on resolving conflicts in the event of a conflict with another corporate governance regime. If we cannot resolve any conflicts of interest or disputes between us and those individuals, we would have to rely on legal proceedings, which may materially disrupt our business. There is also substantial uncertainty as to the outcome of any such legal proceeding.

If we exercise the option to acquire equity ownership of Noah Investment, the ownership transfer may subject us to certain limitations and substantial costs.

Pursuant to the Contractual Arrangements, Noah Group or its designated person(s) has the exclusive option to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interests in Noah Investment from its shareholder. The transfer price of the relevant equity interest shall be the minimum purchase price permitted under PRC law or a higher price as otherwise agreed by Noah Group. In the event that Noah

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Group exercises the options under the Exclusive Option Agreement to acquire the equity interests in Noah Investment, the equity transfer price may be subject to review and tax adjustment by the relevant tax authority. Such tax amounts could be substantial and our financial condition may be adversely affected as a result.

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

We are a holding company, and we may rely to a large extent on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and any debt we may incur. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the Contractual Arrangements that Noah Group currently has in place with our Consolidated Affiliated Entities in a manner that would materially and adversely affect its ability to pay dividends and other distributions to us.

In addition, our PRC subsidiaries and Consolidated Affiliated Entities are required to maintain certain statutory reserves and may also allocate a portion of their after-tax profits to staff welfare and bonus funds, which in each case are not distributable as cash dividends except in the event of liquidation. Any limitation on the ability of our PRC subsidiaries and affiliated entities 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.

Our current corporate structure and business operations may be affected by the newly enacted Foreign Investment Law.

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law, which took effect on January 1, 2020 and replaced the previous 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 Enterprises 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. See "Regulations — PRC Regulations — Regulations on Foreign Investment."

The corporate structure implemented through the Contractual Arrangements structure has been adopted by many PRC-based companies, including us, to comply with laws and regulations in China. However, substantial uncertainties still exist in relation to the interpretation and implementation of current and future PRC laws and regulations, including the Foreign Investment Law, especially in regard to the permissibility of the Contractual Arrangements. While the Foreign Investment Law does not comment on the concept of "de facto control" and does not define contractual arrangements as a form of foreign investment explicitly, it has a catch-all provision under the definition of "foreign investment" to include investments made by foreign investors in China through means stipulated by laws, administrative regulations, or provisions of the State Council. We cannot assure you that future laws and regulations will not provide for contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that our control over our Consolidated Affiliated Entities under the Contractual

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Arrangements will not be deemed as foreign investment in the future. In the event that any possible implementing regulations of the Foreign Investment Law or any other future laws, administrative regulations, or provisions of the State Council deem contractual arrangements as a type of foreign investment, when the funds that we act as the general partner invest into other equity investment funds or companies in China (either directly or through the investments in other equity investment funds), there could be a risk that such funds or companies may be deemed as having foreign investment in their shareholding structure when governmental authorities review such funds or investee companies' applications for certain approvals or licenses in industries that are subject to foreign investment restrictions. Any such future changes in applicable laws or regulations could reduce the investment opportunities available to us.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of conversion of foreign currencies into Renminbi may delay or prevent us from using any offshore cash we may have to make loans to our PRC subsidiaries and Consolidated Affiliated Entities or to make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and Consolidated Affiliated Entities. We may make loans to our PRC subsidiaries and Consolidated Affiliated Entities, or we may make additional capital contributions to our PRC subsidiaries.

Any loans made by us to our PRC subsidiaries are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits, i.e., the difference between its total amount of investment and its registered capital, or certain amount calculated based on elements including capital or net assets and the cross-border financing leverage ratio (“**Macro-prudential Management Mode**”) under relevant PRC laws and the loans must be registered with the local counterpart of the SAFE, or filed with SAFE in its information system. We may also provide loans to our Consolidated Affiliated Entities or its subsidiaries or other domestic PRC entities under the Macro-prudential Management Mode. According to the Circular of the People’s Bank of China and the State Administration of Foreign Exchange on Adjusting the Macro-prudent Adjustment Parameter for Cross-border Financing issued on January 7, 2021, the macro-prudent adjustment parameter for cross-border financing has been decreased to 1 from 1.25. Moreover, any medium or long-term loan to be provided by us to our Consolidated Affiliated Entities or its subsidiaries or other domestic PRC entities must also be registered with the NDRC. We may also decide to finance our PRC subsidiaries by means of capital contributions. These capital contributions must be recorded with the competent administration for market regulation.

On March 30, 2015, SAFE issued the Circular of the State Administration of Foreign Exchange on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capital of Foreign-invested Enterprises (“**SAFE Circular 19**”) which took effect and replaced previous regulations from June 1, 2015. Pursuant to SAFE Circular 19, up to 100% of foreign currency capital of a foreign-invested enterprise may be converted into RMB capital according to the actual operation, and within the business scope, of the enterprise in its discretion. Although SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC, the restrictions continue to apply as to FIEs’ use of the converted RMB for purposes beyond the business scope, for entrusted loans or for inter-company RMB loans. SAFE promulgated the Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment on October 23,

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2019 (“SAFE Circular 28”), pursuant to which all foreign-invested enterprises can make equity investments in the PRC with their capital funds in accordance with relevant laws and regulations. As SAFE Circular 28 is newly issued and the relevant government authorities have broad discretion in interpreting the regulation, it is unclear whether SAFE will permit such capital funds to be used for equity investments in the PRC in actual practice.

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 the record-filings on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or our Consolidated Affiliated Entities or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or record-filings, our ability to use any offshore cash we may have, including the proceeds we receive from any future offshore offering of equity or debt securities, 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.

RISKS RELATED TO DOING BUSINESS IN CHINA

Our ADSs may be delisted under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect auditors who are located in China. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections deprives our investors with the benefits of such inspections.

The Holding Foreign Companies Accountable Act (the “HFCA Act”) was enacted on December 18, 2020. The HFCA Act states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange or in the over the counter trading market in the U.S. On December 2, 2021, the SEC finalized its rules under the HFCA Act that set forth submission and disclosure requirements for commission-identified issuers identified under the HFCA Act, specify the processes by which the SEC will identify and notify commission-identified issuers, and implement trading prohibitions after three consecutive years of identification.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. The PCAOB identified our auditor as one of the registered public accounting firms that the PCAOB is unable to inspect or investigate completely. On April 12, 2022, we were identified by the SEC under the HFCA Act as having filed audit reports issued by a registered public accounting firm that cannot be inspected or investigated completely by the PCAOB in connection with our filing of the annual report on Form 20-F for the fiscal year ended December 31, 2021. On April 13, 2022, we made a press release where we provided an update on our status under the HFCA Act. Based on our discussions with our U.S. legal advisor and our understanding that the SEC’s role at this stage of the process is solely to identify issuers that have used such PCAOB-identified public accounting firms to audit their financial statements and a company will be delisted from a U.S. stock exchange only if the company has been identified by the SEC for three consecutive years due to PCAOB’s inability to inspect or investigate its auditor under the HFCA Act, we believe such initial identification would not affect, among others, our track record of good regulatory compliance of at least five full financial years on the NYSE, as required by Criteria A under Rule 19C.05A of the Hong Kong Listing Rules. As of the Latest Practicable Date, over 140

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China-based U.S. listed companies were identified by the SEC as commission-identified issuers, including the vast majority of those that had been listed under Chapter 19C of the Hong Kong Listing Rules. According to the latest statements from the SEC, there have been ongoing and productive discussions between Chinese and U.S. authorities regarding audit inspection and investigations to reach an agreement. Based on the foregoing, our Directors are of the view that being listed as a commission-identified issuer by the SEC has no immediate impact to our business operations, our ability to maintain our listing status on the NYSE and pursue the proposed Listing, or the Group as a whole before April 30, 2024, the filing due date of our financial statements on the annual report on Form 20-F for the year ending December 31, 2023.

Whether the PCAOB will be able to conduct inspections of our auditor before the issuance of our financial statements on the annual report on Form 20-F for the year ending December 31, 2023 which is due by April 30, 2024, or at all, is subject to substantial uncertainty and depends on a number of factors out of our, and our auditor's, control. If the PCAOB and Chinese authorities cannot reach an agreement timely and our ADSs are prohibited from trading in the United States, there is no certainty that a market for our shares will develop outside of the United States. Such a prohibition would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would materially and adversely affect our business, financial condition, and prospects.

On June 22, 2021, the U.S. Senate passed a bill which would reduce the number of consecutive non-inspection years required for triggering the prohibitions under the HFCA Act from three years to two. On February 4, 2022, the U.S. House of Representatives passed a bill which contained, among other things, an identical provision. If this provision is enacted into law and the number of consecutive non-inspection years required for triggering the prohibitions under the HFCA Act is reduced from three years to two, then our shares and ADSs could be prohibited from trading in the United States in 2023.

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

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

In late 2012, this impasse led the SEC to commence administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese accounting firms, including our independent registered public accounting firm. A first instance trial of the proceedings in July 2013 in the SEC's internal administrative court resulted in an adverse judgment against the firms. The administrative law judge proposed penalties on the firms including a temporary suspension of their right to practice before the SEC, although that proposed penalty did not take effect pending review by the Commissioners of the SEC. On February 6, 2015, before a review by the Commissioner had taken place, the firms reached a settlement with the SEC. Under the settlement, the SEC accepts that future requests by the SEC for the production of documents will normally be made to the CSRC. The firms will receive matching Section 106 requests, and are required to abide by a detailed set of procedures with respect to such requests, which in substance require them to facilitate production via the CSRC.

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If they fail to meet specified criteria, the SEC retains authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. Remedies for any future noncompliance could include, as appropriate, an automatic six-month bar on a single firm's performance of certain audit work, commencement of a new proceeding against a firm, or in extreme cases the resumption of the current proceeding against all four firms. If additional remedial measures are imposed on the PRC-based "big four" accounting firms, including our independent registered public accounting firm, in administrative proceedings brought by the SEC alleging the firms' failure to meet specific criteria set by the SEC with respect to requests for the production of documents, we could be unable to timely file future financial statements in compliance with the requirements of the U.S. Exchange Act.

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

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

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

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Strictly Cracking Down Illegal Securities Activities in accordance with the Law (the "**Opinions on Securities Activities**"), which announced the plans to take effective measures to enhance the administration over illegal securities activities and the supervision on the offering and listing of PRC domestic companies in an overseas market, including promoting the construction of relevant regulatory systems.

On December 24, 2021, the CSRC promulgated the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (the "**Draft Overseas Listing Administration Provisions**"), and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (the "**Draft Overseas Listing Filing Measures**"), which, if become effective, require that a PRC domestic company that seeks to offer and list securities in an overseas market, whether through direct or indirect form, to file the required documents with the CSRC within three working days after such application for overseas offering and listing is submitted, and stipulate certain circumstances under which the overseas offering and listing would be prohibited, as well as the measures taken by the CSRC if a PRC domestic company falls into any of such circumstances prior to the overseas offering and listing, such as imposing a postponement or termination of the proposed overseas offering and listing, and canceling the corresponding filing on the conditions that the proposed overseas

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offering and listing application documents have been filed. See also “Regulations — Regulations on Securities Offering and Listing Outside of the PRC.” As of the Latest Practicable Date, the Draft Overseas Listing Administration Provisions and the Draft Overseas Listing Filing Measures were released for public comments and the final version and effective date of such regulations are subject to change with substantial uncertainty. If the Draft Overseas Listing Administration Provisions and the Draft Overseas Listing Filing Measures become effective in their current forms, issuers like us with contractual arrangements seeking for overseas offering and listing may be required to obtain the approval from or complete the filing procedures with the CSRC. Our Directors and PRC Legal Adviser are of the view that, as long as we comply with all relevant legal requirements, take all necessary steps, and submit all relevant materials in accordance with the Draft Overseas Listing Administration Provisions and the Draft Overseas Listing Filing Measures, there will not be material legal impediment to obtaining the approval from or completing the filing procedures with the CSRC for the Listing. This view is on the basis that, although the implementation of the Draft Overseas Listing Administration Provisions and the Draft Overseas Listing Filing Measures, if adopted in their current forms, will be subject to the discretion and interpretation of the CSRC, we are not aware of any major issues that would cause this Listing to be deemed to have violated Article 7 of the Draft Overseas Listing Administration Provisions that prohibits overseas offerings and listings under certain circumstances. However, as the filing requirements are subject to change with substantial uncertainty, we cannot assure you that we will be able to complete all filing requirements that may be implemented under the proposed regulatory regime in time or at all.

On 14 November 2021, the Cyberspace Administration of China (the “CAC”) publicly solicited opinions on the Regulations on Network Data Security Management (Draft for Comments), according to which, data processors seeking a public listing in Hong Kong that affect or may affect national security shall apply for cybersecurity review. On December 28, 2021, the Revised Cybersecurity Review Measures was released, which stipulate, among others, that any online platform operator holding personal information of over one million users that intends to apply for overseas listing shall apply for a cybersecurity review. See also “— Risks Related to Our Business — Our business is subject to various evolving PRC laws and regulations regarding data privacy and cybersecurity. Failure of cybersecurity and data privacy concerns could subject us to penalties, damage our reputation and brand, and harm our business and results of operations.”

Furthermore, the PRC governmental authorities may have wide discretion on the interpretation and enforcement of the foregoing regulations, and we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on this offering. If it is determined in the future that approvals, filings, registrations or other kind of governmental authorisation from the CSRC or other PRC governmental authorities are required for this offering, it is uncertain whether we can or how long it will take us to obtain such authorisation, and whether any such authorisation could be rescinded. Any failure to obtain or delay in obtaining such authorisation for this offerings, or a rescission of any such authorization if obtained by us, may subject us to regulatory actions or other sanctions from the CSRC or other PRC governmental authorities, which may have a material adverse effect on our business, financial condition or results of operations.

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PRC governmental authorities' significant authority in regulating our operations and their oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and result in a material adverse change in our operations and the value of our Shares and/or ADSs.

We conduct our business primarily through our subsidiaries in which we hold equity ownership interests, and our Consolidated Affiliated Entities controlled under the Contractual Arrangements. Our operations in China are governed by PRC laws and regulations. The PRC governmental authorities have significant oversight and discretion over the conduct of our business, and it may influence our operations, which could result in a material adverse change in our operation and/or the value of our Shares and/or ADSs. Also, the PRC governmental authorities have recently indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. Any such action could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. In addition, implementation of industry-wide regulations directly targeting our operations could cause the value of our securities to significantly decline. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC governmental authorities affecting our business.

In particular, The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value. China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to a significant degree of interpretation by PRC regulatory agencies and courts. In particular, because these laws, rules and regulations are relatively new, and because of the limited number of published decisions and the non-precedential nature of these decisions, and because the laws, rules and regulations often give the relevant regulator significant discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. Therefore, it is possible that our existing operations may be found not to be in full compliance with relevant laws and regulations in the future. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. 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. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

In addition, the PRC government has recently announced its plans to enhance its regulatory oversight of Chinese companies listing overseas. The Opinions on Securities Activities issued on July 6, 2021 called for:

- tightening oversight of data security, cross-border data flow and administration of classified information, as well as amendments to relevant regulation to specify responsibilities of overseas listed Chinese companies with respect to data security and information security;

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- enhanced oversight of overseas listed companies as well as overseas equity fundraising and listing by Chinese companies; and
- extraterritorial application of China’s securities laws.

As the Opinions on Securities Activities were recently issued, there are great uncertainties with respect to the interpretation and implementation thereof. The PRC government may promulgate relevant laws, rules and regulations that may impose additional and significant obligations and liabilities on overseas listed Chinese companies regarding data security, cross-border data flow, and compliance with China’s securities laws. See also “— Risks Related to Our Business — Any failure to ensure cybersecurity or protection of our clients’ personal data or privacy could lead to legal liabilities, adversely affect our reputation and have a material adverse effect on our business, financial condition or results of operations” and “— Our business is subject to various evolving PRC laws and regulations regarding data privacy and cybersecurity. Failure of cybersecurity and data privacy concerns could subject us to penalties, damage our reputation and brand, and harm our business and results of operations.” It is uncertain whether or how these new laws, rules and regulations and the interpretation and implementation thereof may affect us, but among other things, our ability to obtain external financing through the issuance of equity securities overseas could be negatively affected.

Our business is subject to various evolving PRC laws and regulations regarding data privacy and cybersecurity. Failure of cybersecurity and data privacy concerns could subject us to penalties, damage our reputation and brand, and harm our business and results of operations.

We face significant challenges with respect to cybersecurity and data privacy, including the receipt, processing, storage, and transmission of the data of our clients and others, much of which is confidential. We are subject to various regulatory requirements relating to cybersecurity and data privacy, including, without limitation the PRC Cybersecurity Law (the “**Cybersecurity Law**”). The Cybersecurity Law requires, among others, a network operator to adopt technical measures and other necessary measures to safeguard the safety and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Cybersecurity Law also reaffirms certain basic principles and requirements on personal information protection.

Regulatory requirements on cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. For example, on June 10, 2021, the Standing Committee of the National People’s Congress promulgated the PRC Data Security Law (the “**Data Security Law**”), which took effect on September 1, 2021. The Data Security Law applies to data processing activities, including the collection, storage, use, processing, transmission, availability and disclosure of data, and security supervision of such activities within the territory of the PRC. According to the Data Security Law, whoever carries out data processing activities shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security. The Data Security Law provides a national data security review system, under which data processing activities that affect or may affect national security shall be reviewed, and prohibits any individual or entity in China from providing data stored in PRC to foreign judicial or law enforcement departments without the approval of competent PRC authorities. In Addition, the Personal Information Protection Law of the PRC (the “**Personal Information Protection Law**”), issued on August 20, 2021 by the SCNPC, further details the general rules and principles on personal information

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processing and further increases the potential liability of personal information processor. We have implemented internal policies to safeguard our clients' personal information in accordance with the legal requirements under the Personal Information Protection Law, which specify, among others, the requirements regarding identification and classification of personal information, measures on collection, storage, processing, use, transmission, provision, disclosure and deletion of personal information, mechanism to ensure individual's rights with respect to their privacy, and security incident response mechanisms. We have also adopted policies on personal information protection impact assessment (the "IPIA"), pursuant to which we would conduct assessment on our personal information processing activities that involve greater risks, such as when processing sensitive personal information. In addition, to inform our clients about how their personal information is processed as required by relevant laws, we have formulated our own privacy policies that are embedded with our mobile applications and websites. We have also made great efforts to deploy various cybersecurity techniques to improve our privacy and data security systems and processes. See also "Business — Privacy and Data Security." Even though we have already taken necessary organizational and technical measures in accordance with applicable legal requirements to protect the safety of our network facilities and the data processed by us, we may still face risks inherent in handling and protecting large volumes of data, including protecting the data temporarily hosted in our system, detecting and prohibiting unauthorized data sharing and transfers, preventing attacks on our system by outside parties, foiling any fraudulent behavior or improper use by our employees, and maintaining and updating our database. Any system failure, security breach or attempts by third parties to illegally obtain the data that results in any actual or perceived release of client data could damage our reputation and brand, deter current and potential clients from using our services, affect our business and results of operations, and expose us to potential legal liability.

The Regulations on Network Data Security Management (Draft for Comments) (the "**Draft Network Data Regulations**") was released by CAC on November 14, 2021. According to the Draft Network Data Regulations, data processors seeking a public listing in Hong Kong that affect or may affect national security are required to apply for cybersecurity review. The CAC has solicited comments on this draft until December 13, 2021, however, as of the Latest Practicable Date, the Network Data Regulations had not yet been formally adopted and there is no timetable as to when it will be enacted. As such, substantial uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation, including the standards for determining whether a listing in Hong Kong "affects or may affect national security". We cannot assure you that relevant governmental authorities will not interpret the laws and regulations in ways that may negatively affect us. At this stage, we are unable to predict the possible consequences of these drafts, if any, and we are monitoring and assessing the rulemaking process closely. Any failure, or perceived failure to maintain the security of our user data or to comply with applicable PRC privacy, data security and personal information protection laws and obligations may result in civil or regulatory liability, including governmental or data protection authority enforcement actions and investigations, fines, penalties, enforcement orders requiring us to cease operating in a certain way, litigation, or adverse publicity, and may require us to expend significant resources in responding to and defending allegations and claims. If our proposed Listing is considered a listing in Hong Kong that affects or may affect national security, we may be required to apply for cybersecurity review, but there can be no assurance that we are able to obtain approval from the regulatory authorities in a timely manner, or at all. Any failure to obtain such approval or clearance from the regulatory authorities could materially constrain our liquidity and have a material adverse impact on our business operations and financial results, especially if we need additional capital or financing.

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As announced by the CAC, the substantive cybersecurity review work is delegated to the China Cybersecurity Review Technology and Certification Center (the “**Center**”). According to our consultation with the Center on whether we are subject to cybersecurity review in respect of the proposed Listing pursuant to Article 13 of the Draft Network Data Regulations. As confirmed during the consultation, since the Draft Network Data Regulations are only drafts for comments and not currently in effect, we are not required to apply for cybersecurity review under the current regulatory regime. As of the Latest Practicable Date, the Draft Network Data Regulations had not been formally promulgated.

If the Draft Network Data Regulations become effective in its current form, our PRC Legal Adviser does not foresee any material legal impediment for us to complying with the Draft Network Data Regulations on the basis that, we have implemented internal policies on personal information protection, data security management and cybersecurity management to ensure compliance relevant laws and regulations. We also have a dedicated team responsible for cybersecurity and data security management by taking stringent technical measures to safeguard our technology infrastructure. As of the Latest Practicable Date, we had not been subject to any material administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection, nor had there been any material cybersecurity and data protection incidents with respect to personal information leakage, violation of data protection laws and regulations or investigation or other legal proceeding against us in this regard. In anticipation of the Draft Network Data Regulations to become effective in the future, we have studied the specific requirements under the Draft Network Data Regulations and will proactively implement various measures to ensure timely compliance, including thoroughly reviewing our business practices and operational policies, improving our privacy policies and service agreements, and, if required, filing important data and submitting relevant data security assessment report with competent authorities. We will closely monitor the legislative and regulatory development in connection with cybersecurity and data protection, including the Draft Network Data Regulations and the interpretation or implementation rules of laws and regulations of cybersecurity and data protection, proactively maintain communications with relevant authorities, and adjust and enhance our data practices in a timely manner to ensure compliance once the regulations come into effect.

On December 28, 2021, Measures for Cybersecurity Review was issued by CAC jointly with other governmental authorities, which took effect on February 15, 2022. Under the Measures for Cybersecurity Review, the procurement of network products and services by critical information infrastructure operators and the data processing activities conducted by network platform operators which affect or may affect national security shall be subject to cybersecurity review. Besides, according to Article 7 of the Measures for Cybersecurity Review, a network platform operator who processes the personal information of more than one million users and is seeking for listing in a foreign country must apply for a cybersecurity review. In addition, according to Article 16 of the Measures for Cybersecurity Review, member organizations of the cybersecurity review working mechanism (the “**Working Members**”) may initiate cybersecurity review towards network products, network services, and data processing activities ex officio, which means we may be also subject to cybersecurity review when the Working Members initiate such cybersecurity review ex officio.

Based on Measures for Cybersecurity Review, cybersecurity review shall focus on the assessment of a number of national security risk factors of the relevant object or situation, including but not limited to, risks of any illegal control or supply chain interruption of critical information infrastructure, and risks of illegal use or cross-border transmission of data. As advised by our PRC Legal Adviser, we should not be deemed as an operator of critical information infrastructure and the network products and services purchased and used by us are

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general network products and services in the market, and there is no obvious risk of supply chain interruption. We have not received any material queries or notifications from the CAC or other PRC governmental authorities and have not been subject to any material administrative penalties or other sanctions by any competent regulatory authorities in relation to cybersecurity, data and personal information protection. There has been no material cybersecurity or data protection incidents with respect to data or personal information theft, leakage, damage or loss. Our data will be transferred to recipients located in regions and countries outside the territory of mainland China, such as Hong Kong and the United States. However, since we process less than one million users' personal information and transmit an insignificant number of users' personal information to overseas recipients, the possibility for us to apply to the CAC for cybersecurity review is relatively low. Besides, we have taken necessary technical and organizational measures to protect the security of the data being transferred abroad, including using data encryption to secure personal information when it is in transit. We have also established a basic cybersecurity and data protection system pursuant to the Cybersecurity Law, the Data Security Law, the Personal Information Protection Law and other relevant laws and regulations.

Further, we consulted with the Center on whether we are required to apply for cybersecurity review in respect of the proposed Listing under the Measures for Cybersecurity Review. According to the consultation, Article 7 of the Measures for Cybersecurity Review applies to network platform operators that intend to list in a foreign country, and our proposed Listing in Hong Kong shall not be considered as a listing in a foreign country.

As such, our PRC Legal Adviser is of the view that we are not required to apply for a cybersecurity review pursuant to Article 7 of the Measures for Cybersecurity Review. However, we cannot completely exclude the risks of being required to apply for cybersecurity review in consideration of the provisions of the Draft Network Data Regulations and Article 16 of the Measures for Cybersecurity Review. According to the Draft Network Data Regulations, if our proposed Listing is considered a listing in Hong Kong that affects or may affect national security, we may be required to apply for cybersecurity review. There can be no assurance that we are able to obtain approval from the regulatory authorities in a timely manner, or at all, when we are required to apply for cybersecurity review. Any failure to obtain such approval or clearance from the regulatory authorities could materially constrain our liquidity and have a material adverse impact on our business operations and financial results, especially if we need additional capital or financing.

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

The value of the Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. In June 2010, the PRC government allowed the Renminbi to appreciate slowly against the U.S. dollar. However, starting from June 2015, the trend of appreciation changed and the Renminbi started to depreciate against the U.S. dollar gradually. In recent years, the exchange rate between Renminbi and U.S. dollar has fluctuated. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

The majority of our sales contracts were denominated in Renminbi and majority of our costs and expenses are denominated in Renminbi, while a portion of our financial assets are denominated in U.S. dollars. Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations, and we have not used any forward contracts or currency borrowings to hedge our exposure to foreign currency risk. While we may decide to enter into

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hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency. As a result, any significant revaluation of the Renminbi or the U.S. dollar may adversely affect our cash flows, earnings and financial position, and the value of, and any dividends payable on, our Shares and/or ADSs. For example, an appreciation of the Renminbi against the U.S. dollar would make any new RMB-denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars into Renminbi for such purposes. An appreciation of the Renminbi against the U.S. dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our U.S. dollar-denominated financial assets into Renminbi, our reporting currency. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our Shares or ADSs, for payment of interest expenses, for strategic acquisitions or investments or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on us.

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

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive the majority of our revenues in Renminbi. Under our current corporate structure, we may rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange control regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our PRC subsidiaries are currently able to pay dividends in foreign currencies to us without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration with appropriate government authorities or designated banks is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies. 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 Shares and/or ADSs.

PRC regulations relating to offshore investment activities by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase its registered capital or distribute profits to us, or may otherwise adversely affect us.

SAFE has promulgated several rules and regulations that require PRC individuals and PRC corporate entities to register with and obtain approval from SAFE or its local branches in connection with their direct or indirect offshore investment activities (the “**SAFE Rules**”). In July 2014, SAFE promulgated the SAFE Circular 37, which replaces the Circular on Relevant Issues Concerning Foreign Exchange Administration on PRC Residents’ Financing and Round-Trip Investment via Offshore Special Purpose Vehicles (the “**SAFE Circular 75**”). These SAFE Rules are applicable to our shareholders who are PRC individuals or PRC corporate entities and may be applicable to any offshore acquisitions that we make in the future.

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Pursuant to SAFE Circular 37, PRC residents (including PRC individuals and PRC corporate entities) who make direct or indirect investments in offshore special purpose vehicles (the “SPV”), are required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV is required to update its registration with the local branch of SAFE with respect to that SPV, to reflect any change of the basic information, such as any change relating to the PRC individual shareholder, name or operation period, or any material events, such as increase or decrease of capital contribution, share transfer or exchange, or merger or division. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (the “SAFE Notice 13”). Pursuant to SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound direct investments, including those required under SAFE Circular 37, shall be filed with qualified banks instead of SAFE. Qualified banks should examine the applications and accept registrations under the supervision of SAFE. However, due to the inherent uncertainty in the implementation of regulations by the PRC government authorities, these SAFE registrations may not always be practically available under all circumstances prescribed in these regulations.

We may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC residents, and we do not have control over them and cannot compel them to comply with the SAFE Rules. Therefore, we cannot provide assurance that any applicable registrations or any amendment under the SAFE Rules has been or will be completed in a timely manner, or at all. The failure or inability of our existing or future shareholders or beneficial owners who are PRC residents to register or amend their foreign exchange registrations under the SAFE Rules may subject such shareholders, beneficial owners or our PRC subsidiaries to fines and legal sanctions, or could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by SAFE to return the foreign exchange remitted overseas or into the PRC within a period of time specified by SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into PRC and deemed to have been evasive or illegal and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal. Failure to register or comply with relevant requirements may also restrict our cross-border investment activities or limit our ability to contribute additional capital to our PRC subsidiaries and limit our PRC subsidiaries’ ability to make distributions or pay dividends to us. These risks may have a material adverse effect on our business, financial condition and results of operations.

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

In addition, our offshore financing activities, such as the issuance of foreign debt, are also subject to PRC laws and regulations. In accordance with such laws and regulations, we may be required to complete filing and registration with the National Development and Reform Commission prior to such activities. Failure to comply with the requirements may result in administrative hearing, warning, notification and other regulatory penalties and sanctions.

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

In January 2007, SAFE issued Implementing Rules for the Administrative Measures of Foreign Exchange Matters for Individuals (the “**Individual Foreign Exchange Rule**”), which, among other things, specified approval requirements for certain capital account transactions such as a PRC citizen’s participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. On February 15, 2012, SAFE issued the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company (the “**Stock Incentive Plan Rules**”), pursuant to which “domestic individuals” (both PRC residents and non-PRC residents who reside in the PRC for a continuous period of not less than one year, excluding foreign diplomatic personnel and representatives of international organizations) participating in any stock incentive plan of an overseas-listed company are required, through qualified PRC agents (which could be the PRC subsidiary of such overseas-listed company), to register with SAFE and complete certain other procedures related to the stock incentive plan.

We and our employees who are “domestic individuals” and have been granted share options (the “**PRC optionees**”), became subject to the Stock Incentive Plan Rules when our company became an overseas-listed company upon the completion of our initial public offering. We and our PRC optionees have completed the registration requirement under the Stock Incentive Plan Rules and intend to continue making such registration on an on-going basis as new awards are granted. If we or our PRC optionees fail to comply with the Individual Foreign Exchange Rule and the Stock Incentive Plan Rules, we and/or our PRC optionees may be subject to fines and other legal sanctions. We may also face regulatory uncertainties that could restrict our ability to adopt additional option plans for our Directors and employees under PRC law. In addition, the SAT has issued a few circulars concerning employee stock options. Under these circulars, our employees working in China who exercise stock options will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee stock options with relevant tax authorities and withhold individual income taxes of those employees who exercise their stock options. If our employees fail to pay and we fail to withhold their income taxes, we may face sanctions imposed by tax authorities or any other PRC government authorities. However, there are substantial uncertainties regarding the interpretation and implementation of the Individual Foreign Exchange Rule and the Stock Incentive Plan Rules. We cannot guarantee that our current practices will comply with future interpretations of the Individual Foreign Exchange Rule and the Stock Incentive Plan Rule, and any failure to comply could subject us to fines and other legal sanctions.

The dividends we receive from our PRC subsidiaries may be subject to PRC tax under the PRC Enterprise Income Tax Law, which would have a material adverse effect on our financial condition and results of operations. In addition, if we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.

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

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In addition, under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, where a Hong Kong resident enterprise, which is considered a non-PRC tax resident enterprise, directly holds at least 25% of the equity interests in a PRC enterprise, the withholding tax rate in respect to the payment of dividends by such PRC enterprise to such Hong Kong resident enterprise is reduced to 5% from a standard rate of 10%, subject to approval of the PRC local tax authority. Accordingly, our Hong Kong subsidiaries, such as Noah Insurance (Hong Kong) Limited (“**Noah Insurance**”), are able to enjoy the 5% withholding tax rate for the dividends they receive from their PRC subsidiaries in which they hold a more than 25% of the equity interests if they satisfy the conditions prescribed in relevant tax rules and regulations and obtain the approvals as required. However, if Noah Insurance is considered to be a non-beneficial owner for purposes of the tax arrangement, any dividends paid to it by our wholly foreign-owned PRC subsidiaries directly would not qualify for the preferential dividend withholding tax rate of 5%, but rather would be subject to a rate of 10%.

Furthermore, under the EIT Law and the Implementation Rules to the PRC Enterprise Income Tax Law, an enterprise established outside of the PRC with its “de facto management body” within the PRC is considered a PRC resident enterprise and will be subject to PRC enterprise income tax on its global income at the rate of 25%. See “Regulations — PRC Regulations — Regulations on Tax — PRC Enterprise Income Tax.” We do not believe that the Company or any of its subsidiaries outside of China is a PRC resident enterprise for the year ended December 31, 2021, because neither we nor these subsidiaries are controlled by a PRC enterprise or PRC enterprise group, and because our records and these subsidiaries’ records (including the resolutions of the respective boards of directors and the resolutions of the respective shareholders) are maintained outside the PRC. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that the Company or any of its subsidiaries outside of China is a PRC resident enterprise for PRC tax purposes, they would be subject to a 25% PRC enterprise income tax on their global income. In addition, if the Company is considered a PRC resident enterprise for PRC tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-PRC resident enterprises, including the holders of our Shares and/or ADSs. Furthermore, non-PRC resident enterprise shareholders (including our Shares and/or ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC individual shareholders (including our Shares and/or ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is also unclear whether our non-PRC shareholders would be able to claim the benefits of any tax treaty between their country of tax residence and the PRC in the event that we are considered as a PRC resident enterprise. If we are required to withhold such PRC income tax under the EIT Law, your investment in our Shares or ADSs may be materially and adversely affected.

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We face uncertainties with respect to the application of the Circular on Strengthening the Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises.

The SAT has issued several rules and notices to tighten the scrutiny over acquisition transactions in recent years, including the Notice on Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-PRC Resident Enterprises issued in February 2015 (“**SAT Circular 7**”). Pursuant to these rules and notices, if a non-PRC resident enterprise indirectly transfers PRC taxable properties, referring to properties of an establishment or a place in the PRC, real estate properties in the PRC or equity investments in a PRC tax resident enterprise, by disposition of equity interests in an overseas non-public holding company, without a reasonable commercial purpose and resulting in the avoidance of PRC enterprise income tax, such indirect transfer should be deemed as a direct transfer of PRC taxable properties and gains derived from such indirect transfer may be subject to the PRC withholding tax at a rate of up to 10%. SAT Circular 7 has listed several factors to be taken into consideration by the tax authorities in determining whether an indirect transfer has a reasonable commercial purpose. However, in spite of these factors, an indirect transfer satisfying all the following criteria shall be deemed to lack reasonable commercial purpose and be taxable under the PRC laws: (i) 75% or more of the equity value of the overseas enterprise being transferred is derived directly or indirectly from the PRC taxable properties; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the overseas enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the overseas enterprise and any of its subsidiaries that directly or indirectly hold the PRC taxable properties are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC taxable properties is lower than the potential PRC tax on the direct transfer of such assets. Nevertheless, an indirect transfer falling into the scope of certain safe harbors under SAT Circular 7 may not be subject to PRC tax. Such safe harbors include qualified group restructuring, secondary market equity trading and tax treaty exemptions.

On October 17, 2017, the SAT released the Public Notice Regarding Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (the “**SAT Public Notice 37**”), effective from December 1, 2017. SAT Public Notice 37 replaced a series of circulars and revised the rules governing the administration of withholding tax on China-sourced income derived by nonresident enterprises. SAT Public Notice 37 provided certain key changes to the current withholding regime including, such as (i) the withholding obligation for a non-resident enterprise which is declaring a dividend arises on the day the payment is actually made rather than on the day of the resolution to declare the dividends; and (ii) the provision that a non-resident enterprise must self-report tax within seven days if its withholding agents fail to withhold or is removed.

Under SAT Circular 7 and SAT Public Notice 37, the entities or individuals obligated to pay the transfer price to the transferor shall be withholding agents and shall withhold the PRC tax from the transfer price. If a withholding agent fails to do so, the transferor shall report to and pay the PRC tax to the PRC tax authorities. In case neither a withholding agent nor the transferor complies with the obligations under SAT Circular 7 and SAT Public Notice 37, in addition to imposing penalties such as late payment interest on the transferors, the tax authority may also hold a withholding agent liable and impose a penalty of 50% to 300% of the unpaid tax on the withholding agent, provided that such penalty imposed on the withholding agent may be reduced or waived if the withholding agent has submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with SAT Circular 7 and SAT Public Notice 37.

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However, as there is a lack of clear statutory interpretation on the implementation of these rules and notices, there is no assurance that the tax authorities will not apply SAT Circular 7 and SAT Public Notice 37 to previous investments by non-PRC resident investors in our company or our pre-listing restructuring, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our existing non-PRC resident investors may be at risk of being taxed under these rules and notices and may be required to expend valuable resources to comply with or to establish that we should not be taxed under such rules and notices, which may have a material adverse effect on our financial condition and results of operations or such non-PRC resident investors' investments in us. We have conducted and may conduct acquisitions involving corporate structures, and historically our shares were transferred by certain then shareholders to our current shareholders. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Any PRC tax imposed on a transfer of our shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

The enforcement of the Labor Contract Law, Social Insurance Law and other labor-related regulations in the PRC may increase our labor cost and adversely affect our business and our results of operations.

In June 2007, the National People's Congress of China enacted the Labor Contract Law of the PRC (the "**Labor Contract Law**"), which became effective in January 2008 and was subsequently amended in July 2013. The Labor Contract Law establishes more restrictions on and increases costs for employers to dismiss employees, including specific provisions related to fixed-term employment contracts, temporary employment, probation, consultation with the labor union and employee assembly, employment without a contract, dismissal of employees, compensation upon termination and overtime work and collective bargaining. According to the Labor Contract Law, an employer is obliged to sign a labor contract with unlimited term with an employee if the employer continues to hire the employee after the expiration of two consecutive fixed-term labor contracts, subject to certain conditions, or after the employee has worked for the employer for ten consecutive years. The employer is also required to pay compensation to an employee if the employer terminates an unlimited-term labor contract. Such compensation is also required when the employer refuses to renew a labor contract that has expired, unless it is the employee who refuses to extend the expired contract. In addition, under the Labor Contract Law, if we decide to lay off a large number of employees or otherwise change our employment or labor practices, the Labor Contract Law may also limit our ability to effect these changes in a manner that we believe to be cost-effective or desirable, which could adversely affect our business and results of operations.

We cannot assure you that our employment practices do not or will not violate these labor-related laws and regulations. If we are deemed to have been non-compliant with any such laws and regulations or to have failed to make adequate contributions to any social insurance schemes, we may be subject to penalties and negative publicity, and our business, results of operations and prospects may be materially adversely affected.

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RISKS RELATED TO OUR ADSS, SHARES AND THE LISTING

As a company applying for listing under Chapter 19C, we adopt different practices as to certain matters as compared with many other companies listed on the Hong Kong Stock Exchange.

As we are applying for listing under Chapter 19C of the Hong Kong Listing Rules, we will not be subject to certain provisions of the Hong Kong Listing Rules pursuant to Rule 19C.11, including, among others, rules on notifiable transactions, connected transactions, share option schemes and content of financial statements as well as certain other continuing obligations. In addition, in connection with the Listing, we have applied for a number of waivers and/or exemptions from strict compliance with the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Takeovers Code and the SFO. As a result, we will adopt different practices as to those matters as compared with other companies listed on the Hong Kong Stock Exchange that do not enjoy those exemptions or waivers. For additional information, see “Waivers and Exemptions.” Shareholders will not have the benefit of the Hong Kong Listing Rules that are so waived. There is no assurance that the Hong Kong Stock Exchange or SFC will not revoke any of these waivers granted or impose certain conditions on any of these waivers. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to additional compliance obligations and incur additional compliance costs, all of which could materially and adversely affect us and our Shareholders.

Our Articles of Association are specific to us and include certain provisions that may be different from the requirements under the Hong Kong Listing Rules and common practices in Hong Kong. For example, Rule 19C.07(7) of the Hong Kong Listing Rules provides that the minimum stake required to convene an extraordinary general meeting and add resolutions to a meeting agenda must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital of a Qualifying Issuer, but our Articles of Association do not provide such a provision. We will put forth a resolution at or before our next annual general meeting to be held after the Listing to revise our Articles of Association to comply with Rule 19C.07(7) of the Hong Kong Listing Rules. The next annual general meeting after the Listing is expected to be held in the fourth quarter of this year.

Furthermore, if 55% or more of the total worldwide trading volume, by dollar value, of our ADSs and Shares over our most recent fiscal year takes place on the Hong Kong Stock Exchange, the Hong Kong Stock Exchange will regard us as having a dual primary listing in Hong Kong and we will no longer enjoy certain exemptions or waivers from strict compliance with the requirements under the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Takeovers Code and the SFO, which could result in us having to amend our corporate structure and Articles of Association and our incurring of incremental compliance costs.

The market price for our ADSs may continue to be, and the market price of our Shares can be, volatile.

The trading prices of our ADSs have been, and are likely to continue to be, volatile and could fluctuate widely due to factors beyond our control. The trading prices of our Shares, likewise, can be volatile for similar or different reasons. The trading prices of our ADSs ranged from US\$28.58 to US\$52.77 in 2021. In addition, securities markets may from time to time experience significant price and volume fluctuations that may or may not relate to our operating performance, which may have a material and adverse effect on the market price of our Shares and/or ADSs. In particular, volatility in the PRC stock markets in the last few years

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has resulted in some volatility in the trading prices of most China-based companies whose shares are traded in Hong Kong and/or the United States. The market price for our Shares and/or ADSs is likely to be highly volatile and subject to wide fluctuations in response to factors including the following:

- variation in our revenues, earnings, cash flow and data related to our user base or user engagement;
- regulatory developments in our target markets affecting us, our clients or our competitors;
- announcements of studies and reports relating to the quality of our products and services or those of our competitors;
- changes in the performance or market valuations of other companies in the industries in which we operate;
- 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;
- detrimental adverse publicity about us or our industry;
- conditions in the industries in which we operate;
- announcements by us or our competitors of new services, investments, acquisitions, strategic relationships, joint ventures or capital commitments;
- addition or departure of key personnel;
- fluctuations of exchange rates between the Renminbi and the U.S. dollar;
- release or expiry of transfer restrictions on our outstanding ordinary shares or ADSs;
- sales or perceived potential sales of additional ordinary shares or ADSs; and
- potential litigation or regulatory investigations.

In addition, the market prices for China-based companies listed in the United States and/or Hong Kong have experienced volatility that might have been unrelated to the operating performance of such companies. The substantial declines in the market prices of the securities of China-based companies may affect the attitudes of investors toward Chinese companies listed in Hong Kong and/or the United States in general, which consequently may impact the market price of our Shares and/or ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inappropriate corporate governance practices or corporate structure, fraudulent accounting or other matters of some China-based companies may also negatively affect the attitudes of investors towards China-based companies in general, including us, regardless of whether we have engaged in any inappropriate activities.

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The global financial crisis and the ensuing economic recessions in many countries have contributed and may continue to contribute to extreme volatility in the global stock markets, such as the large declines in share prices in the United States, mainland China, Hong Kong and other jurisdictions at various times since 2008. These broad market and industry fluctuations may adversely affect the prices of our Shares and/or ADSs, regardless of our operating performance. In the past, shareholders of a public company have often instituted securities class action suits against the company following periods of instability in the market price of that company's securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

The volatility resulting from any of the above factors may affect the price at which you could sell the Shares or ADSs.

There is no assurance if and when we will pay dividends in the future. Therefore, you should not rely on an investment in our Shares and/or ADSs as a source of future dividend income.

Our Board of Directors has complete discretion as to whether to distribute dividends, subject to our Articles of Association and Cayman Islands law. In addition, our shareholders by ordinary resolution may declare a dividend, but no dividend may exceed the amount recommended by our Board of Directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend on its shares out of either profit or share premium amount, provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if our Board of Directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board of Directors. We may not declare any dividend in the future, and even if we do so, any future dividend may be less than those historically declared. Therefore, you should not rely on an investment in our Shares and/or ADSs as a source of future dividend income. Accordingly, the return on your investment in our Shares and/or ADSs will likely depend entirely upon any future price appreciation of our Shares and/or ADSs. There is no guarantee that our Shares and/or ADSs will appreciate in value or even maintain their current price.

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

Additional sales of our Shares and/or ADSs in the public market, or the perception that these sales could occur, could cause the market price of our Shares and/or ADSs to decline. Some Shares outstanding after the Global Offering will be available for sale, upon the expiration of the lock-up periods (if applicable to such holder), subject to volume and other restrictions as applicable under Rules 144 and 701 under the U.S. Securities Act. Any or all of these ordinary shares may be released prior to the expiration of the applicable lock-up period at the discretion of the designated representatives. To the extent a substantial amount of Shares are released before the expiration of the applicable lock-up period and sold into the market, the market price of our Shares and/or ADSs could decline significantly. The remaining Shares outstanding are available for sale, subject to volume and other restrictions as applicable under Rules 144 and 701 under the U.S. Securities Act.

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Certain holders of our Shares have the right to cause us to register under the U.S. Securities Act the sale of their shares. Registration of these shares under the U.S. Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the U.S. 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 Shares and/or ADSs to decline.

Techniques employed by short sellers may drive down the trading price of our ordinary shares and/or 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.

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

It is not clear what effect such negative publicity could have on us. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations 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 seller 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 distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations and shareholder's equity, and any investment in our ordinary shares and/or ADSs could be greatly reduced or rendered worthless.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our Shares and/or ADSs, the market price for our Shares and/or ADSs and trading volume could decline.

The trading market for our Shares and/or ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our Shares and/or ADSs, the market price for our Shares and/or ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for our Shares and/or ADSs to decline.

RISK FACTORS

Our Memorandum and Articles contain provisions that could discourage a third party from seeking to obtain control of our company, which could adversely affect the interests of holders of our Shares and ADSs by limiting their opportunities to sell them at a premium.

Our Memorandum and Articles contain certain provisions that could limit the ability of others to acquire control of our company, including provisions that grant to our Board of Directors the authority to establish and issue from time to time one or more series of preferred shares, and to designate the price, rights, preferences, privileges and restrictions of such preferred shares, without any further vote or action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series which may be greater than the rights of our Shares. The provisions could have the effect of depriving holders of our Shares or ADSs of the opportunity to sell their Shares or ADSs at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

The voting rights of holders of our ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of the underlying shares represented by your ADSs.

Holders of our ADSs may not have the same voting rights as the holders of our Shares. Except as described in this document and in the deposit agreement for the ADSs, holders of our ADSs will not be able to exercise voting rights attaching to the shares represented by our ADSs on an individual basis. Holders of our ADSs will appoint the depositary or its nominee as their representative to exercise the voting rights attaching to the shares represented by the ADSs. Holders of our ADSs may not receive voting materials in time to instruct the depositary to vote, and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Under the deposit agreement, if holders of our ADSs do not give voting instructions to the depositary as to how to vote the underlying shares represented by their ADSs, the depositary will give a discretionary proxy to a person designated by us to vote the shares represented by their 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 by show of hands.

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

RISK FACTORS

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings and you may not receive cash dividends if it is impractical to make them available to you.

We may from time to time distribute rights to our shareholders and other parties, including rights to acquire our securities. For instance, in connection with the settlement of the Camsing Incident, we voluntarily made an ex gratia settlement offer to affected clients. An affected client accepting the offer shall receive restricted share units, which upon vesting will become Shares of our company. The maximum number of Shares to be issued by our company to these settled clients would account for approximately 11.4% of the total issued Shares of our Company as of December 31, 2021, and account for approximately 6.4% of the voting rights of our Company as of December 31, 2021. Such settlement plan will, and any future settlement plan may dilute your holdings in our company.

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

The depository of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our Shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of Shares your ADSs represent. However, the depository may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depository may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depository may decide not to distribute such property to you.

Holders of our ADSs may be subject to limitations on transfer of your ADSs.

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

We incur increased costs as a result of being a public company.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the NYSE, impose various requirements on the corporate governance practices of public companies. We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costlier. As we are no longer an “emerging growth company,” we expect to incur significant expenses and devote substantial management effort toward ensuring

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compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. For example, as a result of becoming a public company, we need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. Operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our Board of Directors or as executive officers.

We will also incur additional costs as a result of the Listing on the Hong Kong Stock Exchange. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

We may be involved in class action lawsuits in the United States in the future. Companies that have experienced volatility in the volume and market prices of their shares have been subject to an increased incidence of securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, and, if adversely determined, could have a material adverse effect on our business, financial condition and results of operations.

Holders of our Shares and/or ADSs may have difficulty effecting service of process and enforcing judgments obtained against us, our Directors and our management, and the ability of U.S. or Hong Kong authorities to bring and enforce actions in the PRC may also be limited.

We are an exempted company incorporated under the laws of the Cayman Islands. We conduct a substantial portion of our operations in the PRC and substantially all of our assets are located outside the United States and Hong Kong. In addition, a majority of our Directors and officers are nationals or residents of jurisdictions other than the United States and Hong Kong and a substantial portion of their assets are located outside the United States and Hong Kong. As a result, it may be difficult or impossible for our shareholders to effect service of process or bring an action against us or against them in the United States or in Hong Kong in the event that our shareholders believe that their rights have been infringed under the securities laws of the United States, Hong Kong or otherwise. Even if our shareholders are successful in bringing an action of this kind, the laws of the Cayman Islands, the PRC or other relevant jurisdiction may render our shareholders unable to enforce a judgment against our assets or the assets of our Directors and officers. In addition, the U.S. or Hong Kong authorities may also have difficulties in bringing and enforcing actions against us or our Directors or officers in the PRC.

In addition, shareholder claims that are common in the United States, including securities law class actions and fraud claims, may be difficult to pursue as a matter of law or practicality in the PRC. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against a company in the PRC for disputes if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, that the plaintiff must have a direct interest in the case, and that there must be a concrete claim, a factual basis and a cause for the suit. It will be, however, difficult for U.S. and other shareholders to originate actions against us in the PRC in accordance with

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PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. and other shareholders, only by virtue of holding our Shares and/or ADSs, to establish a connection to the PRC for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law.

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts or Hong Kong courts may be limited because we are incorporated under Cayman Islands law, we conduct the majority of our operations in mainland China and all of our Directors and officers reside outside the United States and Hong Kong.

We have been advised by Maples and Calder (Hong Kong) LLP, our counsel as to Cayman Islands law, that although there is no statutory recognition in the Cayman Islands of judgments obtained in the United States or Hong Kong (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands will, at common law, recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without reexamination of the merits underlying the dispute based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the liquidated sum for which judgment has been given, provided certain conditions are met. For a foreign money judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be (i) in respect of taxes or a fine or penalty or similar fiscal or revenue obligations, (ii) inconsistent with a Cayman Islands judgment in respect of the same matter, (iii) impeachable on the grounds of fraud or (iv) obtained in a manner, nor be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Our corporate affairs are governed by our Memorandum and Articles, as amended and restated from time to time, and by the Companies Act and the common law of the Cayman Islands. The rights of shareholders to take legal action against us and our Directors, actions by minority shareholders and the fiduciary duties of our Directors 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 English common law, which provides persuasive, but not binding, authority 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 precedents in the United States or Hong Kong. In particular, the Cayman Islands has a less developed body of securities laws than the United States or Hong Kong and provides significantly less protection to investors. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in U.S. federal courts or Hong Kong courts.

In addition, as a company primarily operating in mainland China, there are significant legal and other obstacles for U.S. or Hong Kong authorities to obtaining information needed for investigations or litigations. Similar limitations apply to the pursuit of actions against individuals, including officers, directors and individual gatekeepers, who may have engaged in fraud or other wrongdoing. Moreover, local authorities often are constrained in their ability to assist U.S. or Hong Kong authorities and overseas investors more generally.

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As a result, our public shareholders and holders of our ADSs and Shares may have more difficulty in protecting their interests through actions against us, our management, our Directors or our major shareholders and limited remedies than shareholders of a corporation incorporated in a jurisdiction in the United States or Hong Kong would have.

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

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

The different characteristics of the capital markets in Hong Kong and the U.S. may negatively affect the trading prices of our Shares and ADSs.

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

Exchange between our Shares and our ADSs may adversely affect the liquidity and/or trading price of each other.

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

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

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

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

The Common Reporting Standard could subject us to certain new information reporting and withholding requirements.

The Organization for Economic Cooperation and Development has developed a Common Reporting Standard (the “CRS”) and model competent authority agreement to enable the multilateral and automatic exchange of financial account information, which were adopted by many jurisdictions. Effective on January 1, 2017, CRS and its implementing legislations in mainland China and Hong Kong require financial institutions to identify and report the tax residency and account details of non-resident customers to the relevant authorities in jurisdictions adhering to CRS. On September 6, 2018, the arrangements for the multilateral and automatic exchange of financial account information between mainland China and Hong Kong officially came into effect. Hong Kong and mainland China conducted the first automatic exchange of financial account information in September 2018, and many jurisdictions (including Hong Kong) have promised to implement the multilateral and automatic exchange of financial account information. While CRS was modeled on the U.S. Foreign Account Tax Compliance Act (the “FATCA”), the scope, coverage and volume under CRS are significantly greater than that under FATCA, which requires non-U.S. institutions to report to the Internal Revenue Service (the “IRS”) if U.S. tax payers have an account with the non-U.S. financial institution and have met the standard of the overseas financial assets. As the reporting requirement under CRS is burdensome, we cannot assure you that we will not be adversely affected by the information reporting and withholding requirements imposed by CRS and its implementing legislations in mainland China, Hong Kong and other jurisdictions subject to CRS in which we conduct or may conduct business in the future.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and anti-corruption laws in other applicable jurisdictions.

As an NYSE listed company with operations in various countries, we are subject to the U.S. Foreign Corrupt Practices Act of 1977 (the “FCPA”) and other anti-corruption laws and regulations in applicable jurisdictions. The FCPA generally prohibits companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. Companies subject to the FCPA may be held liable for actions taken by partners or representatives. We may be subject to these and similar anti-corruption laws in other applicable jurisdictions. Failure to comply with legal requirements could expose

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us to civil and/or criminal penalties, including fines, prosecution and significant reputational damage, all of which could materially and adversely affect our business, results of operations, including our relationships with our clients, and our financial results. Compliance with the FCPA and other applicable anti-corruption laws and related regulations and policies imposes potentially significant costs and operational burdens on us. Moreover, the compliance and monitoring mechanisms that we have in place, including our Code of Ethics and our anti-bribery and anti-corruption policy, may not adequately prevent or detect all possible violations under applicable anti-bribery and anti-corruption legislation.

We are a foreign private issuer within the meaning of the rules under the U.S. 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 U.S. 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 U.S. 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 U.S. Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the U.S. Exchange Act;
- the sections of the U.S. Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

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

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

As a Cayman Islands company listed on the NYSE, we are subject to NYSE corporate governance listing standards. However, the NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NYSE corporate governance listing standards. Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies. Our Directors have discretion under our Articles to determine whether or not, and under what conditions, our

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corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest. Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. To the extent we choose to follow home country practice with respect to corporate governance matters, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

RISKS RELATED TO THE GLOBAL OFFERING

An active trading market for our Shares on the Hong Kong Stock Exchange might not develop or be sustained and trading prices of our Shares might fluctuate significantly.

Following the completion of the Global Offering, we cannot assure you that an active trading market for our Shares on the Hong Kong Stock Exchange will develop or be sustained. The trading price or liquidity for our ADSs on the NYSE might not be indicative of those of our Shares on the Hong Kong Stock Exchange following the completion of the Global Offering. If an active trading market of our Shares on the Hong Kong Stock Exchange does not develop or is not sustained after the Global Offering, the market price and liquidity of our Shares could be materially and adversely affected.

In 2014, the Hong Kong, Shanghai and Shenzhen Stock Exchanges collaborated to create an inter-exchange trading mechanism called Stock Connect that allows international and mainland Chinese investors to trade eligible equity securities listed in each other's markets through the trading and clearing facilities of their home exchange. Stock Connect currently covers over 2,000 equity securities trading in the Hong Kong, Shanghai and Shenzhen markets. Stock Connect allows mainland Chinese investors to trade directly in eligible equity securities listed on the Hong Kong Stock Exchange, known as Southbound Trading; without Stock Connect, mainland Chinese investors would not otherwise have a direct and established means of engaging in Southbound Trading. However, since these rules are relatively new, there remains uncertainty as to the implementation details, especially with respect to shares of those companies with a secondary listing on the Hong Kong Stock Exchange. It is unclear whether and when the Shares of our Company, with a secondary listing in Hong Kong upon the Listing, will be eligible to be traded through Stock Connect, if at all. The ineligibility or any delay of our Shares for trading through Stock Connect will affect mainland Chinese investors' ability to trade our Shares and therefore may limit the liquidity of the trading of our Shares on the Hong Kong Stock Exchange.

Since there will be a gap of several days between pricing and trading of our Shares, the price of our ADSs traded on the NYSE may fall during this period and could result in a fall in the price of our Shares to be traded on the Hong Kong Stock Exchange.

The pricing of the Offer Shares will be determined on the Price Determination Date. However, our Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be about four Hong Kong business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the trading price of our Shares could fall when trading commences as a result of adverse market conditions or other adverse developments that could occur between the Price Determination

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Date and the time trading begins. In particular, as our ADSs will continue to be traded on the NYSE and their price can be volatile, any fall in the price of our ADSs may result in a fall in the price of our Shares to be traded on the Hong Kong Stock Exchange.

There is uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of the Company's ADSs following the initial public offering in Hong Kong and listing of the ordinary shares on the Hong Kong Stock Exchange.

In connection with our initial public offering of Shares in Hong Kong (the “**Hong Kong IPO**”), we will establish a branch register of members in Hong Kong (the “**Hong Kong share register**”). The Shares that are traded on the Hong Kong Stock Exchange, including those to be issued in the Hong Kong IPO and those that may be converted from ADSs, will be registered on the Hong Kong share register, and the trading of these ordinary shares on the Hong Kong Stock Exchange will be subject to the Hong Kong stamp duty. To facilitate ADS- ordinary share conversion and trading between the NYSE and the Hong Kong Stock Exchange, we also intend to move a portion of our issued Shares from our Cayman Islands register of members to our Hong Kong share register.

Under the Hong Kong Stamp Duty Ordinance, any person who effects any sale or purchase of Hong Kong stock, defined as stock the transfer of which is required to be registered in Hong Kong, is required to pay Hong Kong stamp duty. The stamp duty is currently set at a total rate of 0.26% of the greater of the consideration for, or the value of, shares transferred, with 0.13% payable by each of the buyer and the seller. See “Information About the Listing — Dealings and Settlement of Class A Ordinary Shares in Hong Kong.”

To the best of our knowledge, Hong Kong stamp duty has not been levied in practice on the trading or conversion of ADSs of companies that are listed in both the United States and Hong Kong and that have maintained all or a portion of their ordinary shares, including ordinary shares underlying ADSs, in their Hong Kong share registers. However, it is unclear whether, as a matter of Hong Kong law, the trading or conversion of ADSs of these dual-listed companies constitutes a sale or purchase of the underlying Hong Kong-registered ordinary shares that is subject to Hong Kong stamp duty. We advise investors to consult their own tax advisors on this matter. If Hong Kong stamp duty is determined by the competent authority to apply to the trading or conversion of our ADSs, the trading price and the value of your investment in our ADSs or Shares may be affected.

Purchasers of our Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The initial Public Offer Price of our Shares is higher than the net tangible assets per Share of the issued and outstanding Shares issued to our existing shareholders immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in terms of the pro forma net tangible asset value. In addition, we may consider offering and issuing additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. Purchasers of our Shares may experience further dilution in terms of the net tangible asset value per Share if we issue additional Shares in the future at a price that is lower than the net tangible asset value per share.

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Our management has broad discretion over the use of proceeds from this offering, and may spend the proceeds in ways with which you may disagree or that may not be profitable.

Our management will have significant discretion in applying the net proceeds that we receive from this offering. Although we expect to use the net proceeds from this offering for the purposes described in “Use of Proceeds,” our Board of Directors retains significant discretion with respect to the use of proceeds and may spend the proceeds in ways with which you may disagree or that may not be profitable. If an unforeseen event occurs or business conditions change, we may use these proceeds differently than as described in “Use of Proceeds.” The proceeds from this offering may be used in a manner that does not generate favorable returns. In addition, if we use the proceeds for future acquisitions or investments, there can be no assurance that we would successfully integrate any such acquisition into our operations and/or that the entity acquired or the investment made would perform as expected.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics contained in this document, which were obtained from various independent third-party sources, including the industry expert reports.

This document, particularly the sections headed “Business” and “Industry Overview,” contain information and statistics relating to the HNW wealth management services industry in China. Such information and statistics have been derived from a third-party report commissioned by us and publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners and Joint Lead Managers or any other party involved in the Global Offering, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this document being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. You should consider carefully the importance placed on such information or statistics.

Investors should read the entire document carefully and should not consider any particular statements in this document or in published media reports without carefully considering the risks and other information contained in this document.

Prior or subsequent to the publication of this document, there may have been press and media coverage regarding us and the Global Offering, which includes certain information about us that does not appear in, or is different from what is contained in this document. We have not authorized the disclosure of any such information in the press or media. The financial information, financial projection, valuation and other information about us contained in such unauthorized press or media coverage may not truly reflect what is disclosed in the document or the actual circumstances. We do not accept any responsibility for such unauthorized press and media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information. To the extent that any information appearing in the press and media is inconsistent or conflict with the information contained in this document, we disclaim it. Investors should rely only on the information contained in this document in making investment decision.

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY STATEMENT

This document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Hong Kong Listing Rules for the purpose of giving information with regard to our Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

THE HONG KONG PUBLIC OFFERING AND THIS DOCUMENT

This document is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this document sets out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this document and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this document, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Representative. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Representative (for itself and on behalf of the Underwriters) agreeing on the pricing of the Hong Kong Offer Shares. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date.

Neither the delivery of this document nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of our Group since the date of this document or imply that the information contained in this document is correct as of any date subsequent to the date of this document.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set forth in “How to Apply for Hong Kong Offer Shares” in this document.

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in “Structure of the Global Offering” in this document.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set forth in “Structure of the Global Offering” in this document.

RESTRICTIONS ON OFFERS AND SALES OF CLASS A ORDINARY SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers of the Offer Shares described in this document.

No action has been taken to permit a public offering of the Offer Shares (except for a registration of Shares on a registration statement on Form F-3 to be filed with the SEC) or the general distribution of this document in any jurisdiction other than in Hong Kong or the United States. Accordingly, this document may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this document and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

COMMENCEMENT OF DEALINGS IN THE CLASS A ORDINARY SHARES

We expect that dealings in the Class A ordinary shares on the Hong Kong Stock Exchange will commence on Wednesday, July 13, 2022. The Class A ordinary shares will be traded in board lots of 20 Class A ordinary shares each. The stock code of the Class A ordinary shares will be 6686.

CLASS A ORDINARY SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, Class A ordinary shares and our Company complies with the stock admission requirements of HKSCC, the Class A ordinary shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the admission of the Class A ordinary shares into CCASS.

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Class A ordinary shares or ADSs or exercising any rights attaching to the Shares. None of our Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Class A ordinary shares or ADSs or your exercise of any rights attaching to the Class A ordinary shares.

REGISTER OF MEMBERS AND STAMP DUTY

The principal register of members will be maintained by the Principal Share Registrar in the Cayman Islands, and the Hong Kong branch register of members will be maintained by the Hong Kong Share Registrar in Hong Kong.

Dealings in the Class A ordinary shares registered on the Hong Kong share register will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.13% of the consideration for, or (if greater) the value of, the Class A ordinary shares transferred. In other words, a total of 0.26% is currently payable on a typical sale and purchase transaction of the Class A ordinary shares. In addition, a fixed duty of HK\$5.00 is charged on each instrument of transfer (if required).

To facilitate ADS-Class A ordinary share conversion and trading between the NYSE and the Hong Kong Stock Exchange, we also intend to move a portion of its issued ordinary shares from the Cayman share register to the Hong Kong share register. It is unclear whether, as a matter of Hong Kong law, the trading or conversion of ADSs constitutes a sale or purchase of the underlying Hong Kong-registered ordinary shares that is subject to Hong Kong stamp duty. Investors should consult their own tax advisers on this matter. See “Risk Factors — Risks Related to the Global Offering — There is uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of the Company’s ADSs following the initial public offering in Hong Kong and listing of the ordinary shares on the Hong Kong Stock Exchange.”

EXCHANGE RATE CONVERSION

Our reporting currency is RMB. This document contains translations of financial data in Renminbi and Hong Kong dollar amounts into U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise stated, all translations of financial data in Renminbi and Hong Kong dollars into U.S. dollars and from U.S. dollars into Renminbi and Hong Kong dollars in this document were made at a rate of RMB6.3726 and HK\$7.7996, respectively to US\$1.00, the respective exchange rate on December 30, 2021 set forth in the H.10 statistical release of the Federal Reserve Board.

On June 17, 2022, the noon buying rate for Renminbi and Hong Kong dollars was RMB6.7160 to US\$1.00 and HK\$7.8498 to US\$1.00, respectively.

No representation is made that any amounts in RMB or US\$ were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

ROUNDING

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

LANGUAGE

If there is any inconsistency between the English version of this document and its Chinese translation, the English version of this document shall prevail, provided that if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this document and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities or enterprises are provided for identification purposes only.

OTHER

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

INFORMATION ABOUT THE LISTING

THE LISTING

We have applied for a listing of its Class A ordinary shares on the Main Board under Chapter 19C (Secondary Listings of Qualifying Issuers) of the Hong Kong Listing Rules.

We have a track record of good regulatory compliance of at least five full financial years on the NYSE, and a market capitalization of at least HK\$3.0 billion at the time of the Listing, as required by Criteria A under Rule 19C.05A of the Hong Kong Listing Rules.

We have applied to the Hong Kong Stock Exchange for the listing of, and permission to deal in, its Class A ordinary shares in issue and to be issued pursuant to the Global Offering (including the Class A ordinary shares which may be issued pursuant to the exercise of the Over-allotment Option), the Class A ordinary shares to be converted from the Class B ordinary shares upon the completion of the Global Offering and the Class A ordinary shares to be issued pursuant to the Share Incentive Plans and the RSU Plan, including pursuant to the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time.

Our ADSs are currently listed and traded on the NYSE. Other than the foregoing, no part of our Shares or loan capital is listed on or traded on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All Offer Shares will be registered on the Hong Kong Share Registrar in order to enable them to be traded on the Hong Kong Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our Class A ordinary shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to us by or on behalf of the Hong Kong Stock Exchange.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF SHARES

Our register of members holding unlisted Shares not represented by the ADSs will be maintained by the Principal Share Registrar in the Cayman Islands, and our branch register of members holding Class A ordinary shares listed on the Hong Kong Stock Exchange and its Class A ordinary shares represented by the ADSs will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

OWNERSHIP OF ADSs

An owner of ADSs may hold his or her ADSs either by means of an ADR (evidencing certificated ADSs) registered in his or her name, through a brokerage or safekeeping account, or through an account established by the depositary bank in his or her name reflecting the registration of uncertificated ADSs directly on the books of the depositary bank, commonly referred to as the “direct registration system,” or DRS. The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary bank. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary bank to the holders of the ADSs. The direct registration system includes automated transfers between the depositary bank and DTC. If an owner of ADSs decides to hold his or her ADSs through his or her brokerage or safekeeping account, he or she

INFORMATION ABOUT THE LISTING

must rely on the procedures of his or her broker or bank to assert his or her rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. All ADSs held through DTC will be registered in the name of a nominee of DTC.

DEALINGS AND SETTLEMENT OF CLASS A ORDINARY SHARES IN HONG KONG

Our Class A ordinary shares will trade on the Hong Kong Stock Exchange in board lots of 20 Class A ordinary shares. Dealings in its Class A ordinary shares on the Hong Kong Stock Exchange will be conducted in Hong Kong dollars.

The transaction costs of dealings in the Class A ordinary shares on the Hong Kong Stock Exchange include:

- Hong Kong Stock Exchange trading fee of 0.005% of the consideration of the transaction, charged to each of the buyer and seller;
- SFC transaction levy of 0.0027% of the consideration of the transaction, charged to each of the buyer and seller;
- Financial Reporting Council transaction levy of 0.00015% of the consideration of the transaction, charged to each of the buyer and seller;
- trading tariff of HK\$0.50 on each and every purchase or sale transaction. The decision on whether or not to pass the trading tariff onto investors is at the discretion of brokers;
- transfer deed stamp duty of HK\$5.00 per transfer deed (if applicable), payable by the seller;
- ad valorem stamp duty at a total rate of 0.26% of the value of the transaction, with 0.13% payable by each of the buyer and the seller;
- stock settlement fee, which is currently 0.002% of the gross transaction value, subject to a minimum fee of HK\$2.00 and a maximum fee of HK\$100.00 per side per trade;
- brokerage commission, which is freely negotiable with the broker (other than brokerage commissions for IPO transactions which are currently set at 1% of the subscription or purchase price and will be payable by the person subscribing for or purchasing the securities); and
- the Hong Kong Share Registrar will charge between HK\$2.50 to HK\$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong.

Investors must settle their trades executed on the Hong Kong Stock Exchange through their brokers directly or through custodians. For an investor who has deposited his or her Class A ordinary shares in his or her stock account or in his or her designated CCASS participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance

INFORMATION ABOUT THE LISTING

with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his or her broker or custodian before the settlement date.

CONVERSION BETWEEN CLASS A ORDINARY SHARES TRADING IN HONG KONG AND ADSs

In connection with the initial public offering of Class A ordinary shares in Hong Kong (the “**Global Offering**”), we have established a branch register of members in Hong Kong (the “**Hong Kong share register**”), which will be maintained by its Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members (the “**Cayman share register**”) will continue to be maintained by its Principal Share Registrar, Maples Fund Services (Cayman) Limited.

All Class A ordinary shares offered in the Global Offering will be registered on the Hong Kong share register in order to be listed and traded on the Hong Kong Stock Exchange. As described in further detail below, holders of Class A ordinary shares registered on the Hong Kong share register will be able to convert these shares into ADSs, and vice versa.

The Company’s ADSs

The Company’s ADSs are traded on the NYSE. Dealings in its ADSs on the NYSE are conducted in U.S. Dollars.

ADSs may be held either:

- directly, by having a certificated ADS, or an ADR, registered in the holder’s name, or by holding in the direct registration system, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto; or
- indirectly, through the holder’s broker or other financial institution.

The depositary for the Company’s ADSs is Citibank, N.A., whose office is located at 388 Greenwich Street, New York, New York, 10013.

Converting Class A Ordinary Shares Trading in Hong Kong into ADSs

An investor who holds Class A ordinary shares registered in Hong Kong and who intends to convert them to ADSs to trade on the NYSE must deposit or have his or her broker deposit the Class A ordinary shares with the depositary’s Hong Kong custodian, Citibank, N.A., Hong Kong, or the custodian, in exchange for ADSs.

A deposit of Class A ordinary shares trading in Hong Kong in exchange for ADSs involves the following procedures:

- If Class A ordinary shares have been deposited with CCASS, the investor must transfer Class A ordinary shares to the depositary’s account with the custodian within CCASS by following the CCASS procedures for transfer and submit and deliver a duly completed and signed conversion form to the depositary via his or her broker.

INFORMATION ABOUT THE LISTING

- If Class A ordinary shares are held outside CCASS, the investor must arrange to deposit his or her Class A ordinary shares into CCASS for delivery to the depositary's account with the custodian within CCASS, submit and deliver a request for conversion form to the custodian and after duly completing and signing such conversion form, deliver such conversion form to the custodian.
- Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, the depositary will issue the corresponding number of ADSs in the name(s) requested by an investor and will deliver the ADSs to the designated DTC account of the person(s) designated by an investor or his or her broker.

For Class A ordinary shares deposited in CCASS, under normal circumstances, the above steps generally require two business days. For Class A ordinary shares held outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS issuances. The investor will be unable to trade the ADSs until the procedures are completed.

Converting ADSs to Class A Ordinary Shares Trading in Hong Kong

An investor who holds ADSs and who intends to convert his/her ADSs into Class A ordinary shares to trade on the Hong Kong Stock Exchange must cancel the ADSs the investor holds and withdraw Class A ordinary shares from the Company's ADS program and cause his or her broker or other financial institution to trade such Class A ordinary shares on the Hong Kong Stock Exchange.

An investor that holds ADSs indirectly through a broker should follow the broker's procedure and instruct the broker to arrange for cancellation of the ADSs, and transfer of the underlying Class A ordinary shares from the depositary's account with the custodian within the CCASS system to the investor's Hong Kong stock account.

For investors holding ADSs directly, the following steps must be taken:

- To withdraw Class A ordinary shares from the Company's ADS program, an investor who holds ADSs may turn in such ADSs at the office of the depositary (and the applicable ADR(s) if the ADSs are held in certificated form), and send an instruction to cancel such ADSs to the depositary.
- Upon payment or net of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, if applicable, the depositary will instruct the custodian to deliver Class A ordinary shares underlying the canceled ADSs to the CCASS account designated by an investor.
- If an investor prefers to receive Class A ordinary shares outside CCASS, he or she must receive ordinary shares in CCASS first and then arrange for withdrawal from CCASS. Investors can then obtain a transfer form signed by HKSCC Nominees (as the transferor) and register Class A ordinary shares in their own names with the Hong Kong Share Registrar.

INFORMATION ABOUT THE LISTING

For Class A ordinary shares to be received in CCASS, under normal circumstances, the above steps generally require two business days. For Class A ordinary shares to be received outside CCASS in physical form, the above steps may take 14 business days, or more, to complete. The investor will be unable to trade the Class A ordinary shares on the Hong Kong Stock Exchange until the procedures are completed.

Temporary delays may arise. For example, the transfer books of the depositary may from time to time be closed to ADS cancellations. In addition, completion of the above steps and procedures is subject to there being a sufficient number of Class A ordinary shares on the Hong Kong share register to facilitate a withdrawal from the ADS program directly into the CCASS system. We are not under any obligation to maintain or increase the number of Class A ordinary shares on the Hong Kong share register to facilitate such withdrawals.

Depositary Requirements

Before the depositary issues ADSs or permits withdrawal of Class A ordinary shares, the depositary may require:

- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with procedures it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver, transfer, or register issuances, transfers and cancellations of ADSs generally when the transfer books of the depositary or our Hong Kong or Cayman share registers are closed or at any time if the depositary or our Company determines it advisable to do so or it would violate any applicable law or the depositary's policies or procedures.

All costs attributable to the transfer of Class A ordinary shares to effect a withdrawal from or deposit of Class A ordinary shares into the Company's ADS program will be borne by the investor requesting the transfer. In particular, holders of Class A ordinary shares and ADSs should note that the Hong Kong Share Registrar will charge between HK\$2.50 to HK\$20, depending on the speed of service (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules), for each transfer of Class A ordinary shares from one registered owner to another, each share certificate canceled or issued by it and any applicable fee as stated in the share transfer forms used in Hong Kong. In addition, holders of ordinary shares and ADSs must pay up to US\$5.00 (or less) per 100 ADSs for each issuance of ADSs and each cancellation of ADSs, as the case may be, in connection with the deposit of Class A ordinary shares into, or withdrawal of Class A ordinary shares from, the Company's ADS program.

SUMMARY OF EXEMPTIONS AS A FOREIGN PRIVATE ISSUER IN THE U.S.

As required by Rule 19C.10B(8) of the Hong Kong Listing Rules, set forth below is a summary of the exemptions from obligations under U.S. securities laws and NYSE rules that our Company enjoys as a foreign private issuer in the U.S.

INFORMATION ABOUT THE LISTING

Exemptions from NYSE rules

Foreign private issuers are exempted from certain corporate governance requirements of the NYSE. Foreign private issuers are permitted to follow home country practice, i.e. for our Company, the practice of the Cayman Islands in lieu of such corporate governance requirements, as long as they disclose any significant ways in which their corporate governance practices differ from those required under the NYSE listing standards and explain the basis for the conclusion that the exemption is applicable. Currently, we do not rely on home country exemption for corporate governance matters. There are no significant differences between our corporate governance practices and those followed by U.S. domestic companies under the Corporate Governance Rules of the NYSE.

Exemptions from SEC rules and regulations under U.S. federal securities laws

Foreign private issuers are exempted from Regulation FD under the U.S. Exchange Act. Regulation FD provides that when a domestic U.S. issuer, or someone acting on its behalf, discloses material non-public information to certain persons (including securities analysts, other securities market professionals, and holders of the issuer's securities who could reasonably be expected to trade on the basis of the information), it must make simultaneous public disclosure of that information (in the case of intentional disclosure) or prompt public disclosure (in the case of non-intentional disclosure). However, the SEC expects foreign private issuers to conduct themselves in accordance with the basic principles underlying Regulation FD.

Section 16 of the U.S. Exchange Act does not apply to foreign private issuers. Therefore, directors, senior management and 10% beneficial owners of foreign private issuers are not required to file Forms 3, 4 and 5 with the SEC, and are not required to disgorge to the issuer any profits realized from any non-exempt purchase and sale, or non-exempt sale and purchase, of the issuer's equity securities or security-based swap agreements within a period of less than six months.

Foreign private issuers are exempt from the SEC's rules prescribing the furnishing and content of proxy statements under the U.S. Exchange Act, which specify the procedures and required documentation for soliciting shareholder votes. Accordingly, foreign private issuers are not required to disclose certain information in their annual proxy statements, such as whether the work of any compensation consultant has played any role in determining or recommending the form or amount of executive and director compensation has raised a conflict of interest, and, if so, the nature of the conflict and how it is being addressed.

Foreign private issuers are also not required under the U.S. Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as domestic U.S. issuers with securities registered under the U.S. Exchange Act. As a result, the Shareholders may be afforded less protection than they would under the U.S. Exchange Act rules applicable to domestic U.S. issuers. Unlike domestic U.S. issuers, foreign private issuers are not required to file quarterly reports (including quarterly financial information) on Form 10-Q. They also are not required to use Form 8-K for current reports, and instead furnish (not file) current reports on Form 6-K with the SEC.

Annual reports on Form 10-K by domestic U.S. issuers are due within 60, 75, or 90 days after the end of the issuer's fiscal year, depending on whether the company is a "large accelerated filer," a "accelerated filer," or a "non-accelerated filer." By contrast, the deadline for foreign private issuers to file annual reports on Form 20-F is four months after the end of their fiscal year.

INFORMATION ABOUT THE LISTING

THE ARTICLES OF ASSOCIATION

We are an exempted company incorporated in the Cayman Islands with limited liability and its affairs are governed by the Memorandum and Articles of Association, the Cayman Companies Act and the common law of the Cayman Islands.

The laws of Hong Kong differ in certain respects from the Cayman Companies Act, and the Articles of Association are specific to us, and have not yet included all the core shareholder protection standards as required under Appendix 3 of the Hong Kong Listing Rules. The Articles also included provisions related to Class B ordinary shares, all of which shall be converted into Class A Ordinary Shares upon the Listing, and we have no intention to issue any further Class B ordinary shares after the Listing.

The First GM is expected to be held in late November 2022 or early December 2022 to approve the amendments to the Articles to (i) include core shareholder protection standards under Appendix 3 of the Hong Kong Listing Rules; and (ii) remove provisions related to Class B ordinary shares. Although there is no guarantee that the relevant resolutions will be passed at the First GM, our Directors do not anticipate any substantive objection from the Shareholders or any significant risk that the relevant resolutions will not pass, given that (i) four major shareholders (i.e. Ms. Jingbo Wang, Mr. Zhe Yin, Mr. Boquan He and Ms. Chia-Yue Chang, who will together hold approximately 39.3% of the voting power of our Company upon Listing (assuming the Class B ordinary shares held by the co-founders have been converted into Class A ordinary shares upon Listing, the Over-allotment Option is not exercised and no additional shares are issued under the Share Incentive Plans)) have irrevocably undertaken to our Company that they will support the amendments to its Articles; (ii) the nature of the amendments is to enhance shareholder protection and to remove the weighted voting rights structure, which is in the best interests of our Company and the Shareholders as a whole; and (iii) if the holders of any ADSs fail to give valid or timely voting instructions to the ADS depository bank with respect to the relevant resolutions, we will exercise any discretionary proxy it may have under the deposit agreement for the ADSs to vote the underlying Class A ordinary shares in favor of the relevant resolutions. See “Waivers and Exemptions — 6. Core Shareholder Protection Standards” and “Summary of the Constitution of the Company and Cayman Islands company law” as set out in Appendix IV to this document for further details.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser, (**Compliance Adviser**) upon the Listing, in compliance with Rule 3A.19 of the Hong Kong Listing Rules. Pursuant to Rule 3A.23 of the Hong Kong Listing Rules, the Compliance Adviser will provide advice to us when consulted in the following circumstances:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where the business activities, development or results of our Company deviate from any forecast, estimate or other information in this document; and
- (c) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its Class A ordinary shares or any other matters in accordance with Rule 13.10 of the Hong Kong Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of its financial results for the first full fiscal year commencing after the Listing Date.

WAIVERS AND EXEMPTIONS

In preparation for the Listing, we have sought the following waivers and exemptions from strict compliance with the relevant provisions of the Hong Kong Listing Rules, the SFO and the Companies (Winding Up and Miscellaneous Provisions) Ordinance and have applied for a ruling under the Takeovers Code:

Rules	Subject matter
1. Rule 2.07A of the Hong Kong Listing Rules	Printed Corporate Communications
2. Rules 4.04(3)(a), 4.05(2) and 4.13 of the Hong Kong Listing Rules and Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Disclosure Requirements Relating to the Accountants' Report
3. Rule 9.09(b) of the Hong Kong Listing Rules	Dealings in Shares prior to the Listing
4. Rule 10.04 of and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules	Subscription for Shares by Existing Shareholders
5. Rule 13.25B of the Hong Kong Listing Rules	Monthly Return
6. Rule 19C.02A(1)(b) of and Appendix 3 to the Hong Kong Listing Rules	Core Shareholder Protection Standards
7. Paragraphs 13 and 26 of Appendix 1A to the Hong Kong Listing Rules and Paragraphs 11, 14 and 25 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Particulars of any Commissions, Discounts and Brokerages, Alterations of Capital and Authorized Debentures
8. Paragraph 29(1) of Appendix 1A to the Hong Kong Listing Rules and Paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Disclosure of Information on Subsidiaries Whose Profits or Assets Make Material Contributions to our Company
9. Paragraphs 33(2), 33(3), 46(2), 46(3) of Appendix 1A to the Hong Kong Listing Rules	Disclosure Requirements of the Remuneration of Directors and Five Individuals Whose Emoluments Were Highest
10. Paragraph 15(2)(c) of Appendix 1A to the Hong Kong Listing Rules	Disclosure of Offer Price
11. Paragraph 27 of Appendix 1A to the Hong Kong Listing Rules and Paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Disclosure Requirements of Options
12. Section 4.1 of the Introduction to the Takeovers Code	Not a Public Company in Hong Kong under the Takeovers Code
13. Part XV of the SFO	Disclosure of Interests under Part XV of SFO

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<u>Rules</u>	<u>Subject matter</u>
14. Paragraphs 41(4) and 45 of Appendix 1A to and Practice Note 5 of the Hong Kong Listing Rules	Disclosure of Interests Information
15. Paragraph 32 of Appendix 1A to the Hong Kong Listing Rules and Guidance Letter HKEX-GL37-12	Timing Requirement of Liquidity Disclosure
16. Rules 4.10 and 4.11 of the Hong Kong Listing Rules	Use of U.S. GAAP

1. PRINTED CORPORATE COMMUNICATIONS

Rule 2.07A of the Hong Kong Listing Rules provides that a listed issuer may send or otherwise make available to the relevant holders of its securities any corporate communication by electronic means, provided that either the listed issuer has previously received from each of the relevant holders of its securities an express, positive confirmation in writing or the shareholders of the listed issuer have resolved in a general meeting that the listed issuer may send or supply corporate communications to shareholders by making them available on the listed issuer's own website or the listed issuer's constitutional documents contain provision to that effect, and certain conditions are satisfied.

Our Company's ADSs have been listed on the NYSE since November 2010. We have a diverse shareholder base with ADS holders globally.

We do not currently produce or send out any corporate communications to the Shareholders or holders of ADSs in printed form unless requested or in limited circumstances. We publicly file or furnish various corporate communications with the SEC which are posted on the SEC's website. Our annual reports on Form 20-F and current reports on Form 6-K and all amendments to these reports, are also available free of charge on our website as soon as reasonably practicable after they are filed with or furnished to the SEC. Further, we will post our proxy materials and notices to Shareholders and holders of ADSs on a publicly accessible website. Those documents will also be available on our website.

Apart from the Hong Kong Offer Shares that we will offer for subscription by the public in Hong Kong, the International Offer Shares will be placed to professional, institutional, corporate and other investors in Hong Kong and elsewhere in the world. Given our diverse shareholder base and the potential number of countries in which our Shareholders are located, we consider that it would not be practicable to send printed copies of all our corporate communications to all of the Shareholders. Further, we consider that it would also not be practicable to approach our existing Shareholders individually to seek confirmation from them of their wish to receive corporate communications in electronic form, or to provide them with the right to request corporate communications in printed form instead. We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 2.07A of the Hong Kong Listing Rules on the conditions that we will:

- (a) issue all future corporate communications as required by the Hong Kong Listing Rules on our website in English and Chinese, and on the Hong Kong Stock Exchange's website in English and Chinese;

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- (b) provide printed copies of proxy materials in English and Chinese to our Shareholders at no cost upon request; and
- (c) ensure that the “Investor Relations” page of our website (ir.noahgroup.com) will direct investors to all of our future filings with the Hong Kong Stock Exchange.

2. DISCLOSURE REQUIREMENTS RELATING TO THE ACCOUNTANTS’ REPORT

Rules 4.04(3)(a), 4.05(2) and 4.13 of the Hong Kong Listing Rules and Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance set out certain historical financial information to be included in a listing document that is not required to be disclosed under U.S. GAAP, including in particular:

- (i) balance sheet at a company level;
- (ii) aging analysis of accounts receivables;
- (iii) aging analysis of accounts payables; and
- (iv) adjustments made to show profits of all periods in accordance with the relevant accounting standards in relation to the last fiscal year reported on.

In accordance with U.S. GAAP, we have applied the modified retrospective transition approach to account for the impact of the adoption of the new accounting standards referred to in the paragraph below in the Track Record Period. Under the modified retrospective method, comparative periods in the latest consolidated financial statements are not retrospectively adjusted.

During the Track Record Period, we adopted, among other new accounting standards that did not have a material impact on our consolidated financial statements, (i) Accounting Standards Update 2016-02 “Leases (Topic 842)”, including certain transitional guidance and subsequent amendments (“ASC 842”), and (ii) Accounting Standards Update 2016-13 “Financial Instruments-Credit Losses (Topic 326)”, including certain transitional guidance and subsequent amendments (“ASC 326”). The relevant accounting policies upon the adoption of these new accounting standards are disclosed in the Accountants’ Report in Appendix IA to this document.

ASC 842 was adopted on January 1, 2019 using the modified retrospective transition approach by applying the new lease standard to all leases existing as of January 1, 2019, which resulted in the recognition of RMB309.9 million of operating lease right-of-use assets and operating lease liabilities of RMB330.8 million on the consolidated balance sheet as of January 1, 2019, resulting in no cumulative-effect adjustment to retained earnings as of January 1, 2019. The adoption of the new lease standard does not have any significant impact on the consolidated statements of operations and comprehensive income and cash flows and there was no adjustment to the beginning retained earnings on January 1, 2019 as well as the comparative periods.

ASC 326 was adopted on January 1, 2020 using the modified retrospective transition method. The adoption of ASC 326 does not have any significant impact on the consolidated financial statements and there was no adjustment to the beginning retained earnings on January 1, 2020.

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This document includes the following alternative disclosures:

- (a) disclosure of the accounting policies adopted for the Track Record Period as well as the impact of adoption, if any, in the Accountants' Report in Appendix IA to this document; and
- (b) for the new accounting standards that came into effect during the Track Record Period, the accounting policies as well as the impact of adoption, if any, to the beginning retained earnings of initial application (i.e. January 1, 2019 and 2020) have been disclosed in the Accountants' Report in Appendix IA to this document in accordance with the relevant requirements under U.S. GAAP.

As this document has included the above alternative disclosures and the current disclosure in this document contains all information which is necessary for the investors to make an informed assessment of the business, assets and liabilities, financial position, trading position, management and prospects of our Group, we believe that it would be of no material value to the Hong Kong investors and unduly burdensome for the Accountants' Report in Appendix IA to this document to include certain required information pursuant to Rules 4.04(3)(a), 4.05(2) and 4.13 of the Hong Kong Listing Rules and Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and that the non-disclosure of such information will not prejudice the interests of the investing public.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 4.04(3)(a), 4.05(2) and 4.13 of the Hong Kong Listing Rules. We have also applied for, and the SFC has granted, an exemption from strict compliance with the requirements under Paragraph 31(3)(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in this document. The SFC has granted the above exemption on the conditions that: (i) the particulars of such exemption are set out in this document; and (ii) this document will be issued on or before June 30, 2022.

3. DEALINGS IN SHARES PRIOR TO LISTING

According to Rule 9.09(b) of the Hong Kong Listing Rules, there must be no dealing in the securities of a new applicant for which listing is sought by any core connected person of the issuer from four clear business days before the expected hearing date until listing is granted (the "**Relevant Period**").

We had more than 200 subsidiaries (including the Consolidated Affiliated Entities) as of December 31, 2021, and our ADSs are widely held, publicly traded and listed on the NYSE. We consider that we are therefore not in a position to control the investment decisions of our Shareholders or the investing public in the U.S. Solely based on public filings with the SEC as of the Latest Practicable Date, save for (i) Jing Investors Co., Ltd., a company beneficially owned by the Jing Family Trust, the beneficiaries of which are Ms. Jingbo Wang (our Company's co-founders, chairwoman and chief executive officer) and her family members, and (ii) Yin Investment Co., Ltd, a company wholly-owned and controlled by Mr. Zhe Yin (one of the co-founders and Director of our Group), no other shareholders held more than 10% of the voting power at any general meeting of our Company immediately prior to the Listing.

Ms. Jingbo Wang and Mr. Zhe Yin may from time to time use their Shares as security (including charges and pledges) in connection with financing activities. As of the Latest Practicable Date, Ms. Jingbo Wang, under a trust she established through Jing Investors Co., Ltd., beneficially owned 107,456 Class A ordinary shares and 6,730,000 Class B ordinary shares, and none of her

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Shares were used as security in connection with her financing activities. As of the Latest Practicable Date, Mr. Zhe Yin, through Yin Investment Co., Ltd., beneficially owned 116,600 Class A ordinary shares and 1,585,000 Class B ordinary shares, and none of his Shares were used as security in connection with his financing activities.

As of December 31, 2021 and the Latest Practicable Date, none of the Shares held by any person under Category 2 (as defined below) were used as security in connection with their respective financing activities.

On the basis of the above, we consider that the following categories of persons (collectively, the “**Permitted Persons**”) should not be subject to the dealing restrictions set out in Rule 9.09(b) of the Hong Kong Listing Rules:

- (a) Ms. Jingbo Wang and Mr. Zhe Yin in respect of the use of their Shares as security (including, for the avoidance of doubt, using Shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period (“**Category 1**”);
- (b) the Directors, other than Ms. Jingbo Wang and Mr. Zhe Yin, and the directors and chief executives of our Company’s Significant Subsidiaries, in respect of their respective use of the Shares as security (including, for the avoidance of doubt, using Shares as security in connection with entering into financing transactions during the Relevant Period as well as satisfying any requirements to top-up security under the terms of financing transactions entered into prior to the Relevant Period), provided that there will be no change in the beneficial ownership of the Shares at the time of entering into any such transactions during the Relevant Period (“**Category 2**”);
- (c) directors, chief executives and substantial shareholders of our Company’s non-Significant Subsidiaries and their close associates (“**Category 3**”); and
- (d) any other person (whether or not an existing shareholder) who may, as a result of dealings, become our Company’s substantial shareholder and who is not the Director or chief executive, or a director or chief executive of its subsidiaries, or their respective close associates (“**Category 4**”).

For the avoidance of doubt:

- (a) as the foreclosure, enforcement or exercise of other rights by lenders in respect of a security interest over the Shares (including, for the avoidance of doubt, any security interest created pursuant to any top-up of security) will be subject to the terms of the financing transaction underlying such security and not within the control of the pledgor, any change in the beneficial owner of the Shares during the Relevant Period resulting from the foreclosure, enforcement or exercise of other rights by the lenders in respect of such security interest will not be subject to Rule 9.09(b) of the Hong Kong Listing Rules; and
- (b) persons in Category 1 and Category 2 who use their respective Shares other than as described in this “— Dealings in the Shares prior to Listing” are subject to the restrictions under Rule 9.09(b) of the Hong Kong Listing Rules.

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We believe, subject to the conditions set forth below, the dealings in our Company's securities by its core connected persons will not prejudice the interests of potential investors and are aligned with the principles in Guidance Letter HKEX-GL42-12.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Hong Kong Listing Rules on the following conditions:

- (a) Where Category 1 and Category 2 of the Permitted Persons use the Shares as security, there will be no change in the beneficial ownership of the Shares during the Relevant Period;
- (b) Category 3 and Category 4 of the Permitted Persons do not have any influence over the Global Offering and do not possess any non-public inside information of our Company, given that such persons are not in a position to access information that is considered material to our Company as a whole. Given the large number of its subsidiaries (including its Consolidated Affiliated Entities) and its vast ADS holder base, our Company and its management do not have effective control over the investment decisions of Category 3 and Category 4 of the Permitted Persons in relation to its ADS and do not have control over investors who may become a Category 4 Permitted Person;
- (c) we will promptly release any inside information to the public in the United States and Hong Kong in accordance with the relevant laws and regulations of the U.S. (including the NYSE rules) and Hong Kong. Accordingly, the Permitted Persons (other than Category 1 and Category 2 persons) are not in possession of any non-public inside information of which we are aware;
- (d) we will notify the Hong Kong Stock Exchange of any breaches of the dealing restrictions by any of our Company's core connected persons during the Relevant Period when it becomes aware of the same other than dealings by the core connected persons who are Permitted Persons within the permitted scopes set out above; and
- (e) prior to the Listing Date, other than within the permitted scopes set out above, the Directors and chief executive and the directors and chief executives of the Significant Subsidiaries and their close associates will not deal in the Shares or the ADSs during the Relevant Period provided that such prohibited dealing in the Shares shall not include the granting, vesting, payment or exercise (as applicable) of RSUs, incentives and non-statutory options, restricted shares, dividend equivalents, and share payments under the Share Incentive Plans.

4. SUBSCRIPTION FOR SHARES BY EXISTING SHAREHOLDERS

Rule 10.04 of the Hong Kong Listing Rules requires that existing shareholders may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a new applicant either in his/her/its own name or through nominees if the conditions in Rule 10.03 of the Hong Kong Listing Rules are fulfilled. Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules states that, without the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to be made to directors, existing shareholders of a listing applicant or their close associates, unless the conditions set out in Rules 10.03 and 10.04 of the Hong Kong Listing Rules are fulfilled.

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Guidance Letter HKEX-GL85-16 provides that the Hong Kong Stock Exchange will consider granting a waiver from Rule 10.04 of the Hong Kong Listing Rules and consent pursuant to Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules, allowing an applicant's existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

In connection with this waiver, references to a **Permitted Existing Shareholder** (together, the "**Permitted Existing Shareholders**") are to such shareholder who is any of (i) the Permitted Persons (other than Category 1 and Category 2 persons), i.e., Categories 3 and 4 of the Permitted Persons, or (ii) public investors holding less than 5% of our Company's voting rights. The Permitted Existing Shareholders have no influence over the Global Offering and are not in possession of any non-public inside information in relation to the Global Offering, given that such persons are not in a position to access information that is considered material to our Company as a whole and are effectively in the same position as our public investors. We, whose ADSs have been publicly traded and listed on the NYSE since 2010, have a wide and diverse shareholder base.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 10.04 of and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules in respect of the restriction on Permitted Existing Shareholders to subscribe for or purchase Shares in the Global Offering, subject to the following conditions:

- (a) each Permitted Existing Shareholder is interested in less than 5% of our voting rights before the Listing;
- (b) each Permitted Existing Shareholder (other than the Categories 3 and 4 of the Permitted Persons) is not a core connected person of our Company;
- (c) the Permitted Existing Shareholders do not have the power to appoint directors of our Company or any other special rights in our Company;
- (d) the Permitted Existing Shareholders do not have influence over the offering process and will be treated the same as other applicants and placees in the Global Offering;
- (e) the Permitted Existing Shareholders will be subject to the same book-building and allocation process as other investors in the Global Offering; and
- (f) to the best of their knowledge and belief, each of our Company, the Sole Representative and the Sole Sponsor confirms to the Stock Exchange in writing that no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders and their close associates as a placee in the International Offering by virtue of their relationship with our Company.

Allocation to the Permitted Existing Shareholders and/or their close associates will not be disclosed in the allotment results announcement of our Company. It would be unduly burdensome for us to disclose such information, given that there is no requirement to disclose interests under the U.S. Exchange Act unless such person has beneficial ownership of more than 5% of our common stock or such person is a Director or officer of our Company.

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5. MONTHLY RETURN

Rule 13.25B of the Hong Kong Listing Rules requires a listed issuer to publish a monthly return in relation to movements in our equity securities, debt securities and any other securitized instruments, as applicable, during the period to which the monthly return relates. The note to Rule 13.25B provides that the Hong Kong Stock Exchange may consider an application for a waiver from strict compliance with rule 13.25B for issuers with, or seeking, a secondary listing under Chapter 19C, subject to the issuer meeting one of the following three conditions:

- (a) it has received a relevant partial exemption from Part XV of the SFO;
- (b) it publishes a “next day disclosure return” in strict compliance with Rule 13.25A of the Hong Kong Listing Rules, regardless of the waiver of general effect from this Rule for secondary listed issuers; or
- (c) it is subject to overseas laws or regulations that have a similar effect to Rule 13.25B of the Hong Kong Listing Rules and any differences are not material to shareholder protection.

As we have obtained from the SFC a partial exemption from strict compliance with Part XV of the SFO, it has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the continuing obligations under Rule 13.25B of the Hong Kong Listing Rules. We will disclose information about share repurchases, if material, in our quarterly earnings releases and annual reports on Form 20-F which are furnished or filed with the SEC in accordance with the applicable U.S. rules and regulations.

6. CORE SHAREHOLDER PROTECTION STANDARDS

Under Rule 19C.02A(1)(b) of the Hong Kong Listing Rules, the Hong Kong Stock Exchange reserves the right, in its absolute discretion, to refuse a listing of securities of an overseas issuer if, in its opinion, the overseas issuer’s primary listing is or is to be on an exchange that cannot provide shareholder protection standards at least equivalent to those provided in Hong Kong. Pursuant to Appendix 3 to the Hong Kong Listing Rules and the principles under Guidance Letter HKEX-GL111-22 (“**GL111-22**”), an overseas issuer is required to demonstrate how the domestic laws, rules and regulations to which it is subject and its constitutional documents, in combination, provide shareholder protection standards set out in Appendix 3 (the “**Core Shareholder Protection Standards**”).

We are a Grandfathered Greater China Issuer under Chapter 19C of the Hong Kong Listing Rules, and an exempted company incorporated in the Cayman Islands with limited liability. Our affairs are governed by the Memorandum and the Articles, the Cayman Companies Act and the common law of the Cayman Islands. The laws of Hong Kong differ in certain respects from the Cayman Companies Act. Our existing Articles have not included each of the Core Shareholder Protection Standards. As the Listing is highly confidential and subject to significant uncertainties, and convening a general meeting to approve the relevant amendments to the existing Articles to include each of the Core Shareholder Protection Standards would require us to notify all the Shareholders trading our Company’s ADSs on the NYSE, we believe that strict compliance with Rule 19C.02A(1)(b) and Appendix 3 to the Hong Kong Listing Rules to include each of the Core Shareholder Protection Standards in the existing Articles at the time of the Listing is unduly burdensome, unnecessary and/or inappropriate. In particular, the nature of the relevant amendments to the existing Articles will likely invite speculative trading of our NYSE-listed ADSs, and disrupt the market.

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We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with certain requirements relating to the existing Articles as set out in paragraphs 4(2), 14(1), 14(2), 14(3), 14(4), 14(5), 15, 16, 17, 18, 19, 20 and 21 of Appendix 3 to the Hong Kong Listing Rules (together, the “**Unmet Listing Rules Articles Requirements**”), until the relevant amendments to the existing Articles to comply with the Unmet Listing Rules Articles Requirements are approved at our general meeting after the Listing, on the following conditions:

(1) Irrevocable undertakings from the four major shareholders to be present at the First GM and vote in favor of the Proposed Resolutions

Our four major shareholders (i.e. Ms. Jingbo Wang, Mr. Zhe Yin, Mr. Boquan He and Ms. Chia Yue Chang), who will together hold approximately 39.3% of the total voting power of our Company upon Listing (assuming the Class B ordinary shares held by the co-founders have been converted into Class A ordinary shares upon Listing, the Over-allotment Option is not exercised, and no additional shares are issued under the Share Incentive Plans), have irrevocably undertaken to our Company that they will be present at the First GM to vote in favor of the following resolutions relating to the amendments to the existing Articles to comply with the Unmet Listing Rules Articles Requirements (the “**Proposed Resolutions**”):

- (a) under paragraph 4(2) of Appendix 3 to the Hong Kong Listing Rules, any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the first annual general meeting of the issuer after his appointment, and shall then be eligible for re-election. We have agreed to put forth a resolution in the First GM to amend the existing Articles to comply with paragraph 4(2) of Appendix 3 to the Hong Kong Listing Rules. Pending amendments of the existing Articles, in the event that the Board is to appoint any person to fill a casual vacancy on or as an addition to the Board, we agree that the appointment will be subject to re-election at the first annual general meeting after such appointment;
- (b) under paragraph 14(1) of Appendix 3 to the Hong Kong Listing Rules, an issuer must hold a general meeting for each financial year as its annual general meeting. Generally, an issuer must hold its annual general meeting within six months after the end of its financial year. Under Article 53(a) of the Articles, we are not required to hold an annual general meeting each year. However, pursuant to Section 302 of the New York Stock Exchange Listed Company Manual (“**Section 302**”), we are required to hold an annual general meeting in each fiscal year. We are in compliance with Section 302, and convened annual meetings on December 1, 2017, November 27, 2018, November 27, 2019, December 7, 2020 and November 29, 2021. We have agreed to put forth a resolution in the First GM to amend Article 53(a) of the existing Articles to comply with paragraph 14(1) of Appendix 3 to the Hong Kong Listing Rules. Pending amendment of the existing Articles, we agree that it will continue to comply with Section 302 and paragraph 14(1) of Appendix 3 to the Hong Kong Listing Rules to hold an annual general meeting in each fiscal year, save for the year ending December 31, 2022;

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- (c) under paragraph 14(2) of Appendix 3 to the Hong Kong Listing Rules, an issuer must give its members reasonable written notice of its general meetings. Reasonable written notice normally means at least 21 days for an annual general meeting and at least 14 days for other general meetings. We have agreed to put forth a resolution in the First GM to amend the existing Articles such that we are required to provide at least 21 days' notice in writing for an annual general meeting and at least 14 days' notice in writing for other general meetings. Pending amendment of the existing Articles, we agree that we will provide our Shareholders at least 21 days' notice in writing for an annual general meeting and at least 14 days' notice in writing for other general meetings;
- (d) under paragraph 14(3) of Appendix 3 to the Hong Kong Listing Rules, members must have the right to (a) speak at a general meeting, and (b) vote at a general meeting except where a member is required to abstain from voting to approve the matter under consideration. We have agreed to put forth a resolution in the First GM to amend the existing Articles to comply with paragraph 14(3) of Appendix 3 to the Hong Kong Listing Rules. Pending amendment of the existing Articles, we agree that, at any general meeting after the Listing, (a) every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy at a general meeting of our Company shall have the right to speak, (b) on a show of hands, every Shareholder present in such manner shall have one vote, and (c) on a poll, every Shareholder present in such manner shall have one vote for each share registered in his name in our register of members;
- (e) under paragraph 14(4) of Appendix 3 to the Hong Kong Listing Rules, where any shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted. We have agreed to put forth a resolution in the First GM to amend the existing Articles to comply with paragraph 14(4) of Appendix 3 to the Hong Kong Listing Rules. Pending amendment of the existing Articles, we agree to stipulate in the proxy statement for a general meeting that a member with material interest in a transaction or arrangement will be required to abstain from voting on resolutions relating to such transaction or arrangement;
- (f) under paragraph 14(5) of Appendix 3 to the Hong Kong Listing Rules, members holding a minority stake in the total number of issued shares must be able to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital of the issuer. Article 54(b) of the existing Articles provides that the minimum stake for depositing a shareholder requisition is not less than one-third of our share capital as of that date carrying the right of voting at our Company's general meeting. Article 56 of the existing Articles provides that no business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. A quorum shall require that one or more members holding not less than an aggregate of one-third of all voting share capital of our Company in issue be present in person. We have agreed to put forth a resolution in the First GM to amend the existing Articles to comply with paragraph 14(5) of Appendix 3 to the Hong Kong Listing Rules, such that: (A) the minimum stake required to convene an extraordinary general meeting and add resolutions to a meeting agenda will be at least one-tenth of the voting rights, on a one vote per share basis, in the share capital of our Company; and (B) the quorum for transacting business at the general meeting will

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be lowered from “*One or more members holding not less than an aggregate of one-third of all voting share capital of the Company in issue*” to “*One or more members holding at least 10% of all voting share capital of the Company in issue present in person or by proxy and entitled to vote*”. Pending amendment of the existing Articles, we agree to continue to convene general meetings at the request of Shareholders holding at least 10% of the voting rights, on a one vote per share basis, in the share capital of our Company;

- (g) under paragraphs 15 and 16 of Appendix 3 to the Hong Kong Listing Rules, a super-majority vote of the issuer’s members of the class to which the rights are attached shall be required to approve a change to those rights, and to approve amendments to the constitutional documents of an issuer. A “super-majority vote” means at least three-fourths of the voting rights of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of the class where the quorum for such meeting shall be holders of at least one third of the issued shares of the class. Article 20 of the existing Articles provides that “*the rights attaching to any class or series may, subject to these Articles, be varied or abrogated with the consent in writing of the holders of a majority of the issued shares of that class or series or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class or series*”, and Article 147 of the existing Articles provides that “*the Company may at any time and from time to time by Special Resolution alter or amend these Articles or the Memorandum of Association of the Company, in whole or in part*”. We have agreed to put forth a resolution in the First GM to amend the existing Articles to comply with paragraphs 15 and 16 of Appendix 3 to the Hong Kong Listing Rules, such that “*the rights attaching to any class or series may be varied or abrogated with the consent in writing of the holders of not less than three-fourths of the nominal value of the issued Shares of that class or series or with the sanction passed at a general meeting of the holders of the shares of that class or series by Shareholders holding Shares representing three-fourths of the nominal value of the issued Shares of that class present in person or by proxy and voting at such meeting*”. In addition, We have agreed to amend the definition of a “Special Resolution” as set out in Article 1, such that it has “*the meaning given to it in the Companies Act and for this purpose, the requisite majority shall be not less than three-fourths of the votes of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorized representatives, at a general meeting of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given*”. Pending amendment of the existing Articles, we agree not to effect changes in the rights of Shareholders, and not to amend the Memorandum and the Articles, without receiving approval from at least three-fourths of the voting rights of the members holding Class A ordinary shares present and voting in person or by proxy at a general meeting where the quorum of such meeting shall be at least one third of all Class A ordinary shares in issue, except that the threshold for approval of the Proposed Resolutions at the First GM and subsequent AGM before the Proposed Resolutions are fully adopted shall be (a) the affirmative vote of at least two-thirds of the voting rights attached to each class of Shares (to the extent any of the Proposed Resolutions materially adversely affects the rights of either class of Shares in issue) passed at a separate class meeting, and (b) the affirmative vote of at least two-thirds of the voting rights attached to all issued Shares of our Company;

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- (h) under paragraph 17 of Appendix 3 to the Hong Kong Listing Rules, the appointment, removal and remuneration of auditors must be approved by a majority of the issuer's members or other body that is independent of the board of directors. Article 127 of the existing Articles provides that "*the Directors may appoint an auditor of the Company who shall hold office until removed from office by a rotation of the Directors and may fix his or their remuneration*". The Board has delegated this function to the audit committee of our Company, which is akin to an independent body of the Board on the basis of the independence requirements set out in applicable U.S. laws and the NYSE rules. Additionally, each of the audit committee members (namely, Mr. Tze-Kaing Yang, Dr. Zhiwu Chen and Ms. May Yihong Wu) will confirm his/her independence with reference to the factors set out in Rule 3.13 of the Hong Kong Listing Rules. We have agreed to put forth a resolution in the First GM to amend the existing Articles to specify that "*the appointment, removal and remuneration of the Company's auditor shall be approved by a majority of the Members or other body that is independent of the Board. The removal of an auditor before the expiration of his period of office shall require the approval of an Ordinary Resolution*". Pending amendment of the existing Articles, the Board will not put forth a resolution to our Shareholders for the approval of the appointment, removal and remuneration of our auditors;
- (i) under paragraph 18 of Appendix 3 to the Hong Kong Listing Rules, every member shall be entitled to appoint a proxy who need not necessarily be a member of the issuer and that every shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of the issuer and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorized officer. Article 70 of the existing Articles only provides that "*on a poll, votes may be given either personally or by proxy*". We have agreed to put forth a resolution in the First GM to amend the existing Articles to comply with paragraph 18 of Appendix 3 to the Hong Kong Listing Rules to specify that "*any Member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Member of the Company*". Pending amendment of the existing Articles, we agree to stipulate in the proxy statement for general meeting that any Shareholder entitled to attend and vote at a meeting of our Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder of our Company;
- (j) under paragraph 19 of Appendix 3 to the Hong Kong Listing Rules, the HKSCC must be entitled to appoint proxies or corporate representatives to attend the issuer's general meetings and creditors meetings, and those proxies or corporate representatives must enjoy rights equivalent to the rights of other shareholders, including the right to speak and vote. Article 76 of the existing Articles provides that a clearing house (or its nominee) that is a Shareholder may "*authorize such person or persons as it thinks fit to act as its representative or representatives at any general meeting of the Company or at any general meeting of any class of Members of the Company*", and that "*a person so authorized pursuant to this provision shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise*". We have agreed to put forth a resolution in the First GM to amend Article 76 to clarify, for the avoidance of doubt, that such a clearing house shall include the HKSCC, by (i) specifying that the clearing house shall be a "recognized clearing house", and (ii) adding the defined term "Recognized Clearing House" in Article 1,

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with “*the meaning ascribed thereto in Part I of Schedule 1 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor*”. Pending amendment of the existing Articles, we agree that the HKSCC shall be entitled to appoint proxies or corporate representatives to attend, speak and vote at our Company’s general meetings and creditors meetings, among other rights it enjoys as a Shareholder;

- (k) under paragraph 20 of Appendix 3 to the Hong Kong Listing Rules, the branch register of members in Hong Kong shall be open for inspection by members but the issuer may be permitted to close the register on terms equivalent to section 632 of the Companies Ordinance. We have agreed to put forth a resolution in the First GM to amend the existing Articles to comply with paragraph 20 of Appendix 3 to the Hong Kong Listing Rules. Pending amendment of the existing Articles, we agree that, except when our register of members is closed, our register of members (including any principal register and any branch register) shall be kept open for inspection by any Shareholder without charge during business hours; and
 - (l) under paragraph 21 of Appendix 3 to the Hong Kong Listing Rules, a super-majority vote of the issuer’s members in a general meeting shall be required to approve a voluntary winding up of an issuer. We have agreed to put forth a resolution in the First GM to amend the existing Articles to comply with paragraph 21 of Appendix 3 to the Hong Kong Listing Rules. Pending amendment of the existing Articles, we agree not to effect any voluntary winding-up without receiving approval from three-fourths of the voting rights of the members holding Class A ordinary shares presented in a general meeting where the quorum of such meeting shall be at least one third of all Class A ordinary shares in issue.
- (2) **If the Proposed Resolutions are not passed at the First GM, we will continue to put forth such resolutions at each subsequent annual general meeting (“AGM”) until they are fully adopted**

In the event that the Proposed Resolutions are not approved by Shareholders at the First GM, we will continue to put forth relevant resolutions at the following AGM each year until they are fully adopted. Each of our four major shareholders have, prior to the Listing, irrevocably undertaken to continue to be present at such AGMs and vote in favor of the Proposed Resolutions.

- (3) **We will provide the Undertaking for Interim Compliance to the Stock Exchange**

Prior to the Listing, we have irrevocably undertaken to the Stock Exchange that we will comply with the Unmet Listing Rules Articles Requirements in full upon Listing and before our existing Articles are formally amended to incorporate the Unmet Listing Rules Articles Requirements (the “**Undertaking for Interim Compliance**”), save for paragraphs 15 and 16 of Appendix 3 to the Hong Kong Listing Rules such that, prior to the amendment of the existing Articles, the threshold for passing a special resolution for amendments to our existing Articles will be approval by members holding no less than two-thirds of the voting rights of those present and voting in person or by proxy at the general meeting. See paragraph (g) under “— (1) Irrevocable undertakings from the four major shareholders to be present at the First GM and vote in favor of the Proposed Resolutions” above. Each of our four major shareholders have also undertaken to procure our Company to give effect to the Undertaking for Interim Compliance upon Listing and before our existing Articles are formally amended.

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(4) The Undertaking for Interim Compliance will not violate any laws and regulations applicable to our Company

Our legal adviser as to the laws of the Cayman Islands confirms that the Undertaking for Interim Compliance will not violate the laws and regulations of the Cayman Islands currently in force and applicable to us, and we confirm that, having consulted our other legal advisors, the Undertaking for Interim Compliance will also not violate other laws and regulations applicable to us.

(5) Our Company remains listed on the NYSE

Our Company remains listed on the NYSE, with good standing and in compliance with all applicable laws and regulations.

Although there is no guarantee that the Proposed Resolutions will be passed at the First GM, our Directors do not anticipate any substantive objection from the Shareholders or any significant risk that the Proposed Resolutions will not pass, given that (i) prior to the Listing, each of our four major shareholders have irrevocably undertaken that, if the Proposed Resolutions are not passed at the First GM, they will continue to be present and vote in favor of the relevant resolutions at each subsequent AGM; (ii) the nature of the amendments is to enhance shareholder protection and remove the weighted voting rights structure, which is in the best interests of our Company and the Shareholders as a whole; and (iii) if any holders of any ADSs fail to give valid or timely voting instructions to the ADS depositary bank with respect to the Proposed Resolutions, we will exercise any discretionary proxy we may have under the deposit agreement for the ADSs to vote the underlying Class A ordinary shares in favor of the Proposed Resolutions. By way of illustration, assuming all ADS holders of our Company fail to give voting instructions to the ADS depositary bank as to how to vote the underlying ordinary shares represented by their ADSs in respect of the Proposed Resolutions, a person designated by our Company is entitled to exercise the voting rights attached to the ordinary shares underlying such holders' ADSs, representing 54.9% of all the issued shares of the Company upon the Listing (assuming the Class B ordinary shares held by the co-founders have been converted into Class A ordinary shares upon Listing, the Over-allotment Option is not exercised and no further Shares are issued under the Share Incentive Plans) at the First GM, subject to certain exceptions.

7. PARTICULARS OF ANY COMMISSIONS, DISCOUNTS AND BROKERAGES AND ALTERATIONS OF CAPITAL AND AUTHORIZED DEBENTURES

Paragraphs 13 and 26 of Part A of Appendix 1 to the Hong Kong Listing Rules and Paragraphs 11 and 14 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance require the listing document to include the particulars of any commissions, discounts, brokerages or other special terms granted within two years immediately preceding the issue of the listing document in connection with the issue or sale of any capital of any member of the group and the particulars of any alterations of capital within two years immediately preceding the issue of the listing document.

Paragraph 25 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires particulars of the authorized debentures of our Company and its subsidiaries to be disclosed in this document.

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We have identified 26 entities as the Significant Subsidiaries, including the Consolidated Affiliated Entities. For further details, please refer to the section headed “History and Corporate Structure — Corporate Structure — Significant Subsidiaries” in this document. We had more than 200 subsidiaries (including the Consolidated Affiliated Entities) as of December 31, 2021. We believe that it would be unduly burdensome to disclose this information in respect of all of our subsidiaries (including the Consolidated Affiliated Entities) as it would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material or meaningful to investors.

The Significant Subsidiaries include all our subsidiaries (including the Consolidated Affiliated Entities) that meet the financial threshold for “significant subsidiaries” under Regulation S-X in the U.S. (i.e. contributing more than 10% of our Group’s total assets or income before tax) and are representative of our business (including those that hold major assets, intellectual property rights and/or proprietary technologies). None of the non-Significant Subsidiaries are individually material to us in terms of contribution to our Company’s total before tax income or total assets or hold any major assets, intellectual property rights and/or proprietary technologies. By way of illustration, the aggregate net income from operations before income taxes of the Significant Subsidiaries and our Company accounted for approximately 106.1%, 79.4% and 102.7% of the net income from operations before income taxes of our Group for the years ended December 31, 2019, 2020 and 2021, respectively. There were no other individual subsidiaries (including the Consolidated Affiliated Entities) that contributed more than 10% of the total net income from operations before income taxes to our Group. The total assets of our Company and the Significant Subsidiaries represented approximately 78.2%, 73.2% and 74.9% of the total assets of our Group as of December 31, 2019, 2020 and 2021, respectively. The total revenue of our Company and the Significant Subsidiaries accounted for approximately 93.9%, 95.6% and 90.3% of the total revenue of our Group as of December 31, 2019, 2020 and 2021, respectively. As such, we have disclosed the particulars of the changes in the share capital and the Significant Subsidiaries in the section headed “Statutory and General Information — Further Information about the Group” in Appendix V to this document, and particulars of the commissions, discounts, brokerage fee and authorized debentures in respect of the Significant Subsidiaries and our Company are set out in the section headed “Statutory and General Information — Other Information – Miscellaneous” of Appendix V to this document.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under paragraphs 13 and 26 of Part A of Appendix 1 to the Hong Kong Listing Rules. We have also applied for, and the SFC has granted, an exemption from strict compliance with the requirements under Paragraphs 11, 14 and 25 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in this document. The SFC exemption was granted on the conditions that: (i) the particulars of such exemption are set out in this document; and (ii) this document will be issued on or before June 30, 2022.

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8. DISCLOSURE OF INFORMATION ON SUBSIDIARIES WHOSE PROFITS OR ASSETS MAKE MATERIAL CONTRIBUTIONS

Paragraph 29(1) of Part A of Appendix 1 to the Hong Kong Listing Rules and paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance require the listing document to include information in relation to the name, date and country of incorporation, the public or private status and the general nature of the business, the issued capital and the proportion thereof held or intended to be held, of every company the whole of the capital of which or a substantial proportion thereof is held or intended to be held by us, or whose profits or assets make, or will make, a material contribution to the figures in the accountants' report or the next published accounts.

We believe that it would be unduly burdensome to procure this information for the reasons as set out in “— 7. Particulars of any Commissions, Discounts and Brokerages and Alteration of Capital and Authorized Debentures” above. As such, only the particulars in relation to the Significant Subsidiaries are set out in this document under the sections headed “History and Corporate Structure — Corporate Structure — Significant Subsidiaries” and “Statutory and General Information — Further Information about the Group” in Appendix V to this document, which should be sufficient for potential investors to make an informed assessment of our Company in their investment decisions.

We are of the view that all material information necessary for investors to make an informed assessment of the business, assets and liabilities, financial position, trading position, management and prospects of our Group have been disclosed in this document, and as such, the non-disclosure of such information will not prejudice the interests of the investing public.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under paragraph 29(1) of Part A of Appendix 1 to the Hong Kong Listing Rules. We have also applied for, and the SFC has granted, an exemption from strict compliance with the requirements under Paragraph 29 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in this document. The SFC exemption was granted on the conditions that: (i) the particulars of such exemption are set out in this document; and (ii) this document will be issued on or before June 30, 2022.

9. DISCLOSURE REQUIREMENTS OF THE REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WHOSE EMOLUMENTS WERE HIGHEST

Paragraph 33(2) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include information in respect of directors' emoluments during the years ended December 31, 2019, 2020 and 2021. Paragraph 46(2) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include the aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer in respect of the last completed financial year, and Paragraph 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules requires information in relation to an estimate of the aggregate remuneration and benefits in kind payable to directors in respect of the current financial year to be set out in the listing document.

Paragraph 33(3) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include information with respect to the five individuals whose emoluments were highest in the group for the year if one or more individuals whose emoluments were the highest have not been included under paragraph 33(2) of Part A of Appendix 1 to the Hong Kong Listing Rules.

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The aggregate fees, salaries and benefits paid and accrued to the Directors and senior management as a group are disclosed in the section headed “Directors and Senior Management — Compensation” in this document. We confirm that the current disclosure complies with U.S. annual reporting requirements and is in line with the disclosure in our annual reports on Form 20-F.

We believe that additional disclosure required by Paragraphs 33(2), 33(3), 46(2) and 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules would be unduly burdensome and would not provide additional meaningful disclosure for potential Hong Kong investors.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Paragraphs 33(2), 33(3), 46(2) and 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules, to the extent not strictly met by the current disclosure in this document.

10. DISCLOSURE OF OFFER PRICE

Paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules provides that the issue price or offer price of each security must be disclosed in the listing document. The Public Offer Price will be determined by reference to, among other factors, the closing price of our ADS price on the NYSE on the last trading date on or before the price determination date. Given the ADSs of our Company are freely tradable on the NYSE, there may be price fluctuations in the ADSs as a result of market volatility and other factors during the period from the bulk-printing of this document until the pricing of the Global Offering. We have no control over the market price of our ADSs traded on the NYSE.

Disclosing a fixed price or a price range with a low end offer price per Offer Share may adversely affect the market price of the ADSs and the Hong Kong Offer Shares considering, among other factors, that this may indicate an arbitrary floor price and potentially prejudice the ability to price in the best interests of our Company and the Shareholders.

For the information of the potential investors, we have disclosed the historical prices of our ADSs and trading volume on NYSE for the period from January 1, 2021 up to the Latest Practicable Date in “Structure of the Global Offering — Pricing and Allocation — Determining the Pricing of the Offer Shares” of this document.

A maximum Public Offer Price will be disclosed in this document and the Green Application Form. This alternative disclosure approach would not prejudice the interests of the investing public in Hong Kong.

Given in no circumstances will the Public Offer Price for the Hong Kong Offer Shares be greater than the maximum Public Offer Price as stated in this document and the Green Application Form, the disclosure of the maximum Public Offer Price in this document will be in compliance with the requirement to disclose the “amount payable on application and allotment on each share” as required by paragraph 9 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules.

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11. DISCLOSURE REQUIREMENTS OF OPTIONS

Paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules requires us to set out in the listing document particulars of any capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee.

Paragraph 10 of Part 1 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance further requires us to set out in the listing document, among other things, details of the number, description and amount of any of our shares or debentures which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration given or to be given (if any) and the names and addresses of the persons to whom it was given.

We adopted the 2008 Share Incentive Plan and the 2010 Share Incentive Plan, which were subsequently replaced by the 2017 Share Incentive Plan (together, the “**Share Incentive Plans**”). The Share Incentive Plans are not subject to Chapter 17 of the Hong Kong Listing Rules pursuant to Rule 19C.11 of the Hong Kong Listing Rules. The Share Incentive Plans provide for the granting of options, restricted shares, restricted share units and share appreciation rights. The waiver and exemption therefore only relates to the options that are granted under the Share Incentive Plans.

Details of the Share Incentive Plans are disclosed in “Directors and Senior Management — Compensation — Share Incentive Plans” in this document. The disclosure is substantially the same as those in the 20-F filings and complies with applicable U.S. laws and regulations. However, the details with respect to options under the Share Incentive Plans are not in strict compliance with the requirements of Paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules and Paragraph 10 of Part 1 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Our Company believes that strict compliance with the above requirements would be unduly burdensome, and would not be material or meaningful to Hong Kong investors for the following reasons:

- (a) as of the Latest Practicable Date, we had granted outstanding options and non-vested restricted shares under the Share Incentive Plans to approximately 110 option grantees under the Share Incentive Plans to acquire an aggregate of 577,890 Class A Ordinary Shares, representing approximately 1.9% of the total number of Shares in issue immediately after completion of the Global Offering;
- (b) our Directors consider that it would be unduly burdensome to disclose in the document full details of all the options granted to each of the grantees, which would significantly increase the cost and time required for information compilation and document preparation for strict compliance with such disclosure requirements. For example, we would need to collect and verify the addresses of approximately 110 option grantees to meet the disclosure requirement. Further, the disclosure of the personal details of each option grantee, including their names, addresses and the number of options granted, may require obtaining consent from the grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of grantees;

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- (c) material information on the options under the Share Incentive Plans has been disclosed in this document to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their investment decision, and such information includes:
- (i) the details of the Share Incentive Plans;
 - (ii) the aggregate number of the options and the percentage of our Shares of which such number represents;
 - (iii) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the Global Offering (assuming the Class B ordinary shares held by the co-founders have been converted into Class A ordinary shares upon Listing, the Over-allotment Option is not exercised and no further Shares are issued under the Share Incentive Plans), which is, assuming full vesting and/or exercise of all outstanding options granted and non-vested restricted shares under the Share Incentive Plans as of the Latest Practicable Date, the shareholding of our Shareholders immediately following completion of the Global Offering will be diluted by approximately 1.9%, and thus the dilution effect on our earnings per Share would be approximately 1.9%;
 - (iv) details of the options granted to Directors and senior management and the affiliates of our Company, on an individual basis, and other grantees, on a group basis, are disclosed in this document, including exercise price and duration of the options; and
 - (v) the particulars of the waiver and exemption granted by the Hong Kong Stock Exchange and the SFC, respectively;
- (d) as of the Latest Practicable Date, the approximately 100 grantees who are not Directors, senior management or their affiliates, had been granted outstanding options and non-vested restricted shares under the Share Incentive Plans to acquire an aggregate of 342,931 Class A Ordinary Shares, representing approximately 1.1% of the total number of issued Shares, which is not material in the circumstances of our Company, and the exercise in full of such options will not cause any material adverse change in the financial position of our Company; and
- (e) our Directors consider that non-compliance with the above disclosure requirements would not prevent our Company from providing potential investors with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group. Strict adherence to the disclosure requirements, including to disclose the names, addresses, and entitlements on an individual basis of approximately 110 option grantees under the Share Incentive Plans without reflecting the materiality of the information does not provide any additional meaningful information to the investing public.

In light of the above, our Company is of the view that all material information necessary for investors to make an informed assessment of the business, assets and liabilities, financial position, trading position, management and prospects of our Group have been disclosed in this document, and as such, the non-disclosure of such information will not prejudice the interests of the investing public.

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We have applied for, and the Hong Kong Stock Exchange (in respect of the Hong Kong Listing Rules) and the SFC (in respect of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) have granted, a waiver and/or exemption from strict compliance with the requirements under paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in this document. The SFC exemption was granted on the conditions that: (i) the particulars of such exemption are set out in this document; and (ii) this document will be issued on or before June 30, 2022.

12. NOT A PUBLIC COMPANY IN HONG KONG UNDER THE TAKEOVERS CODE

Section 4.1 of the Introduction to Takeovers Code provides that the Takeovers Code applies to takeovers, mergers and share buy-backs affecting, among others, public companies in Hong Kong and companies with a primary listing in Hong Kong. According to the Note to Section 4.2 of the Introduction to the Takeovers Code, a Grandfathered Greater China Issuer within the meaning of Rule 19C.01 of the Hong Kong Listing Rules with a secondary listing on the Hong Kong Stock Exchange will not normally be regarded as a public company in Hong Kong under Section 4.2 of the Introduction to the Takeovers Code.

We have applied for, and the SFC has granted, a ruling that it is not a “public company in Hong Kong” for the purposes of the Takeovers Code. Therefore, the Takeovers Code is not applicable to us. In the event that the bulk of trading in the Shares migrates to Hong Kong such that it would be treated as having a dual-primary listing pursuant to Rule 19C.13 of the Hong Kong Listing Rules, the Takeovers Code will apply to us.

13. DISCLOSURE OF INTERESTS UNDER PART XV OF SFO

Part XV of the SFO imposes duties of disclosure of interests in the securities of companies whose securities are listed on the Hong Kong Stock Exchange on the relevant company, its substantial shareholders and its directors/chief executives. Under the U.S. Exchange Act, any person (including directors and officers of the company concerned) who acquires beneficial ownership, as determined in accordance with the rules and regulations of the SEC and which includes the power to direct the voting or the disposition of the securities, of more than 5% of a class of equity securities registered under Section 12 of the U.S. Exchange Act, must file beneficial owner reports with the SEC, and such person must promptly report any material change in the information provided (including any acquisition or disposition of 1% or more of the class of equity securities concerned), unless exceptions apply. Therefore, compliance with Part XV of the SFO would subject our corporate insiders to a second level of reporting, which would be unduly burdensome, would result in additional costs and would not be meaningful, since the statutory disclosure of interest obligations under the U.S. Exchange Act that apply to our Company and its corporate insiders would provide the investors with sufficient information relating to the shareholding interests of its significant shareholders.

We have applied for, and the SFC has granted, a partial exemption from strict compliance with Part XV of the SFO (other than Divisions 5, 11 and 12), on the following conditions:

- (i) the bulk of trading in the Shares is not considered to have migrated to Hong Kong on a permanent basis in accordance with Rule 19C.13 of the Hong Kong Listing Rules;

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- (ii) all disclosures of interest filed with the SEC are also filed with the Hong Kong Stock Exchange as soon as practicable, which will then publish such disclosures in the same manner as disclosures made under Part XV of the SFO; and
- (iii) we will advise the SFC if there is any material change to any of the information which has been provided to the SFC, including any significant changes to the disclosure requirements in the U.S. and any significant changes in the volume of our worldwide share turnover that takes place on the Hong Kong Stock Exchange.

14. DISCLOSURE OF INTERESTS INFORMATION

Part XV of the SFO imposes duties of disclosure of interests in shares. Practice Note 5 and paragraphs 41(4) and 45 of Part A of Appendix 1 to the Hong Kong Listing Rules require the disclosure of interests information in respect of shareholders' and directors' interests in this document.

The U.S. Exchange Act and the rules and regulations promulgated thereunder require disclosure of interests by shareholders that are broadly equivalent to Part XV of the SFO. Relevant disclosure in respect of the substantial shareholder's interests can be found in the section headed "Major Shareholders" in this document.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Practice Note 5 and Paragraphs 41(4) and 45 of Part A of Appendix 1 to the Hong Kong Listing Rules on the following conditions:

- (i) the SFC granting our Company and our Shareholders a partial exemption from strict compliance with Part XV of the SFO;
- (ii) we will file with the Hong Kong Stock Exchange, as soon as practicable, any declaration of shareholding and securities transactions filed with the SEC; and
- (iii) we will disclose in present and future listing documents any shareholding interests as disclosed in an SEC filing and the relationship between Directors, officers, members of committees and their relationship to any Controlling Shareholders.

We have applied for, and the SFC has granted, a partial exemption from strict compliance with Part XV of the SFO as set out under "13. Disclosure of Interests under Part XV of the SFO" in this section.

15. TIMING REQUIREMENT OF LIQUIDITY DISCLOSURE

Paragraph 32 of Part A of Appendix 1 to the Hong Kong Listing Rules requires a listing document to include a statement (or an appropriate negative statement) of a new applicant's indebtedness as of a specified most recent practicable date (the "**Most Recent Practicable Date**"), and a commentary on its liquidity, financial resources and capital structure (together, the "**Liquidity Disclosure**").

WAIVERS AND EXEMPTIONS

In accordance with Guidance Letter HKEX-GL37-12 (“**GL37-12**”), the Hong Kong Stock Exchange normally expects that the Most Recent Practicable Date for the Liquidity Disclosure, including, among other things, commentary on liquidity and financial resources such as net current assets (liabilities) position and management discussion on this position, in a listing document to be dated no more than two calendar months before (a) the date of the application proof of the listing document and (b) the final date of the listing document.

As this document is expected to be published in June 2022, we would otherwise be required to make the relevant indebtedness and liquidity disclosures no earlier than April 2022 pursuant to GL37-12. Given that we will include in this document a report of our interim condensed consolidated financial statements for the three months ended March 31, 2022, which has been reviewed in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, it would be unduly burdensome for us to re-arrange information for similar liquidity disclosures on a consolidated basis shortly after the end of the first quarter of our current financial year.

Strict compliance with the Liquidity Disclosure requirements would constitute an additional one-off disclosure by our Company of our liquidity position on a date that would fall within the second quarter of our financial year, which would otherwise not be required to be disclosed to investors in the U.S. under applicable U.S. regulations and the NYSE Rules, because we are required to announce quarterly results at the end and not in the middle of each quarter of our financial year. Such a one-off disclosure would likely confuse our existing investors and deviate from our customary practice and that of other U.S.-listed companies.

In any event, if there are any material changes to such disclosures, we would be required to make an announcement pursuant to U.S. regulations and the NYSE Rules and disclose relevant material facts in this document pursuant to the Hong Kong Listing Rules.

In the event that there is no material change to such disclosures, any similar disclosures made pursuant to GL37-12 would not give additional meaningful information to investors.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the timing requirement for the Liquidity Disclosure in this document under GL37-12, such that the reported date of indebtedness and liquidity information in this document will not exceed the requirement under GL37-12 by one calendar month (i.e. the time gap between the reported date of our indebtedness and liquidity information and the date of this document would be no more than three calendar months).

16. USE OF U.S. GAAP

Rules 4.10 and 4.11 of the Hong Kong Listing Rules require our Company to prepare its financial statements in the prospectus and the subsequent financial reports issued after listing to be in conformity with: (a) Hong Kong Financial Reporting Standards (“**HKFRS**”); or (b) IFRS.

Rule 19C.10D of the Hong Kong Listing Rules provides that accountants’ reports are required to conform with financial reporting standards acceptable to the Hong Kong Stock Exchange, which are normally HKFRS or IFRS. Where the Hong Kong Stock Exchange allows a report to be drawn up otherwise than in conformity with HKFRS or IFRS, the Hong Kong Stock Exchange may, having regard to the exchange on which the overseas issuer has its primary listing, require the report to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

WAIVERS AND EXEMPTIONS

In Guidance Letter HKEX-GL111-22 (“GL111-22”), the Hong Kong Stock Exchange has indicated that it has accepted that the financial statements and accountants’ reports of overseas issuers with, or seeking, a dual-primary or secondary listing in the United States and on the Hong Kong Stock Exchange can be prepared in conformity with U.S. GAAP. GL111-22 further provides that, an overseas issuer adopting a body of financial reporting standards other than HKFRS or IFRS for the preparation of its financial statements must include a reconciliation statement setting out the financial effect of any material differences between those financial statements and financial statements prepared using HKFRS or IFRS in its accountants’ reports and annual/interim/quarterly reports.

In Note 5 to Rule 19C.10D of the Hong Kong Listing Rules and paragraph 35 of GL111-22, it provides that, for US-listed secondary listing applicants, the requirement for the preparation of a reconciliation statement in respect of the accountants’ report prepared under US GAAP in a listing document applies to listing applications submitted on or after January 1, 2023.

As a company listed on the NYSE while seeking for the secondary listing on the Hong Kong Stock Exchange, our Company uses U.S. GAAP, and corresponding audit standards for the filing of our financial statements with the SEC as determined by the United States Public Company Accounting Oversight Board. U.S. GAAP is well recognized and accepted by the international investment community, and significant progress has been made in the convergence between U.S. GAAP and IFRS. Additionally, we note that it might lead to confusion among our investors and shareholders if we were required to adopt different accounting standards for our Company’s disclosures in Hong Kong from those in the U.S. Aligning the accounting standards used for disclosures in both markets will alleviate any such confusion.

Our Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 4.10, 4.11, 19C.10D and 19C.23 of the Hong Kong Listing Rules to allow the financial statements and accountants’ report in the listing document to be prepared based on U.S. GAAP, subject to the following conditions:

- (a) we will include a similar reconciliation statement as required by Rule 19C.23 of the Hong Kong Listing Rules and GL111-22, setting out the financial effect of any material differences between the financial statements prepared using U.S. GAAP and financial statements prepared using HKFRS or IFRS. The requirement for the preparation of such reconciliation statement applies to the first annual financial statements for the financial year commencing on or after January 1, 2022 and subsequent interim and annual financial statements. When the relevant financial statements are not audited or reviewed by auditors, such reconciliation statements required to be included as a note to such financial statements will be reviewed by our auditor in accordance with a standard comparable to International Standard on Assurance Engagements 3000 or Hong Kong Standard on Assurance Engagements 3000;
- (b) we will comply with Rules 4.08 and 19C.10E of the Hong Kong Listing Rules and paragraphs 30 to 34 of GL111-22;
- (c) we will use HKFRS or IFRS in the preparation of our financial statements in the event that we are no longer listed in the U.S. or have no obligation to make financial disclosure in the U.S.; and
- (d) this waiver request will not be applied generally and is based on the specific circumstances of our Company.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
Jingbo Wang (汪靜波)	Room 101, No. 13, Lane 666 Longdong Avenue Zhangjiang Town Pudong New Area Shanghai, China	Chinese
Zhe Yin (殷哲)	Flat 201, No. 9, Lane 1888 Langu Road Pudong New Area Shanghai, China	Chinese
Chia-Yue Chang (章嘉玉)	Flat E, 11 Floor Blessings Garden Phase II 56 Conduit Road Hong Kong	Chinese (Taiwan)
Neil Nanpeng Shen (沈南鵬)	Unit 4B, Magazine Court 5-7 Magazine Gap Road Mid-Levels, Hong Kong	Chinese (Hong Kong)
Boquan He (何伯權)	Flat C, 72 Floor Royal Sky, Cullinan 1 Austin Road West Tsim Sha Tsui, Hong Kong	Chinese (Hong Kong)
May Yihong Wu (吳亦泓)	Home Inns 124 Caobao Road Shanghai, PRC	American
Tze-Kaing Yang (楊子江)	No. 1, 12th Floor, No. 5 Lane 118, Section 2 Xiuming Road 1 Wanxingli, Wenshan District Taipei, Taiwan	Chinese (Taiwan)
Jinbo Yao (姚勁波)	Building 105, Yard 10 (Electronic City IT Industrial Park) Jiuxianqiao North Road, Chaoyang Beijing, China	Chinese
Zhiwu Chen (陳志武)	Flat B13, Block 1, Tam Towers 25 Sha Wan Drive Pokfulam, Hong Kong	American

Further information about the Directors and other senior management members are set out in the section headed “Directors and Senior Management” in this document.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor and Sole Representative	Goldman Sachs (Asia) L.L.C. 68th Floor, Cheung Kong Center 2 Queen's Road Central, Hong Kong
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	Goldman Sachs (Asia) L.L.C. 68th Floor, Cheung Kong Center 2 Queen's Road Central, Hong Kong BOCI Asia Limited 26/F, Bank of China Tower 1 Garden Road Hong Kong DBS Asia Capital Limited 73/F, The Center 99 Queen's Road Central Central, Hong Kong
Other Joint Bookrunner and Joint Lead Manager	Futu Securities International (Hong Kong) Limited Unit C1-2 13/F, United Centre No. 95 Queensway Admiralty, Hong Kong
Legal Advisers to our Company	<i>As to Hong Kong law and United States law:</i> Kirkland & Ellis 26th Floor, Gloucester Tower The Landmark 15 Queen's Road Central, Hong Kong <i>As to PRC law:</i> Zhong Lun Law Firm 6/10/11/16/17F, Two IFC, 8 Century Avenue Pudong New Area, Shanghai, PRC <i>As to Cayman Islands law:</i> Maples and Calder (Hong Kong) LLP 26th Floor, Central Plaza 18 Harbour Road, Wanchai, Hong Kong
Legal Advisers to the Sole Sponsor and the Underwriters	<i>As to Hong Kong law and United States law:</i> Freshfields Bruckhaus Deringer 55th Floor, One Island East, Taikoo Place Quarry Bay, Hong Kong <i>As to PRC law:</i> King & Wood Mallesons 18/F, East Tower World Financial Center No. 1 Dongsanhuan Zhonglu Chaoyang District, Beijing PRC

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Reporting Accountants

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

Property Valuer

Savills Valuation and Professional Services Limited
Room 1208
1111 King's Road
Taikoo Shing
Hong Kong

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
Suite 2504, Wheelock Square
1717 Nanjing West Road
Shanghai, China

Receiving Bank

DBS Bank (Hong Kong) Limited
11/F, The Centre
99 Queen's Road Central
Hong Kong

CORPORATE INFORMATION

Principal Executive Offices of Main Operations	Building 2, 1687 Changyang Road Shanghai, PRC
Address in Hong Kong	34 Floor, Tower Two Times Square, 1 Matheson Street Causeway Bay, Hong Kong
Registered Office	PO Box 309, Uglan House Grand Cayman, KY1-1104 Cayman Islands
Company's Website	<u>ir.noahgroup.com</u> <i>(the information contained on the website does not form part of this document)</i>
Authorized Representative	Qing Pan Building 2, 1687 Changyang Road Shanghai, PRC
Audit Committee	Tze-Kaing Yang (<i>Chairman</i>) Zhiwu Chen May Yihong Wu
Compensation Committee	May Yihong Wu (<i>Chairwoman</i>) Tze-Kaing Yang Boquan He
Corporate Governance and Nominating Committee	Zhiwu Chen (<i>Chairman</i>) Jinbo Yao May Yihong Wu
Cayman Islands Principal Share Registrar	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square Grand Cayman, KY1-1102 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong
Compliance Adviser	Somerley Capital Limited 20th Floor, China Building 29 Queen's Road Central Hong Kong

CORPORATE INFORMATION

Principal Banks

Ping An Bank Co., Ltd. Shanghai Branch

Ping An Finance Building
No. 1333 Lujiazui Ring Road,
Pudong New District, Shanghai

DBS Bank (Hong Kong) Limited

18 Floor, The Center
99 Queen's Road Central, Central,
Hong Kong

HISTORY AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

Founded in August 2005, we are a leading wealth management service provider in the PRC offering comprehensive one-stop advisory services on global investment and asset allocation primarily for HNW and ultra HNW investors. For details of our business model, see “Business” in this document.

We are a holding company incorporated in the Cayman Islands on June 29, 2007. It conducts business in the PRC through subsidiaries and Consolidated Affiliated Entities, including Noah Investment and its subsidiaries in the PRC.

KEY MILESTONES

Our Company’s key business milestones are summarized below:

Date	Event
2005	Commenced our Company’s business.
2007	Sequoia Capital China, a well-known venture capital firm based in the PRC, invested in our Company’s business and has since been a Shareholder.
2010	Our Group’s ADSs were listed on the NYSE. Started our Group’s asset management business in the PRC under the brand Gopher. Established the first market-oriented FoF using non-institutional capital in the PRC.
2012	Obtained #001 fund distribution license from CSRC. Noah HK obtained licenses from the SFC on January 4, 2012 to carry out type 1 regulated activities on dealing in securities; type 4 regulated activities on advising on securities and type 9 regulated activities on asset management. Introduced the first top overseas private equity fund products to HNW investors in the PRC. Introduced the first real estate private equity fund products to HNW investors in the PRC.
2013	Established the first secondary private equity fund in the PRC.

HISTORY AND CORPORATE STRUCTURE

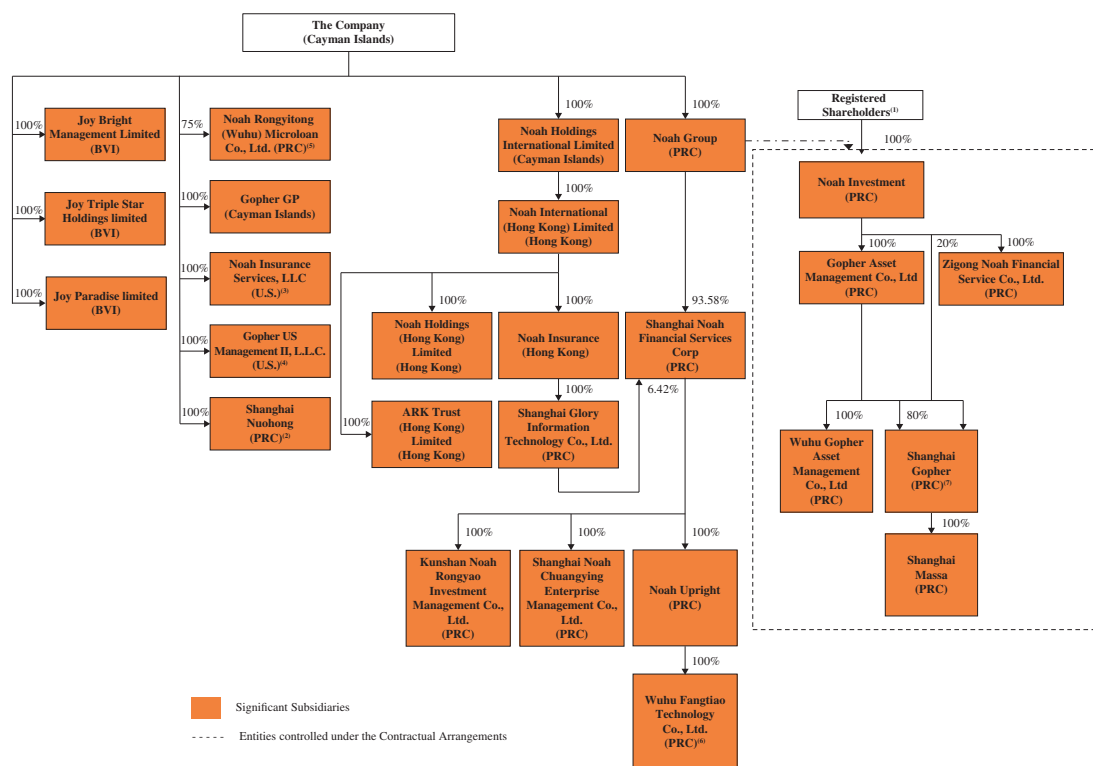
Date	Event
2014	Obtained Private Investment Fund Manager Registration Certificate (私募基金管理人登記證書) for our Company’s asset management business in the PRC.
2016	Set up an overseas office in Silicon Valley. Obtained a licence in the Jersey Islands for conducting family trust business.
2017	Set up an overseas office in New York. Launched “WeNoah (微諾亞)”, a one-stop and integrated client service portal. Noah Holdings received an investment grade long-term issuer credit rating from S&P Global Ratings with stable outlook.
2018	Was included in the MSCI China Index and MSCI Overseas China Index. Set up overseas offices in Singapore.
2019	Launched “Fund Smile (微笑基金)”, a self-developed onshore mutual fund trading application.
2020	Launched a self-developed mobile application, “iNoah”, which allows clients to make online investments in overseas mutual funds using their offshore capital. Licensed in Singapore for providing capital market services and conducting trust business. Noah Holdings and Gopher Asset Management both became signatories of the UN-supported Principles for Responsible Investment.
2021	Purchased the Noah Wealth Center. Successfully completed the transformation to NAV-based products. Licensed as Investment Advisor in the United States.

HISTORY AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate Structure

Below is the simplified corporate structure of our Company, including its Significant Subsidiaries, as of December 31, 2021:



Notes:

- The registered shareholders of Noah Investment consisted of (i) Ms. Jingbo Wang with 46% equity interests, (ii) Mr. Zhe Yin with 12% equity interests, (iii) Mr. Boquan He with 25% equity interests, (iv) Ms. Xinjun Zhang with 4% equity interests, (v) Ms. Yan Wei with 3% equity interests, and (vi) Ms. Qianghua Yan with 10% equity interests.
- Our Company indirectly held all the equity interests in Shanghai Nuohong through certain insignificant subsidiaries.
- Our Company indirectly held all the equity interests in Noah Insurance Services, LLC through certain insignificant subsidiaries.
- Our Company indirectly held all the equity interests in Gopher US Management II, L.L.C. through certain insignificant subsidiaries.
- Noah Rongyitong (Wuhu) Microloan Co., Ltd. was indirectly held as to 75% by our Company, and 25% by Noah Investment through the Contractual Arrangements.
- Wuhu Fangtiao Technology Co., Ltd. was indirectly held as to 100% by Noah Upright.
- Shanghai Gopher was directly held as to 80% by Gopher Asset Management Co., Ltd. and indirectly held as to 20% by Noah Investment.

HISTORY AND CORPORATE STRUCTURE

Significant Subsidiaries

As of December 31, 2021, our Group conducted its business operations across more than 200 subsidiaries, 26 of which were our Company's Significant Subsidiaries. The table below sets forth the details of the Significant Subsidiaries:

Name of Significant Subsidiaries	Principal Business Activities	Date and Jurisdiction of Establishment	Share Capital/ Registered capital	Equity interest attributable to our Group
1. Noah Upright	Wealth management	November 18, 2003, PRC	RMB150 million	100%
2. Noah Group	Wealth management	August 24, 2007, PRC	US\$213.3 million	100%
3. Shanghai Noah Financial Services Corp.	Wealth management	April 18, 2008, PRC	RMB100 million	100%
4. Noah Insurance	Wealth management	January 3, 2011, Hong Kong	HK\$1 million	100%
5. Noah HK	Wealth and asset management	September 1, 2011, Hong Kong	HK\$80 million	100%
6. Gopher GP	Asset management	May 11, 2012, Cayman Islands	US\$100	100%
7. Zigong Noah Financial Service Co., Ltd.	Wealth management	October 22, 2012, PRC	RMB660 million	Controlled under the Contractual Arrangement
8. Kunshan Noah Rongyao Investment Management Co., Ltd.	Wealth management	December 2, 2015, PRC	RMB50 million	100%
9. Shanghai Noah Chuangying Enterprise Management Co., Ltd.	Wealth management	December 14, 2015, PRC	RMB10 million	100%
10. Wuhu Fangtiao Technology Co., Ltd.	Internal administration	November 28, 2019, PRC	RMB1 million	100%
11. Shanghai Nuohong	Holding company of Noah Wealth Center	May 30, 2013, PRC	RMB100 million	100%
12. Noah Investment	Asset management	August 26, 2005, PRC	RMB30 million	Controlled under the Contractual Arrangement

HISTORY AND CORPORATE STRUCTURE

Name of Significant Subsidiaries	Principal Business Activities	Date and Jurisdiction of Establishment	Share Capital/ Registered capital	Equity interest attributable to our Group
13. Gopher Asset Management Co., Ltd.	Asset management	February 9, 2012, PRC	RMB100 million	Controlled under the Contractual Arrangement
14. Wuhu Gopher Asset Management Co., Ltd.	Asset management	October 10, 2012, PRC	RMB20 million	Controlled under the Contractual Arrangement
15. Shanghai Gopher	Asset management	December 14, 2012, PRC	RMB12.5 million	Controlled under the Contractual Arrangement
16. Shanghai Massa	Asset management	June 29, 2015, PRC	RMB10 million	Controlled under the Contractual Arrangement
17. Noah Rongyitong (Wuhu) Microloan Co., Ltd.	Lending business	August 13, 2013, PRC	RMB300 million	100% ⁽¹⁾
18. Joy Triple Star Holdings Limited	Holding vehicle for investment	January 12, 2018, BVI	US\$1	100%
19. Joy Paradise Limited	Holding vehicle for investment	March 29, 2018, BVI	US\$1	100%
20. Shanghai Glory Information Technology Co., Ltd.	Internal administration	March 2, 2011, PRC	US\$21 million	100%
21. Joy Bright Management Limited	Holding vehicle for investment	June 11, 2013, BVI	US\$1	100%
22. Gopher US Management II, L.L.C.	Asset management	February 27, 2019, USA	N/A	100%
23. ARK Trust (Hong Kong) Limited	Trust service	September 15, 2014, Hong Kong	HK\$3 million	100%
24. Noah International (Hong Kong) Limited	Wealth and asset management	January 7, 2015, Hong Kong	HK\$274,890,491 and US\$18,910,000 ⁽²⁾	100%
25. Noah Insurance Services, LLC	Wealth management	February 10, 2017, USA	N/A	100%
26. Noah Holdings International Limited	Investment holdings	October 11, 2016, Cayman Islands	US\$221	100%

HISTORY AND CORPORATE STRUCTURE

Notes:

1. Noah Rongyitong (Wuhu) Microloan Co., Ltd. was indirectly held as to 75% by our Company, and 25% by Noah Investment through the Contractual Arrangements.
2. The share capital of Noah International (Hong Kong) Limited was paid up in US Dollars and Hong Kong Dollars.

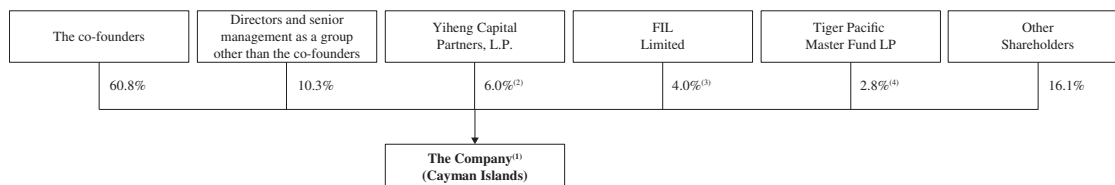
Major Acquisition and Disposal

Our Group did not conduct any major acquisitions or disposals during the Track Record Period.

SHAREHOLDING STRUCTURE

As of the Latest Practicable Date and immediately prior to the Listing, our Company's share capital comprised Class A ordinary shares and Class B ordinary shares. Each Class A ordinary share entitled the holder to exercise one vote, and each Class B ordinary share entitled the holder to exercise four votes, on all matters that require a shareholders' vote. All the Class B ordinary shares were held by the co-founders, namely Ms. Jingbo Wang and Mr. Zhe Yin, as of the Latest Practicable Date. The co-founders have irrevocably undertaken to our Company that they will convert each Class B ordinary share held by them into one Class A ordinary share on the Listing Date. We have also agreed not to issue any new Class B ordinary shares after the Listing Date. Accordingly, upon the Listing, we will only have Class A ordinary shares in issue, and will cease to have a weighted voting rights structure. For details, please refer to "Share Capital" in this document.

The following diagram illustrates the voting rights of the Shareholders as of the Latest Practicable Date:

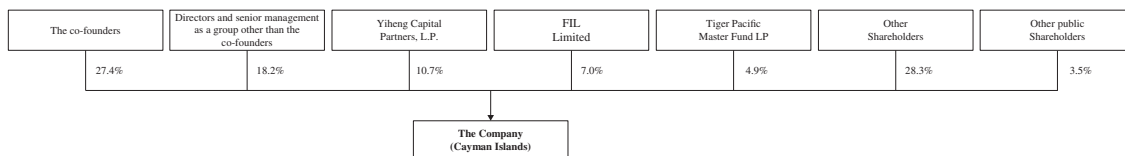


Note:

1. For details of the voting rights and the beneficial ownership of our major shareholders, please refer to "Major Shareholders" in this document.
2. Represented the voting rights of Yiheng Capital Partners, L.P. as of March 31, 2022.
3. Represented the voting rights of FIL Limited and its direct and indirect subsidiaries as of May 10, 2022.
4. Represented the voting rights of Tiger Pacific Master Fund LP as of April 27, 2022.

HISTORY AND CORPORATE STRUCTURE

The following diagram illustrates the shareholding structure and voting rights of the Shareholders immediately upon the completion of the Global Offering (assuming each Class B ordinary share held by the co-founders has been converted into one Class A ordinary share, our Company's shareholdings remain unchanged after the Latest Practicable Date and before the Listing, the Over-allotment Option is not exercised, and no additional Shares are issued under the Share Incentive Plans):



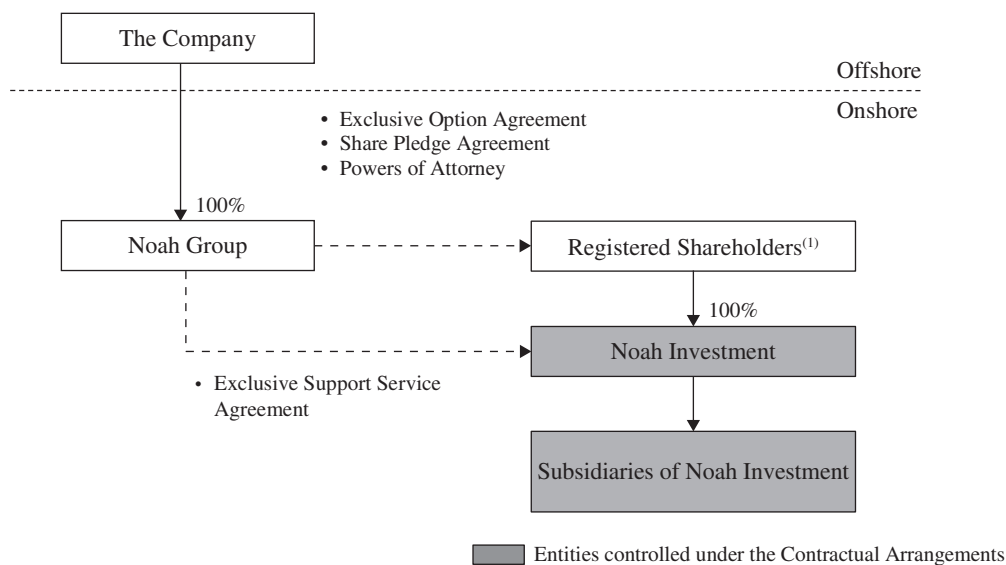
Note: Please refer to the note to the previous diagram.

CONTRACTUAL ARRANGEMENTS

We operate our domestic asset management business under the Contractual Arrangements. In our domestic asset management business, we act as the general partner of relevant investment funds which investment portfolio includes, among others, investments in third-party managed funds and equity investments into private companies. The PRC government regulates certain businesses through strict business licensing requirements and laws and regulations, including restrictions on foreign investment. These third-party managed funds or investee companies may target or operate certain businesses that are subject to foreign investment restrictions, which may require that investors shall not be foreign-invested enterprises (“**FIEs**”) or their foreign ownership percentage shall be limited to a specified ceiling to the extent permitted by relevant foreign investment regulations. We adopted the Contractual Arrangements because if we were to conduct our domestic asset management business through our PRC subsidiaries which are FIEs, we may lose the accessibility to the investments in certain businesses that are subject to foreign investment restrictions. Therefore, we rely on the Contractual Arrangements that we entered into with Noah Investment and its shareholders to carry out our domestic asset management business. The Contractual Arrangements with Noah Investment and its shareholders enable us to (1) have power to direct the activities that most significantly affect the economic performance of Noah Investment and its subsidiaries; (2) receive substantially all of the economic benefits from Noah Investment and its subsidiaries in consideration for the services provided by Noah Group; and (3) have an exclusive option to purchase all or part of the equity interests in Noah Investment when and to the extent permitted by PRC law, or request any existing shareholder of Noah Investment to transfer any or part of the equity interests in Noah Investment to another PRC person or entity designated by us at any time at our discretion. The Contractual Arrangements allow us to consolidate the financial results of Noah Investment and its subsidiaries. For the years ended December 31, 2019, 2020 and 2021, net revenues generated from entities controlled through the Contractual Arrangements amounted to RMB816.5 million, RMB935.5 million and RMB1,466.7 million, respectively, accounting for 24.1%, 28.3% and 34.2%, respectively, of our net revenue.

HISTORY AND CORPORATE STRUCTURE

Below is the simplified structure of the Contractual Arrangements as of the Latest Practicable Date. Our Directors and our Company’s PRC Legal Adviser confirm that there has been no substantial change in the structure of the Contractual Arrangements since the Company’s listing in the U.S in November 2010.



Note:

- (1) The registered shareholders of Noah Investment consisted of (i) Ms. Jingbo Wang with 46% equity interests, (ii) Mr. Zhe Yin with 12% equity interests, (iii) Mr. Boquan He with 25% equity interests, (iv) Ms. Xinjun Zhang with 4% equity interests, (v) Ms. Yan Wei with 3% equity interests, and (vi) Ms. Qianghua Yan with 10% equity interests. Each of Ms. Jingbo Wang, Mr. Zhe Yin and Mr. Boquan He are our Directors. Ms. Xinjun Zhang and Ms. Yan Wei are employees of our Group. Ms. Qianghua Yan is an early and long-term investor in our Group and an Independent Third Party.

Summary of the Contractual Arrangements

Exclusive Option Agreement

Pursuant to an exclusive option agreement entered into by the Registered Shareholders and Noah Group in September 2007 (the “**Exclusive Option Agreement**”), the Registered Shareholders granted Noah Group or its third-party designee an irrevocable and exclusive option to purchase all or part of their equity interests in Noah Investment when and to the extent permitted by PRC laws. The purchase price shall be the minimum purchase price permitted under PRC law, or a higher price as otherwise agreed by the Noah Group. Noah Group may exercise such option at any time and from time to time until it has acquired all equity interests of Noah Investment. During the term of this agreement, the Registered Shareholders are prohibited from transferring their equity interests in Noah Investment to any third party, and Noah Investment is prohibited from declaring and paying any dividend without Noah Group’s prior consent. The term of this Exclusive Option Agreement is ten years and will be automatically renewed upon expiration of each ten-year period if there has been no objection by the parties thereunder. The Registered Shareholders have agreed to amend the Exclusive Option Agreement to remove the above ten year term and the automatic renewal arrangement before the Listing, upon which the Exclusive Option Agreement will remain

HISTORY AND CORPORATE STRUCTURE

effective without subject to the consent of the parties thereunder until all of the equity interests held by the Registered Shareholders in Noah Investment have been transferred to Noah Group or its designee according to the terms and conditions thereunder.

The exercise of the option by Noah Group or its third-party designee to purchase all or part of the equity interests in Noah Investment may subject us to substantial costs. The equity transfer price may be subject to review and tax adjustment by the relevant tax authorities. Such tax amounts may be substantial and adversely affect our financial condition and results of operations. See “Risk Factors — Risks Related to Corporate Structure — If we exercise the option to acquire equity ownership of Noah Investment, the ownership transfer may subject us to certain limitations and substantial costs” for more information on the risks in relation to exercising the option to acquire ownership in Noah Investment.

Exclusive Support Service Agreement

Pursuant to an exclusive support service agreement entered into by Noah Investment and Noah Group in September 2007 (the “**Exclusive Support Service Agreement**”), Noah Investment has engaged Noah Group as its exclusive technical and operational consultant to support Noah Investment’s operational activities. Noah Group has agreed to provide certain support services to Noah Investment, including client management, technical and operational support and other services, for which Noah Investment has agreed to pay to Noah Group service fees determined based on actual services provided, which shall be the income of Noah Investment, less (i) expenses and costs, and (ii) the License Fee (as defined below). Noah Group is also obligated to grant Noah Investment licenses to use certain intellectual property rights, for which Noah Investment has agreed to pay license fees (the “**License Fee**”) at the rates set by the board of Noah Group. The term of the Exclusive Support Service Agreement is ten years and will be automatically renewed upon expiration of each ten-year period if no objection by the parties thereunder. Noah Investment and the Registered Shareholders have agreed to amend the Exclusive Support Service Agreement to remove the above ten year term and the automatic renewal arrangement before the Listing, upon which the Exclusive Support Service Agreement will remain effective without subject to the consent of the parties thereunder until all of the equity interests held by the Registered Shareholders in Noah Investment have been transferred to Noah Group or its designee according to the Exclusive Option Agreement.

Share Pledge Agreement

Pursuant to the share pledge agreement entered into by each of the Registered Shareholders and Noah Group in September 2007 (the “**Share Pledge Agreement**”), the Registered Shareholders pledged all of their equity interests in Noah Investment (the “**Pledge Equity Interests**”) to Noah Group as collateral to secure their obligations under the Exclusive Option Agreement and Noah Investment’s obligations under the Exclusive Support Service Agreement. In the case that Noah Investment increases its registered capital upon prior written consent of Noah Group, the Pledge Equity Interests shall include all the additional equity interests subscribed by the Registered Shareholders in such capital increase. If Noah Investment or the Registered Shareholders breach any of their respective obligations under the Exclusive Support Service Agreement or the Exclusive Option Agreement, Noah Group, as the pledgee, will be entitled to certain rights, including being repaid in priority by the proceeds from auction or sale of the Pledge Equity Interests. The term of the share pledge is same as that of the Exclusive Option Agreement. The share pledges under the Share Pledge Agreement have been registered with competent branches of SAMR.

HISTORY AND CORPORATE STRUCTURE

Powers of Attorney

Each of the Registered Shareholders executed a power of attorney in September 2007 (the “**Powers of Attorney**”), respectively, to grant Noah Group or its designee the power of attorney to act on his or her behalf on all matters pertaining to Noah Investment and to exercise all of his or her rights as the registered shareholder of Noah Investment, including the right to attend shareholders meetings, appoint board members and senior management members, other voting rights and the right to transfer all or a part of his or her equity interests in Noah Investment. The Powers of Attorney shall remain irrevocable and effective during the period that the Registered Shareholders are shareholders of Noah Investment.

Succession Arrangements

As confirmed by our Company, appropriate arrangements have been made to protect our Company’s interest in the event of death, loss of capacity, divorce, bankruptcy or other circumstances which would affect the Registered Shareholders’ exercise of equity interests in Noah Investment. The provisions set out in the Exclusive Option Agreement, Exclusive Support Service Agreement and the Share Pledge Agreement are binding on the successors of the Registered Shareholders, as if the successors were signing parties to the Contractual Arrangements. Under the succession laws of the PRC, the statutory successors include the spouses, children, parents, brothers, sisters, paternal grandparents and maternal grandparents of the Registered Shareholders and any breach by the successors would be deemed a breach of the Contractual Arrangements.

Arrangements to Address Potential Conflicts of Interest

The Registered Shareholders have confirmed that they will not execute any documents with or provide any undertaking to third parties that may have conflicts of interest in respect of agreements entered into between the Registered Shareholders and Noah Group.

In addition, our Group has adopted the following measures to (i) ensure the effective implementation of the Contractual Arrangements; (ii) ensure the compliance of the Registered Shareholders with the Contractual Arrangements; and (iii) minimize potential conflicts of interest between our Group and the Registered Shareholders:

- (a) major issues arising from the implementation of and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion as they occur;
- (b) our Board (including the independent Directors) will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (c) we will engage external legal advisors or other professional advisors, if necessary, to assist the Board in reviewing the implementation of the Contractual Arrangements and the legal compliance of Noah Investment, Noah Group, the Registered Shareholders and the subsidiaries of Noah Investment, and to deal with specific issues or matters arising from the Contractual Arrangements;
- (d) the company seals, financial seals, contract seals and crucial corporate certificates of the subsidiaries of Noah Investment are kept by our designated personnel. Any employee who wishes to use the seals will have to obtain internal approval following our established policies and procedures. The business, legal and/or finance departments of our Group

HISTORY AND CORPORATE STRUCTURE

constitute our central management system and the persons in charge of these departments as well as the department members responsible for the custody and handling of the seals and crucial corporate certificates are employees of our Group; and

- (e) in the event of a conflict of interest between our Group and the Registered Shareholders (where our Group has the sole and absolute discretion to determine whether such conflict arises), Noah Investment shall take appropriate measures to eliminate such conflicts, failing which Noah Group will exercise, to the extent permitted under the PRC laws, the option under the Exclusive Option Agreement.

In the event that Ms. Jingbo Wang, Mr. Zhe Yin, Mr. Boquan He, Ms. Xinjun Zhang, Ms. Yan Wei and Ms. Qianghua Yan seek to terminate their employment and/or cease holding interests in our Group (as the case may be), Noah Group will exercise its option under the Exclusive Option Agreement to require Ms. Jingbo Wang, Mr. Zhe Yin, Mr. Boquan He, Ms. Xinjun Zhang, Ms. Yan Wei and Ms. Qianghua Yan, to the extent permitted under the PRC laws, to transfer their equity interests in Noah Investment to Noah Group or its designee so that we can maintain the same level of protection in controlling Noah Investment and/or enforcing the Contractual Arrangements.

Loss Sharing

None of the agreements constituting the Contractual Arrangements provide that our Company, Noah Group or our other PRC subsidiaries are obligated to share the losses of or provide financial support to Noah Investment. Furthermore, Noah Investment is a limited liability company and shall be solely liable for its own debts and losses.

Under PRC laws and regulations, neither our Company nor Noah Group is expressly required to share the losses of, or provide financial support to, Noah Investment. Despite the foregoing, given that we conduct a portion of our business through the Contractual Arrangements, particularly our asset management business, we would suffer material and adverse effects on our business, financial condition and results of operations in the event that losses are suffered by Noah Investment.

Insurance

We do not maintain an insurance policy to cover the risks relating to the Contractual Arrangements. See “Risk Factors — Risks Related to our Business — We have limited insurance coverage.”

Confirmations relating to the Contractual Arrangements

Our Company’s PRC Legal Adviser is of the opinion that:

- (a) the ownership structure of Noah Investment and Noah Group does not result in a violation of any applicable PRC laws or regulations currently in effect; and
- (b) the Contractual Arrangements among Noah Group, Noah Investment and the Registered Shareholders governed by PRC laws are valid, legal and binding, and do not result in a violation of any applicable PRC laws or regulations currently in effect.

HISTORY AND CORPORATE STRUCTURE

Based on the above, the Directors believe that the agreements underlying the Contractual Arrangements as described above conferring significant control and economic benefits from Noah Investment to our Group are enforceable under the relevant laws and regulations. Nevertheless, any violations by Noah Investment or the Registered Shareholders of the Contractual Arrangements may disrupt our Group's operations or adversely affect its services.

Additionally, we have been advised by its PRC Legal Adviser that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations, and accordingly, the PRC regulatory authorities or courts may take a view that is contrary to the above opinion of the PRC Legal Adviser. It is uncertain whether any new PRC laws or regulations relating to contractual arrangements will be adopted or if adopted, what they would provide. If the corporate structure and the Contractual Arrangements are deemed by relevant regulatory authority or court to be illegal or invalid, either in whole or in part, our Group may lose control of its Consolidated Affiliated Entities and have to modify such structure to comply with regulatory requirements. However, there can be no assurance that our Group can achieve this without material disruption to its business. Further, if the corporate structure and the Contractual Arrangements are found to be in violation of any existing or future PRC laws or regulations, the relevant regulatory authority would have broad discretion to take action in dealing with the violation or failure, in which case our Group could be subject to severe penalties, including being prohibited from continuing its operations or unwinding the Contractual Arrangements. See “— Foreign Investment Law” below.

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC regulators in operating our business through Noah Investment and its operating subsidiaries under the Contractual Arrangements.

Foreign Investment Law

Background

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law which came into effect on January 1, 2020. The Foreign Investment Law replaced the Wholly Foreign-Invested Enterprises Law, the Sino-Foreign Equity Joint Venture Enterprise Law and the Sino-Foreign Cooperative Joint Venture Enterprise Law to become the legal foundation for foreign investment in the PRC. In accordance with the Foreign Investment Law, “foreign investment” refers to investment activities carried out directly or indirectly in the PRC by foreign natural persons, enterprises, or other organizations, or the “foreign investors,” including the following: (i) foreign investors establishing foreign-invested enterprises in China alone or collectively with other investors; (ii) foreign investors acquiring shares, equities, properties, or other similar rights of PRC domestic enterprises; (iii) foreign investors investing in new projects in China alone or collectively with other investors; and (iv) foreign investors investing through other methods prescribed by laws, administrative regulations, or provisions of the State Council. The Foreign Investment Law does not explicitly stipulate contractual arrangements as a form of foreign investment. The Implementing Rules to Foreign Investment Law, promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, are also silent on whether foreign investment includes contractual arrangements.

HISTORY AND CORPORATE STRUCTURE

Impact and consequences of the Foreign Investment Law on the Contractual Arrangements

As advised by our PRC Legal Adviser, since contractual arrangements are not specified as a form of foreign investment under the Foreign Investment Law and if future laws, administrative regulations, or provisions of the State Council do not prescribe contractual arrangements as a form of foreign investment and relevant laws and regulations in respect of foreign investment remain unchanged, our Contractual Arrangements will not be affected and will not result in violation of the Foreign Investment Law.

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes “foreign investors investing through other methods prescribed by laws, administrative regulations, or provisions of the State Council” without elaboration on the meaning of “other methods.” There are possibilities that future laws, administrative regulations, or provisions of the State Council may prescribe contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the Foreign Investment Law and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See “Risk Factors — Risks Relating to our Corporate Structure — Our current corporate structure and business operations may be affected by the newly enacted Foreign Investment Law.”

LISTING ON THE NYSE AND REASONS FOR LISTING ON THE HONG KONG STOCK EXCHANGE

In November 2010, our ADSs were listed on the NYSE under the ticker symbol “NOAH”. We became the first independent wealth management company from the PRC listed on a US stock exchange. We have a track record of good regulatory compliance of at least five full financial years on the NYSE and a market capitalization of at least HK\$3.0 billion at the time of the Listing, as required by Criteria A under Rule 19C.05A of the Hong Kong Listing Rules.

We believe that the Listing on the Hong Kong Stock Exchange would be in the interests of our Group’s business development strategies and expansion plans, and would be beneficial to our Company and its Shareholders as a whole as it would present an opportunity to further expand our Company’s investor base and broaden its access to capital markets, particularly in Asia.

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The information and statistics set out in this section and elsewhere in this document are derived from various government and other publicly available sources, and from the market research report prepared by Frost & Sullivan, an independent industry consultant, that we commissioned (the “Frost & Sullivan Report”). The information extracted from the Frost & Sullivan Report should not be considered as a basis for investments in the Offer Shares or as an opinion of Frost & Sullivan with respect to the value of any securities or the advisability of investing in our Company. We believe that the sources of information and statistics are appropriate and have taken reasonable care in extracting and reproducing information and statistics provided in the Frost & Sullivan Report. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading in any material respect. The information has not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors, officers or representatives, nor is any representation given as to the accuracy or completeness of such information and statistics.

SOURCE OF INFORMATION

Frost & Sullivan was commissioned to conduct an analysis of, and to report the HNW wealth management services industry in China at a fee of approximately RMB920,000. The Frost & Sullivan Report has been prepared by Frost & Sullivan independent of the influence of our Company and other interested parties. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report.

Frost & Sullivan is an independent global market research and consulting company, which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. Frost & Sullivan prepared its report based on its own research database, independent third party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information.

The market projections in the Frost & Sullivan Report are based on the following key assumptions: (i) the COVID-19 pandemic is likely to pose short-term impact on China’s economy and HNW wealth management services industry and the short-term impact of the COVID-19 pandemic has been taken into consideration in the Frost & Sullivan Report; (ii) China’s economy is likely to maintain steady growth in the next decade; (iii) China’s social, economic, and political environment is likely to remain stable in the forecast period; and (iv) market drivers are likely to drive the growth of China’s HNW wealth management services industry. The reliability of the Frost & Sullivan Report may be affected by the accuracy of the foregoing assumptions and factors.

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OVERVIEW OF HNW WEALTH MANAGEMENT SERVICES INDUSTRY IN CHINA

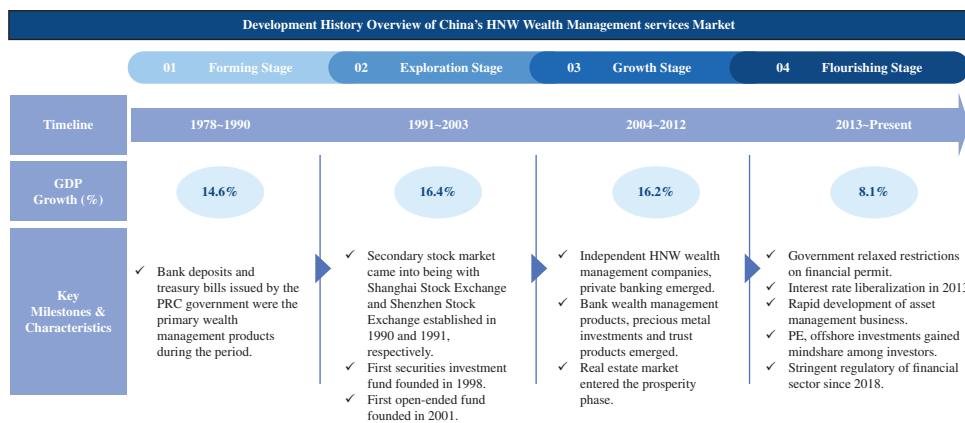
HNW wealth management services refer to investment advisory services primarily provided to HNW individuals, typically consisting of financial planning, investment portfolio management and other financial services. Generally, there are two types of service providers in China's HNW wealth management services market:

Private banking arms of financial institutions, typically the private banking departments of commercial banks in China that target HNW individuals and foreign financial services institutions with HNW wealth management services; and

Independent wealth management service providers, or providers who are not associated with any financial institutions and generally offer and distribute a wide range of investment products and comprehensive financial planning services to their clients.

Evolution of the HNW Wealth Management Services Industry in China

China's HNW wealth management services industry has experienced rapid development alongside the evolution and reform of China's financial sector, as well as the increasing number of HNW individuals and their rapidly growing investable assets. The following diagram illustrates the evolution of the HNW wealth management services industry in China:



- From 1978 to early 2000s, China's HNW wealth management services industry was in a formation and exploration stage along with the Chinese population becoming more familiar with the concept of wealth management. The wealth management products available to individual investors were limited during this period.
- China's HNW wealth management services industry entered into a stage of high growth in 2004, when the first wealth management product was issued. From 2005 to 2007, the excellent performance in China's stock market drove the growth of mutual funds, and in 2009, a wave of investment through trust plans opened the door for investment products designed exclusively for HNW individuals and corporate entities. As a result, since 2005, private banking departments of financial services institutions and independent wealth management service providers targeting HNW clients were rapidly established in China to provide financial planning and investment solution services for HNW individuals. During this period, independent HNW wealth management service providers served as distribution channels for trust products.

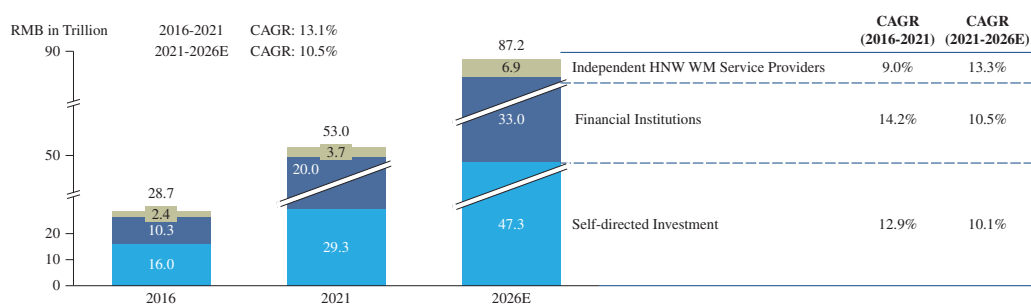
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- Since 2013, the diverse product offerings in China’s HNW wealth management services market, including but not limited to bank wealth management products, trusts, mutual funds, PE funds, direct stock investment and insurance, promoted the market demand for HNW wealth management service. Some independent HNW wealth management service providers started to establish their asset management business to develop and distribute their own investment products for profit and leading independent HNW wealth management service providers offer both wealth management and asset management services. In 2019, China’s per capita nominal GDP exceeded US\$10,000 for the first time. Similar to other developed countries experienced before, the expanding economy has stimulated the demand for wealth management services and products.

Market Size of the HNW Wealth Management Services Industry in China

Over the past few years, the economic development in China has driven the growth of private wealth. China’s individual investable financial assets have increased from RMB131.8 trillion in 2016 to RMB224.8 trillion in 2021, and the number is estimated to reach approximately RMB316.4 trillion in 2026. From 2016 to 2021, the investable financial assets of HNW individuals in China increased at a CAGR of 13.1% from RMB28.7 trillion to RMB53.0 trillion, while others increased at a CAGR of 10.8%. In 2021, HNW wealth management services industry accounted for approximately 23.6% market share in the wealth management services industry in China, in terms of investable financial assets. Looking forward, along with steady economic growth of China, the investable financial assets of HNW individuals are forecasted to further increase to approximately RMB87.2 trillion in 2026 with a CAGR of 10.5% from 2021 to 2026.

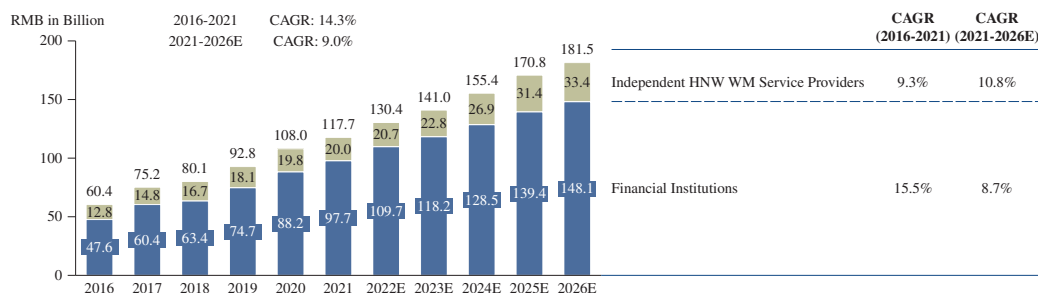
The table below summarizes the breakdown by different channels of investable financial assets of HNW individuals in China for the periods indicated:



While self-directed investment is still one of the major channels for HNW individuals in China to allocate and manage their financial assets, in recent years, the asset allocation of HNW individuals has become more diversified with the enrichment of various investment products available on the market and HNW individuals’ improved risk awareness. As a result, financial assets of HNW individuals allocated through wealth management service providers, in particular, independent HNW wealth management service providers, have experienced and are expected to continue to experience rapid growth. The amount of financial assets of HNW individuals allocated through independent HNW individual wealth management service providers reached RMB3.7 trillion in 2021, representing a CAGR of 9.0% from 2016 to 2021, and is expected to reach approximately RMB6.9 trillion in 2026, with a CAGR of 13.3% from 2021 to 2026.

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As a result, the total revenues generated by HNW wealth management service providers have witnessed a strong growth and are expected to experience further growth as illustrated below:



The total revenues generated by HNW wealth management services providers increased from RMB60.4 billion in 2016 to RMB117.7 billion in 2021, at a CAGR of 14.3%, and are expected to further increase to approximately RMB181.5 billion in 2026, at a CAGR of 9.0%. In particular, independent HNW wealth management service providers are expected to experience significant growth in the next few years. The total revenues of independent HNW wealth management services providers increased from RMB12.8 billion in 2016 to RMB20.0 billion in 2021 at a CAGR of 9.3%, and are expected to increase further to approximately RMB33.4 billion in 2026 at a CAGR of 10.8%. In 2021, revenues generated by financial institutions and independent HNW wealth management services providers contributed to approximately 83.0% and 17.0% of the total revenues generated in HNW wealth management services market in China, respectively.

Key Growth Drivers for HNW Wealth Management Services Industry in China

Increasing HNW individual population and private wealth. Over the past few years, the economic development in China has driven the growth of private wealth. According to the Frost & Sullivan Report, the number of HNW individuals in China has increased rapidly from 1.3 million in 2016 to 2.1 million in 2021, and is expected to reach approximately 3.0 million in 2026. The amount of financial assets of HNW individuals have also experienced rapid growth. With the needs of intergenerational inheritance and in pursuit of assets preservation and appreciation, HNW individuals increasingly look for more effective ways to manage their private wealth, which drives the continuous growth of the HNW wealth management services market.

Increasing client awareness and sophistication. The awareness of wealth management services has traditionally been low among Chinese HNW individuals. In light of the development of the financial market and more sophisticated wealth management products available in China, there is an increasing demand among Chinese HNW individuals for professional wealth management services that are able to effectively manage and allocate assets and balance investment risks and returns. In addition, as Chinese HNW individuals become more sophisticated as to their investment strategies, they are demanding more value-added services from wealth management service providers, such as tailored financial planning and investor education. On the supply side, in response to the evolving needs of Chinese HNW individuals, an increasing number of qualified and experienced professionals have been devoting to the development and innovation of wealth management products. The enrichment of the product offering in turn is expected to attract more investable assets into the HNW wealth management services market and further boost the development of the market.

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Transition in wealth management service business model. Along with the enhancement of financial knowledge and the risk awareness of Chinese HNW investors, HNW investors in China have gradually transitioned their investment demand from investments with short-term guaranteed returns to long-term asset appreciation. Furthermore, the Guiding Opinions published jointly by PBOC, CBIRC, CSRC, and SAFE in April 2018 prohibits the issuance of private credit products that contain any explicit or implicit guarantee of return. Such transition in clients' demand and regulatory environment has prompted HNW wealth management service providers to upgrade the investment products they offer and financial services they provide to increase their competitiveness, which is expected to further enhance the growth of the market.

On-going Technological Empowerment. The HNW wealth management services industry has adapted to and evolved with advanced technological solutions. Leading HNW wealth management service providers leverage online platforms to allow clients to obtain information and transact easily and digitally, use artificial intelligence to advise clients and manage their investments, and utilize algorithmic analysis to identify investment targets. The adoption of new technologies has greatly improved the efficiency, client experience and reliability of HNW wealth management services. The further adoption of advanced technological solutions is expected to drive the rapid development of HNW wealth management services industry.

Cooling down of the real estate market in China. The real estate market has been one of the major channels of the asset allocation of HNW individuals. In a booming real estate market where the returns of real estate investments exceed returns of financial investments, the aggregate investable assets of HNW individuals invested into the wealth management market will decrease, leading to a decrease in the HNW wealth management services market. However, as PRC governments act on the principle that houses are for living in, not for speculation, in recent years, the real estate market in China has been cooling down and provides an opportunity of growth of the HNW wealth management services market.

Development of capital markets in China. The opening of Chinese capital markets for foreign investments and the increasing number of listing venues both in China and abroad for portfolio companies provide greater exit opportunities for private equity investments, and has in turn driven an expansion in the supply of investment products, both of which has furthered the growth of the HNW wealth management services industry.

COMPETITIVE LANDSCAPE

Key Players in HNW Wealth Management Services Industry in China

China's HNW wealth management services industry is mainly composed of private banking arms of financial institutions and independent HNW wealth management service providers. According to the Frost & Sullivan Report, top ten players in China's HNW wealth management industry accounted for an aggregate of 64.0% market share in terms of total revenues in 2021.

We were the eighth largest wealth management service provider in China focusing on serving HNW and ultra HNW clients and accounted for approximately 3.7% market share in the HNW wealth management services market in terms of total revenues in 2021, with the top seven all being national bank-affiliated service providers who have different business and distribution models from independent HNW wealth management service providers. We were also the largest independent wealth management service provider in China focusing on serving HNW and ultra HNW clients and accounted for approximately 21.5% market share in the independent HNW wealth management services market in terms of total revenues in 2021, according to Frost & Sullivan.

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The table below summarizes the market share and background information of top ten HNW wealth management service providers in China in terms of total revenues in 2021:

Ranking	Company Name	Background	Total Revenues (in RMB billions)	Market Share (%)
1	China Merchants Bank	China Merchants Bank is a joint-stock commercial bank established in 1987 with a registered capital of approximately RMB25.2 billion. Headquartered in Shenzhen, China Merchants Bank is listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange with over 103 thousand employees. It provides services mainly in mainland China, Hong Kong, the United States, the United Kingdom, Singapore, Australia and Luxembourg.	15.9	13.5%
2	Bank of China	Bank of China is a state-owned commercial bank established in 1983 with a registered capital of approximately RMB294.4 billion. Headquartered in Beijing, Bank of China is listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange with approximately 306 thousand employees. It provides services mainly in mainland China, Hong Kong, the United States, the United Kingdom, Singapore and Korea.	11.1	9.4%
3	China Construction Bank	China Construction Bank is a state-owned commercial bank established in 2004 with a registered capital of approximately RMB250.0 billion. Headquartered in Beijing, China Construction Bank is listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange with approximately 351 thousand employees. It provides services mainly in mainland China, Hong Kong, New Zealand, Russia, Malaysia, Brazil and the United Kingdom.	8.9	7.6%
4	ICBC	ICBC is a state-owned commercial bank established in 1984 with a registered capital of approximately RMB356.4 billion. Headquartered in Beijing, ICBC is listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange with approximately 434 thousand employees. It provides services mainly in mainland China, Hong Kong, New Zealand, the United Kingdom, and the United States.	8.6	7.3%
5	Agricultural Bank of China	Agricultural Bank of China is a state-owned commercial bank established in 1986 with a registered capital of approximately RMB350.0 billion. Headquartered in Beijing, Agricultural Bank of China is listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange with approximately 455 thousand employees. It provides services mainly in mainland China, Hong Kong, Singapore, the United Kingdom, the United States, Dubai and Korea.	8.4	7.1%

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Ranking	Company Name	Background	Total Revenues (in RMB billions)	Market Share (%)
6	Ping An Bank	Ping An Bank is a joint-stock commercial bank established in 1987 with a registered capital of approximately RMB19.4 billion. Headquartered in Shenzhen, Ping An Bank is listed on the Shenzhen Stock Exchange with approximately 40.7 thousand employees. It provides services mainly in mainland China and Hong Kong.	6.1	5.2%
7	Bank of Communications	Bank of Communications is a joint-stock commercial bank established in 1987 with a registered capital of approximately RMB74.3 billion. Headquartered in Shanghai, Bank of Communications is listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange with approximately 90.2 thousand employees. It provides services mainly in mainland China, Hong Kong, the United Kingdom, Singapore, Japan, France and Australia.	4.8	4.1%
8	Our Company	–	4.3	3.7%
9	Company A	Company A is a non-listed company established in 2011 with a registered capital of approximately RMB0.1 billion. Headquartered in Beijing, Company A is an independent wealth management company mainly providing services for HNW clients in mainland China and Hong Kong.	3.7	3.1%
10	China CITIC Bank	China CITIC Bank is a joint-stock commercial bank established in 1987 with a registered capital of approximately RMB48.9 billion. Headquartered in Beijing, China CITIC Bank is listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange with approximately 59.3 thousand employees. It provides services mainly in mainland China, Hong Kong, the United States and Singapore.	3.5	3.0%
Top Ten Subtotal			75.3	64.0%
Total			117.7	100.0%

Sources: Frost & Sullivan

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The table below summarizes the market share and background information of top five independent HNW wealth management service providers in China in terms of total revenues in 2021:

Ranking	Company Name	Background	Total Revenues (in RMB billions)	Market Share in Independent HNW Wealth Management Market (%)
1	Our Company	–	4.3	21.5%
2	Company A	Company A is a non-listed company established in 2011 with a registered capital of approximately RMB0.1 billion. Headquartered in Beijing, Company A is an independent wealth management company mainly providing services for HNW clients in mainland China and Hong Kong.	3.7	18.5%
3	Company B	Company B is a NASDAQ listed company established in 2006 with a registered capital of approximately RMB0.3 billion. Headquartered in Shanghai, Company B is an independent wealth management company mainly providing asset management and wealth management services in mainland China, Hong Kong, the United Kingdom and the United States.	1.8	9.0%
4	Company C	Company C is a non-listed company established in 2011 with a registered capital of approximately RMB0.09 billion. Headquartered in Beijing, Company C is an independent wealth management company that focuses on wealth management services in mainland China.	1.6	8.0%
5	Company D	Company D is a non-listed company established in 2011 with a registered capital of approximately RMB0.1 billion. Headquartered in Beijing, Company D is an independent wealth management company that operates several companies in China's wealth management and asset management sectors.	1.3	6.5%
<u>Top Five Subtotal</u>			<u>12.7</u>	<u>63.5%</u>
<u>Total</u>			<u>20.0</u>	<u>100.0%</u>

Sources: Frost & Sullivan

The independent HNW wealth management services market in China is a concentrated market, with top five players accounting for approximately 63.5% market share in terms of total revenues in 2021.

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Entry Barriers to HNW Wealth Management Services Industry in China

Client Resources. The clients of HNW wealth management service providers are mainly HNW individuals with investable financial assets of no less than RMB6 million. As of 2021, there were approximately 2.1 million HNW individuals, which only account for approximately 0.1% of the total population in China. HNW wealth management service providers need to establish independent distribution networks to reach the clients and to distribute products. New entrants to the industry face significant difficulties in building a large client base to compete with existing players.

Service and Management. HNW wealth management service providers are required to provide comprehensive services including but not limited to investor education, family trust consultation and multi-asset allocation. HNW wealth management service providers also need to possess organizational management capabilities to scale up their corresponding services. Because of the homogenization of investment product, HNW individuals prefer to choose HNW wealth management service providers with comprehensive services and organizational management capabilities.

Collaboration with Product Partners and Investment Partners. HNW wealth management service providers rely on the collaboration with product partners and investment partners to offer a diversified product mix to satisfy the investment appetites of the HNW individuals. The ability to maintain a long-term stable collaborative relationship with leading product partners and investment partners is crucial for a HNW wealth management service provider to offer attractive products to the clients, maintain and increase the client base, increase the transaction value and AUM and obtain a resilient and favorable revenue structure. The collaboration with a large number of product partners and investment partners is also important in increasing the bargaining power of the HNW wealth management service providers in negotiating for favorable service fee arrangements.

Qualifications and Compliance. HNW wealth management service providers are required to possess certain qualifications to operate their business and their employees are required to be licensed to work in HNW wealth management services industry as well. In order to distribute fund products in China, HNW wealth management service providers need to obtain the fund distribution license from CSRC. Certain leading HNW wealth management service providers also provide asset management services, and accordingly are required to register with the Asset Management Association of China as a private equity investment fund manager. In addition, HNW wealth management service providers are subject to increasingly stringent industry regulation and evolving regulatory environment.

Brand Reputation. As HNW individuals prefer to choose trustworthy service providers with well-known brands to manage their wealth, new entrants to the industry may find it difficult to attract clients and enlarge the client base. In addition, a new entrant without a strong brand reputation may also lack the ability to establish collaboration with leading product providers and investment partners, which would limit the number of high-quality investment products provided by the new entrant, making it more difficult to satisfy the investment appetites of HNW individuals.

Operational Capabilities. New entrants to the HNW wealth management services industry need to develop capabilities to operate their business and manage operational risks. Such capabilities include the ability of selecting and screening products to be distributed and managing risks related to investment products and investment partners. In addition, it is

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extremely important to digitalize operations with the increasing AUM, especially for primary market products. Furthermore, HNW wealth management service providers also need to develop anti-money laundering policies and know-your-client measures in accordance with relevant laws and regulations.

Competitive Advantages of Independent HNW Wealth Management Service Providers in China

While private banking arms of financial institutions and independent HNW wealth management service providers compete for certain overlapping client segments, their client base, product offerings, distribution and operating models, as well as technological capabilities and adoption, are different in many respects. Set forth below are the key competitive advantages of independent HNW wealth management service providers as compared to private banking arms of financial institutions.

Broad client base with more granular client segmentations. HNW wealth management service providers typically are able to serve a broader and more diversified client base (from entry level client with AUM of over RMB3 million to ultra HNW clients with AUM of over RMB50 million) and maintain more granular client segmentations. While the private banking arms of financial institutions have the opportunity to cross-sell investment products to the existing client base of the affiliated financial institutions, their clients are served on a less-differentiated basis and provided with less-tailored products and services.

Diversified investment product mix catered for the needs of HNW investors. Financial institutions typically distribute wealth management products offered by the bank and its affiliated financial institutions on a preferential basis. The products offered by private banks are more standardized, mainly consisting of cash management, public securities and a small proportion of alternative investment products with limited access to PE/VC products. In contrast, HNW wealth management service providers typically operate as independent open platforms offering diverse and tailored investment products from a wider range of external providers to meet HNW clients' specific needs, offering more diversified product offerings that provide wide access to PE/VC and other alternative investments. Leading independent HNW wealth management service providers are able to leverage their licensed overseas entities or through overseas partners to satisfy the increasing global asset allocation demand of HNW clients, while private banking arms of financial institutions sell predominantly domestic products and have no or limited capability for overseas product offerings or global asset allocation.

Client-centric investment advice and services. HNW wealth management service providers generally provide advice perceived to be unbiased, trustworthy and client-centric given their open platform model. HNW wealth management service providers typically offer investment products with longer duration and less volatility to ride through economic cycles. Accordingly, relationship managers of HNW wealth management service providers need to be more professional and sophisticated to serve a broader range of client segments, with in-depth investment knowledge in both standardized secondary market and alternative primary market investment products. On the contrary, the investment advice provided by the private banking arms of financial institutions is perceived to be relatively less neutral due to their affiliations with financial institutions. They tend to provide standardized investment advice across a large client segment, rather than personalized and differentiated advice for different HNW clients.

INDUSTRY OVERVIEW

Tailored technology infrastructure. HNW wealth management service providers typically have independent and tailored technology infrastructure to facilitate HNW client services, with relevant tools and functions for relationship managers to utilize internally, while private banking arms of financial institutions rely on general technology infrastructure of the financial institutions.

Key Competencies for Independent HNW Wealth Management Service Providers

Asset management capabilities. Certain leading independent HNW wealth management service providers in China have established their own asset management business arm in order to develop customized and supplemental investment products that are normally unavailable in the public market and tailored for HNW individuals only. By offering unique asset management products, these service providers can better address the underserved asset allocation and diversification needs of their HNW clients and provide distinctive product mix. Independent HNW wealth management service providers may also enjoy synergies between the wealth management and asset management businesses. In addition, following the enactment of the Supervision Measures in October 2020, wealth management service providers that operate as independent fund distribution institutions shall not distribute privately-raised investment funds that invest in private equity products except as otherwise permitted by the CSRC. Wealth management service providers with asset management capabilities that operates as licensed fund managers of privately-raised investment fund are not subject to the Supervision Measures and are entitled to raise capital for private equity fund products.

Overseas product offering capabilities. In response to clients' increasing overseas wealth and rising demands for overseas investment opportunities, certain leading HNW wealth management service providers offer overseas investment products. Global footprints and overseas product offerings provide HNW wealth management service provider with significant competitive advantages as such product offerings serves the unmet demand of HNW investors and enhances client loyalty.

Comprehensive service capabilities. Independent HNW wealth management services need to possess comprehensive and sophisticated service and investment capabilities to compete effectively. Leading independent HNW wealth management service providers leverage their extensive industry experience and in-depth knowledge of the financial market to provide comprehensive product offerings and sophisticated services to HNW investors.

Technological capabilities. Independent HNW wealth management service providers are increasingly adopting various technologies in the course of their business, from client engagement, online transaction, analytical service tools to back-office management systems. These technologies broaden the client outreach, improve clients' experience and enhance operational productivity and efficiency of the HNW independent service providers.

INDUSTRY OVERVIEW

REGULATORY TRENDS IN PRC HNW WEALTH MANAGEMENT SERVICES INDUSTRY

A series of regulations and rules have been promulgated by the PRC government to enhance supervision over the HNW wealth management services market in China, including:

- the Guidance Opinions, which prohibits the issuance of private credit products that contain maturity mismatch arrangements or any direct or indirect guarantee of return, and requires relevant institutions to follow detailed guidance with regards to the maximum volume of private credit products issued and minimum liquidity thresholds, and net-asset value based investment products are becoming the major products in the market;
- the Supervision Measures, which provides that independent fund distribution institutions shall specialize in the distribution of funds that invest in public securities, and shall not distribute private equity products or privately-raised investment funds that invest in private credit products except as otherwise permitted by CSRC; and
- the Guidelines on Environmental Information Disclosure for Financial Institutions (《金融機構環境信息披露指南》) published by PBOC in July 2021, which requires financial institutions including independent HNW wealth management service providers to disclose their ESG information annually, and further promotes the market demand for ESG investment in China.

These developments in the PRC regulatory environment for the HNW wealth management services market are expected to increase HNW individuals' confidence in the HNW wealth management services market and reinforce their preference for leading wealth management service providers which have a diversified product offering, including private equity products distributed through legitimate channels, and customized client service capabilities.

OVERVIEW**Our Business**

We are a leading HNW wealth management service provider in China with global asset management capacities. We were the eighth largest wealth management service provider with a market share of approximately 3.7% in China's HNW wealth management services market, and the largest independent wealth management service provider with a market share of approximately 21.5% in China's independent HNW wealth management services market, both in terms of total revenues in 2021, focused on serving HNW and ultra HNW investors, according to Frost & Sullivan. We primarily provide investment products and professional services to HNW and ultra HNW clients through two synergetic business segments, namely wealth management business and asset management business, which contributed to 74.2% and 24.2% of our total revenues in 2021, respectively.

For our wealth management business, we distribute a diverse suite of investment products provided by both our ecosystem partners and our asset management arm Gopher, primarily including mutual fund products, private secondary products and other products. These products are carefully selected by our product development team in accordance with the investment objectives and risk appetites of our clients. We generate revenues primarily from transaction-based one-time commissions at the time of purchase, recurring service fees based on total capital commitments or fair value of investments, and sharing of the performance-based income earned by general partners or fund managers. In 2021, the above three revenue sources contributed to 36.8%, 45.8% and 14.6% of the total revenue from our wealth management business, respectively. We also provide other services including, among others, investor education and trust services that are complementary to our clients' overall objectives around wealth preservation and tailored to their individual circumstances and needs.

To supplement the product portfolio and advisory services provided through our wealth management business, our asset management arm, Gopher, offers proprietary and unique investment portfolio specifically designed for our clients, which mainly include private equity investments through FoFs, feeder funds and S funds, as well as direct and co-investments, public securities investments, real estate investments, and multi-strategy and other investments. In particular, Gopher's "wealth stabilizer" product, Target Strategy, which utilizes different sub-strategies and active portfolio rebalancing to control volatilities, with its stable strategy funds launched in August 2021 and balanced and positive strategies funds launched in April 2021, achieved cumulative returns of 1.1%, 4.9% and 5.4%, respectively, by the end of 2021, effectively mitigated market risks for clients. Gopher not only invests in funds, but also focuses on developing its direct- and co-investment capabilities to offer unique and sought-after opportunities to clients for investments into promising portfolio companies. As of December 31, 2021, we have directly or indirectly invested in more than 7,000 companies, of which more than 170 had grown into unicorn companies¹ and more than 400 became publicly listed companies. Gopher's products are distributed both by leveraging the established channel of our wealth management business and Gopher's own direct sales team. By directly participating in a greater portion of the value chain from asset manufacturing through distribution, we believe we maintain stronger connectivity to our clients, are better positioned to anticipate and cater to their needs and achieve enhanced economics for our business. Gopher generates revenue primarily from recurring service fees and performance-based income from funds for which it serves as the fund manager. In 2021, these two revenue sources contributed to 61.1% and 30.1% of the total revenue of our asset management business, respectively.

¹ Refers to companies with valuation over US\$1.0 billion.

BUSINESS

Noah adheres to client-centric value by putting clients at the core of our business. Our clients are segmented into five categories, namely ivory, gold, platinum, diamond, and black card clients², each with a tailored service model. Our client-centric approach is achieved through our “Noah Triangle” service model, which matches highly professional advisors specialized in relationship management, various investment solutions and execution fulfillment to serve our clients’ asset allocation needs. Typically, a Noah Triangle consists of one account representative (“AR”), a number of solution representatives (“SR”), and a fulfillment representative (“FR”) (together, the “3R”), who work together as a team to serve a client.

Our Market

China’s HNW wealth management services market has witnessed fast growth in the past few years, with the total revenues generated from the HNW wealth management services market growing at a CAGR of 14.3% from 2016 to 2021. However, China’s HNW wealth management services market is still at an early stage of development as compared with the developed countries, with financial assets accounting for less than 35% of total assets of China households, compared with over 70% in the United States, as of December 31, 2021, according to Frost & Sullivan.

- ***Favorable macro and demographic environment.*** Growth of China’s economy, backed by the favorable policies to boost domestic demand, is translating into growing private wealth as well as investable assets, particularly among HNW investors. Frost & Sullivan estimates a 10.1% CAGR in China’s HNW population from 1.3 million to 2.1 million and a 13.1% CAGR in total investable assets of the HNW population from RMB28.7 trillion to RMB53.0 trillion during 2016 to 2021, creating massive demands for professional wealth management services. China is also witnessing an emerging younger HNW population from the rise of new economy that values professional investment advisory and wealth management services. These macro economic and demographic shifts have affected the way that HNW investors manage their wealth, providing long-term tailwinds for HNW wealth management services industry.
- ***More diverse and sophisticated asset allocation.*** Historically, Chinese individuals’ investable assets have been much more invested in real estate, deposit and, among financial assets, cash management and fixed income products, compared with the developed countries. Under a low interest rate environment and tightened regulations on real estate, the asset allocation of Chinese retail investors has become more diversified with an increasing focus on allocation to financial assets. In particular, there is rising preference for public securities and private equity investments by sophisticated HNW investors. According to Frost & Sullivan, total investable financial assets allocated to private equity and public security products by Chinese HNW investors increased at CAGRs of 8.8% and 21.2%, respectively, from 2016 to 2021. To diversify risk exposure, HNW investors also seek for overseas asset allocation, the amount of which accounted for 7.2% of their total investable assets in 2021, according to Frost & Sullivan.

² Ivory, gold, platinum, diamond, and black card clients refer to wealth management clients with an AUA of less than RMB1 million, RMB1-3 million, RMB3-10 million, RMB10-50 million and over RMB50 million, respectively.

BUSINESS

- **Capital market liberalization creating more investment and exit opportunities.** Since late 2018, China's capital markets have witnessed accelerated reforms, including the launch of the Shanghai Stock Exchange Science and Technology Innovation Board, the Beijing Stock Exchange and registration-based IPO regime, which will create diverse exit opportunities for private equity investments. The opening to foreign investors also stimulates the globalization of China's capital markets as well as the trading and investment activities.
- **Digital transformation.** Benefitting from the client-centric and independent model as well as a comprehensive suite of products and professional services, independent wealth management service providers are uniquely and better positioned to capture the enormous market opportunities and increasingly gain shares of this large and growing market.

Our Performance

We have achieved significant growth in scale and profitability since our inception, and maintained robust growth during the Track Record Period. Our aggregate registered clients increased from 293,760 in 2019 to 411,981 in 2021, representing a CAGR of 18.4%. Our total transaction value grew at a CAGR of 11.3% from RMB78.5 billion in 2019 to RMB97.2 billion (US\$15.3 billion) in 2021. Total AUM reached RMB156.0 billion (US\$24.5 billion) as of December 31, 2021, representing a decrease of 8.3% from 2019 as a result of the voluntary redemptions of private credit and real estate assets, as we were transforming to NAV-based assets and mitigating our risk exposure to real estate.

We have built and maintained a high-quality and loyal client base. Our active clients (including mutual fund-only clients), increased by 25.0% from 2020 to 2021. The total number of black card clients grew at a CAGR of 23.0% from 1,139 in 2019 to 1,722 in 2021, with AUA per black card client of RMB76.1 million (US\$11.9 million) as of December 31, 2021.

Our rapid growth has translated into strong and robust financial performance. Our loyal client base and the long duration of most of our investment products have supported a growing and recurring revenue stream. From 2019 to 2021, recurring services fees increased from RMB1,845.5 million to RMB2,109.0 million (US\$330.9 million), contributing to 54.1% and 48.7% of our total revenues, respectively. Our industry leading investment capabilities also allow us to generate sustainable performance-based income, which grew from RMB113.1 million in 2019 to RMB784.2 million (US\$123.1 million) in 2021, contributing to 3.3% and 18.1% of our total revenues. During the Track Record Period, our total revenues slightly decreased by 2.6% from RMB3,413.2 million in 2019 to RMB3,324.7 million in 2020, primarily due to the negative impact from the COVID-19 pandemic, but our total revenues further increased by 30.1% to RMB4,326.6 million (US\$678.9 million) in 2021. We recorded net income of RMB863.8 million and RMB1,306.1 million (US\$205.0 million) in 2019 and 2021, respectively, and net loss of RMB743.5 million in 2020. The net loss in 2020 was primarily due to the non-cash settlement expense of RMB1,828.9 million attributable to the Camsing Incident. When evaluating our operating performance, our management would also review and consider (i) share-based compensation, and (ii) settlement expense attributable to the Camsing Incident. In 2019, 2020 and 2021, we recorded share-based compensation expenses of RMB94.9 million, RMB59.8 million and RMB51.0 million (US\$8.0 million), respectively. In 2019, 2020 and 2021, we recorded settlement expenses attributable to the Camsing Incident of nil, RMB1,828.9 million and RMB19.9 million (US\$3.1 million), respectively.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and are differentiating factors that set us apart from our peers:

Pioneer and leader in China HNW wealth management services industry

- **Leadership position.** We were the largest independent wealth management service provider in China servicing HNW and ultra HNW clients in terms of total revenues in 2021, according to Frost & Sullivan. Since our listing on the NYSE in 2010, we have built a sales force of 1,316 relationship managers, and our cumulative transaction value reached RMB863.1 billion (US\$135.4 billion), as of December 31, 2021. We have established a footprint in 84 cities in mainland China, as well as a number of offices in Hong Kong, Taiwan, New York, Silicon Valley and Singapore.
- **Market-first achievements.** We are a pioneer in China's HNW wealth management and asset management services industry with various market-first achievements, according to Frost & Sullivan. Gopher launched the first market oriented FoF, the first fund of hedge funds and the first S fund in China. We are also a pioneer in expanding to global HNW wealth management services markets, serving the global Chinese HNW and ultra HNW population and addressing increasing global allocation demands. As of December 31, 2021, the offshore AUM of Gopher reached RMB28.4 billion (US\$4.5 billion), accounting for 18.2% of the total AUM. We led the digital transformation of the industry and developed a proprietary system GIMSP, which is the first and largest end-to-end alternative investment management platform in the HNW wealth management services industry in China.
- **Our brand recognition.** With 17 years of in-depth understanding of clients' investment needs and proven track record, we have established a widely recognized brand as a trustworthy and sustainable wealth manager, evidenced by various industry awards including:
 - **Wealth management business:** by Asia Money 2019-2021 Best Wealth Manager and 2021 Best Wealth Manager for Technology in China by Asia Money; 2019-2021 Best Boutique Wealth Manager in China, Overall by the Asset; 2018-2020 Best Independent Wealth Management Institution in China by The Asian Banker; and 2016-2018, 2020 and 2021 Best Wealth Manager in China by Asian Private Banker;
 - **Gopher:** 2020 and 2021 Top 20 Best Secondary Funds in the World by Global FoF Association; Best Fund of Hedge Funds 2021 by HFM AsiaHedge; and Golden Bull award for overseas PE 2020 by China Securities Journal;
 - **ESG-related:** Transparency and Reporting prize by the UN Women 2021 China WEPs Awards; Best CSR Institution by IPWM 2021; and 2021 Gold ESG Corporate Award by the Asset;

Our premier brand translates to effective word-of-mouth marketing, as well as the ability to attract reputable product partners and seasoned relationship managers.

High quality and loyal client base

We strive to be client-centric and focus on building long-term relationship with our clients through our dedicated team of relationship managers. We serve our clients with a comprehensive suite of investment products based on their evolving investment needs and risk profile, as well as provide them with extensive resources and education. Enoch Education, our investor education subsidiary, was launched in 2013, and has since then organized more than 400 training sessions, attracting more than 20,000 investors. These well-designed programs have enhanced the financial sophistication of our clients, and in return increased their willingness and stickiness to invest and allocate assets utilizing our services. With decades of superior client service experience and a premium brand, we have accumulated and served a high quality and loyal client base:

- **High quality and high potential.** Our clients are primarily first generation wealth creators who have capitalized on the fast growth of China's economy. Our deep relationships with these clients have positioned us well for capturing the opportunities to achieve further wallet share across generations. From 2020 to 2021, our core clients, including diamond and black card clients, increased by 13.9% and 37.9% respectively.
- **Active and loyal.** Once forged, we are able to maintain a long-term and close relationship with our clients. Our total active clients (including mutual fund-only clients) increased from 31,495 in 2019 to 42,764 in 2021, representing a CAGR of 16.5%. Our repeat client rate³ was 64.7% in 2021, higher than the industry average repeat client rate according to Frost & Sullivan.
- **Continuously growing.** Leveraging our broad coverage network, we continuously attract new clients and convert registered clients into active and higher tier clients. In 2021, 334 of our diamond card clients became black card clients, representing 19.4% of the total number of black card clients in 2020, indicating the tremendous upgrade potential of our client base as a result of our efficient Noah Triangle service model.

Unparalleled ecosystem with access to unique investment opportunities

We are the first wealth manager in China to have built a unique and strong ecosystem with top-tier fund managers and general partners in various asset classes, according to Frost & Sullivan.

We have established partnerships with 15 of the top 20 VC fund managers as named in the "2021 Annual List of Chinese Venture Capital Investment Institutions" in December 2021 by CV Info, and nine of the top 20 international PE firms as named in "Private Equity International's PEI 300 list" for 2021. Our partnerships are long-term, multi-level and mutually beneficial. Under our unique ecosystem, we distribute investment products issued by reputable fund managers, invest in funds managed by selected general partners, and co-invest directly in portfolio companies with our ecosystem partners.

³ Represents the number of clients who have both (i) purchased investment products from our Company in a given year and (ii) purchased two or more investment products in any year(s) (the purchases may be made in different years), as a percentage of the clients who have purchased investment products from our Company in that given year.

BUSINESS

We are also one of the preferred or exclusive distribution channels for private secondary funds, such as funds managed by Perseverance Asset Management and Greenwoods. We currently work with all of the top 20 non-money market funds in China in terms of AUM as of the end of 2021 and leading offshore fund managers such as Blackrock, Fidelity, Franklin Templeton and Schrodgers to distribute their mutual funds through our onshore mutual fund platform, Fund Smile, and overseas mutual fund platform, iNoah, respectively.

Leveraging our investment expertise and a deep understanding of clients' demands, we have developed a comprehensive and unique set of products in collaboration with our ecosystem partners and advise our clients based on prudent evaluation of product suitability. For our wealth management business, we distributed public securities products, including mutual fund products and private secondary products, totaling RMB174.5 billion during 2019 to 2021. In addition, through its 12 years of operation of asset management business and as of December 31, 2021, Gopher has invested in over 200 PE/VC funds covering over 7,000 underlying companies, of which more than 170 companies had grown into unicorn companies and more than 400 companies had gone public. Gopher's AUM in PE/VC products amounted to RMB130.9 billion (US\$20.5 billion) as of December 31, 2021, accounting for 83.9% of Gopher's total AUM during the same period. These long-term, in-depth, and in certain cases, exclusive collaborations allow us to better serve and build loyal relationships with our clients by offering unique and suitable investment opportunities.

Industry leading technology infrastructure

Our technology capabilities and infrastructure are top-notch in the HNW wealth management services industry, with a crafted digital strategy. Leveraging over 17 years of industry know-how and proprietary database, we combine the human touch with a digital core to maximize target client reach and achieve efficient and personalized client service supported by analytical insights. We have established a fully integrated technology infrastructure that transforms front-end client engagement and back-end operations, to improve the work efficiency of the "Noah Triangle" service model.

- Our "know-your-client," "know-your-agent" and "know-your products" system is built upon data labels derived from our in-depth understanding of clients, the profiles of our "Noah Triangle" teams, product screening and due diligence processes. By utilizing insights from this system, we are able to optimize our resource allocation and accurately match our clients with suitable relationship managers and products to improve operational efficiency.
- To serve our clients, we have developed a suite of user friendly front-end client interfaces consisting of WeNoah, a comprehensive one-stop wealth management portal app, Fund Smile, a domestic mutual fund app, and iNoah, an overseas mutual fund app. These applications act as important acquisition and maintenance channel catering to increasingly tech-savvy clients. In 2021, Fund Smile and iNoah facilitated mutual fund transactions of RMB41.0 billion and US\$215.7 million, respectively.
- To optimize investment management capabilities, we developed GIMSP, the first and largest end-to-end automated alternative investment management platform in China according to Frost & Sullivan, with proprietary technology and comprehensive database covering over 7,000 potential portfolio companies.

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Our continuous focus on technology has enhanced the efficiency and resilience of our business. From 2019 to 2021, the average transaction value per relationship manager increased by 21.2%. During the COVID-19 pandemic in 2020 and 2021, substantially all transactions and investor education were completed online.

Visionary management team and “3R”s in the Noah Triangle

We have benefited from the vision, experience and professionalism of our co-founders, Ms. Jingbo Wang and Mr. Zhe Yin and our management team. The foresight of our management team, combined with their industry thought leadership and years of management experience, has led us to navigate the changing market environment, capture new market opportunities and consistently deliver extraordinary performance.

For instance, our leadership’s decision-making and execution capabilities enabled us to successfully transition from private credit products to standardized NAV-based public securities products ahead of our peers, in response to the changing market environment in China. Against the backdrop of the COVID-19 pandemic, we, by leading the digital transformation of HNW wealth management business, were able to provide primarily all client services and complete operational process digitally, achieving 2.6% growth in total transaction value and 30.1% growth in total revenues from 2020 to 2021 with strong resilience to market volatility.

We take pride in our highly professional relationship managers, who are selectively and professionally trained to provide comprehensive services to our clients, as ARs, SRs and FRs in the Noah Triangle. As of December 31, 2021, we had a professional team consisting of 1,316 relationship managers across 84 cities in mainland China as well as in Hong Kong, Taiwan, New York, Silicon Valley and Singapore. In 2021, our net revenues per relationship manager was RMB3.3 million (US\$0.5 million), more than three times higher than our industry peers⁴, according to Frost & Sullivan. With our uniquely designed career advancement structure, systematic training programs, and strict 3R accreditation programs, we have created and maintained a cohesive and seasoned 3R team, who contributed to the growth of our core client base, diamond and black card clients, which collectively increased by 18.2% in 2021.

OUR STRATEGIES

We aspire to become the most trusted wealth management advisor for the global Chinese HNW and ultra HNW population. To achieve this goal, we intend to leverage our existing strengths and pursue the following:

Maintain and Expand Client Base

We will continue to serve our existing high quality and loyal client base, while proactively adjusting our strategy to capture the second generation of HNW and ultra HNW families and population emerging from China’s new economy.

- ***Continue to acquire new business clients and activate existing client base.*** In 2021, we established a Strategic Client Center at group level, supported by a client study team to systematically go through Gopher’s portfolio companies, leading private companies, listed companies and our trust clients and provide wealth management services to these

⁴ Refer to the top five independent HNW wealth management service providers in China in terms of total revenues in 2021, except for our Company.

institutional clients. This center will also work alongside the Noah Triangle model to convert new HNW and ultra HNW clients from these companies. We have accumulated a large and loyal client base of 42,764 active clients (including mutual fund-only clients) in 2021. While we achieved a high repeat client rate of 64.7% in 2021, we believe in the potential to continuously increase wallet share by introducing suitable products and provide tailored advisory services to our clients, evidenced by the historical growth in the number of diamond and black card clients, as well as the highest AUA per client in the HNW wealth management services industry, according to Frost & Sullivan.

- ***Continue to acquire more next generation and new economy HNW and ultra HNW clients.*** Self-directed investing accounts for 55.3% of total financial assets of HNW population in China as of December 31, 2021, according to Frost & Sullivan, implying ample room for further market penetration. We believe that as China's economy continues to develop, the next generation of HNW and ultra HNW investors emerging from new economy will continue to grow, demanding more professional wealth management services. We will identify and serve these prospective clients with seasoned and suitable Noah Triangles, as well as via our digital channels, and provide personalized products that best meet their evolving needs.

Continuous Digital Transformation

Digital transformation has been one of our core strategies and key areas of investments. We intend to build an open technology platform that enables advisors and empowers our business partners, with the goal of optimizing client experience and digitalizing business operations. Our digital strategy is centered around the following aspects:

- ***To Clients:*** We aim to seamlessly integrate the advantages brought by both human advisors and technology to broaden client outreach and deliver the optimal client experience and personalized services. With 24/7 digital servicing capacity, we are able to provide real-time, end-to-end service to our clients, realize the personalized matching of relationship managers, clients and products, and adopt customized service model for different client segments. This will expand our capacity to serve HNW and ultra HNW clients.
- ***To Business:*** We continue to enhance our technology infrastructure to empower the digital transformation of our business partners. In September 2021, we launched the Smile Treasury platform, a self-developed customized treasury management interface for institutional clients. Based upon our extensive coverage of mutual funds in the market and our prudent fund screening process, Smile Treasury provides small and medium-sized enterprise clients access to mutual funds to satisfy their money market and liquidity management needs. With a fully automated online account opening option, Smile Treasury is able to help small and medium-sized enterprises to optimize cash returns while maintaining liquidity of working capital. After four months of operations, Smile Treasury now covers 95% of the funds and 90% of the fund managers in the mutual fund market, serving business clients from 14 industries, including real estate, finance, technology and advertising.

BUSINESS

- **To Advisors:** Our technology infrastructure provides work stations for our relationship managers to gain more in-depth insights of clients. To enable our Noah Triangles to manage client data efficiently, we upgraded our CRM system, a one-stop platform for client information management, product recommendations, fulfillment monitoring and sales process management. With our recently launched client fulfillment information kit, clients' portfolio reports are generated automatically to offer a comprehensive overview of clients' individual AUM portfolios. We plan to further upgrade and enhance our digital capability, enhancing efficiency and client service ability for relationship managers.

We plan to invest 10-20% of our annual revenues in client interfaces and technology in the next few years to further enhance our client experience and IT infrastructure. We believe client experience is the key differentiation factor in the NAV era, while technological advancement and innovation are critical to solidifying our competitive moat.

Improve Research and Investment Capacities

We plan to establish a CIO office at the group level to provide in-house research and investment opinions and asset allocation recommendations. Currently, Gopher's investment research center consists of macro strategy and industry research. Gopher has assembled a highly seasoned team of investment professionals with extensive experience in primary market focusing on industries such as healthcare, TMT, consumer and financial institutions, contributing to our comprehensive and diversified investment strategies. We believe research is the foundation for product selection, investment, and value creation for clients, and plan to invest 10% of our annual revenues to further improve our research and investment capabilities in the next few years.

Continue to Optimize Product Mix and Maintain Product Leadership

The regulatory environment in China has been evolving and we have been able to adapt to the changes timely, benefiting our clients and business in the long term. Since the second half of 2019, in response to the Guidance Opinions on Regulating the Asset Management Business of Financial Institutions, we have successfully transformed our mix of product offering through ceasing the distribution of new private credit products and shifting to public securities products, including mutual fund products and private secondary products. From the third quarter of 2019 to the end of 2021, our transaction value in public securities totaled RMB165.2 billion, successfully replacing private credit funds. From the third quarter of 2019 to the second quarter of 2021, Gopher successfully exited approximately RMB29.5 billion worth of private credit assets from its AUM. We will continue to capture secular growth of public securities product and benefit from the higher recurring service fees and performance-based income.

At the same time, to maintain our product leadership especially in private equity investments, we will continue to leverage our strong ecosystem partnership with leading fund managers to identify unique investment opportunities for our clients. The liberalization of China's capital markets and proliferation of more innovative investment products will provide more investment and exit opportunities for private equity products. Our private equity investments accounted for 83.9% of our total AUM, and 58.4% of our total AUA as of December 31, 2021, and will remain as an important offering to our clients.

In addition, we will continue to diversify and upgrade our value-add services to our clients, including trust services, family office and other customized solutions, to better satisfy the wealth management demands across generations.

Overseas Expansion

We were an early observer of the growing Chinese HNW and ultra HNW investors globally and their increasing demand for global asset diversification. Since 2012, we have been dedicated to establishing and expanding the presence of Noah in overseas markets with a globalization strategy. Our existing overseas business and partnerships have allowed our clients to tap into overseas investment opportunities with offshore capital. We will further strengthen our presence in Hong Kong as an international wealth management center and investment product development center, and in Silicon Valley with its investment edge in the technology industry. In 2020, we obtained capital market service and family trust licenses in Singapore, and plan to grow our Singapore business into a regional client service, trust and booking center. In 2021, Gopher obtained an Investment Advisor license from the SEC, and we also strategically invested in iCapital Network to improve its competitiveness overseas.

Our international business accounted for 23.4% of our total revenues in 2021. We expect continuous contribution from our overseas business in the near future as we continue to serve global Chinese HNW and ultra HNW clients and help with their global investment diversification.

OUR BUSINESS MODEL

We provide comprehensive financial services through our subsidiaries and Consolidated Affiliated Entities, comprising our wealth management business, asset management business and other businesses, to our clients. In 2021, our wealth management business, asset management business, and other businesses contributed to 74.2%, 24.2% and 1.6% of our total revenues, respectively.

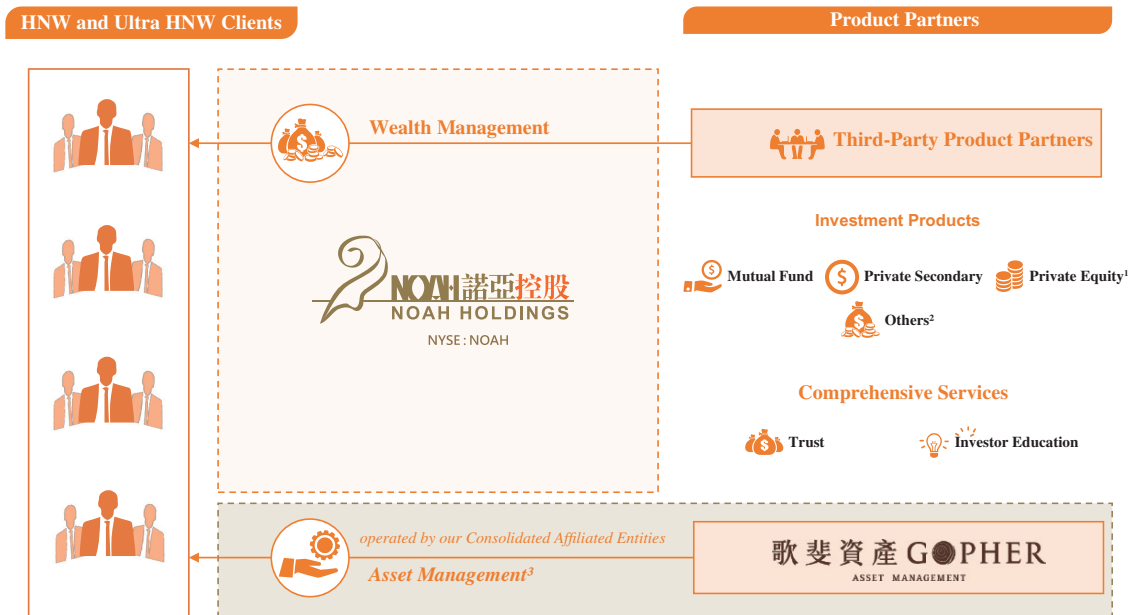
- *Wealth management business.* Through the licensed distribution channels operated by our subsidiaries, we offer various investment products, including primarily domestic and overseas mutual fund products, private secondary products and other products, on behalf of our third-party product partners and Gopher, our asset management arm. We also provide customized value-added financial services to our clients, including investor education and trust services.
- *Asset management business.* Through Gopher, our asset management arm, we manage our clients' investments in private equity, real estate, public securities, multi-strategy and other investment products. We conduct our domestic asset management business through our Consolidated Affiliated Entities, and overseas asset management business through our subsidiaries Noah HK and Gopher GP.
- *Other businesses.* This segment mainly includes lending services whereby we make secured loans to creditworthy clients through our subsidiaries. Since the third quarter of 2019, we have decreased lending and other businesses as we strategically shifted focus to our core wealth management and asset management businesses.

Historically, we also offered private equity products through our wealth management business. Following the enactment of the Supervision Measures on Distribution Institutions of Publicly-Raised Securities Investment Fund (the “**Supervision Measures**”) in October 2020, which provides that independent fund distribution institutions shall specialize in the distribution of funds that invest in public securities, our wealth management business ceased offering private equity products, and now primarily focuses on distributing mutual fund products and private secondary products. Since then, our asset management arm, Gopher, started to raise capital for private equity investments directly from our clients.

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We operate our business to cater to the needs of our clients by leveraging (i) our unique ecosystem with leading product partners, including fund managers and top PE/VC general partners, (ii) a diversified product mix that contributes to a favorable revenue structure with competitive profit margins and delivers successful investment results, and (iii) significant synergies and high operating efficiency. We are a pioneer in China’s HNW wealth management services industry with various market-first achievements, and are the first wealth manager to have built an ecosystem with leading private secondary funds and PE/VC firms in China, according to Frost & Sullivan. Leveraging our early-mover advantage, deep understanding of the industry, strong execution capabilities and rigorous risk management, we have developed a comprehensive set of product offerings in collaboration with our product partners.

Set forth below is a diagram illustrating our unique ecosystem:



¹ Following the enactment of the Supervision Measures in October 2020, we ceased offering private equity products through our wealth management business, and our asset management arm, Gopher, started to raise capital for private equity investments directly from our clients.

² Others include insurance products, multi-strategies products and others.

³ We manage our clients’ investments solely through our asset management business; our wealth management business only involves distributing investment products and we do not provide investment management services for our clients within our wealth management business.

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The following tables break down our revenues and operating margin by business segment for the periods indicated:

	Years Ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Revenues				
Wealth management business:				
One-time commissions	928,061	766,246	1,180,900	185,310
Recurring service fees ⁽¹⁾	1,155,450	1,284,447	1,469,600	230,612
Performance-based income	23,430	205,305	469,121	73,615
Other service fees	222,912	123,458	92,352	14,492
Total revenue for wealth management business	<u>2,329,853</u>	<u>2,379,456</u>	<u>3,211,973</u>	<u>504,029</u>
Asset management business:				
One-time commissions	3,607	42,591	90,516	14,204
Recurring service fees	690,015	645,752	639,409	100,337
Performance-based income	89,655	184,220	315,072	49,442
Other service fees	4,274	7,451	1,390	218
Total revenue for asset management business	<u>787,551</u>	<u>880,014</u>	<u>1,046,387</u>	<u>164,201</u>
Other businesses:				
Other service fees	295,772	65,242	68,240	10,708
Total revenue for other businesses	<u>295,772</u>	<u>65,242</u>	<u>68,240</u>	<u>10,708</u>
Total Revenues	<u>3,413,176</u>	<u>3,324,712</u>	<u>4,326,600</u>	<u>678,938</u>

Note:

- (1) Pursuant to the agreement Gopher and our wealth management branch entered into for product distribution, Gopher shared with the wealth management business segment recurring service fees of RMB151.8 million, RMB159.0 million and RMB135.1 million (US\$21.2 million) in 2019, 2020 and 2021, respectively. Such intra-group revenue have been deducted from our consolidated statements of operations. For details of the agreement, see “Financial Information — Components of Results of Operations — Revenues — Revenues from the Asset Management Business.”

BUSINESS

	Years Ended December 31,		
	2019	2020	2021
Operating income/(loss) margin⁽¹⁾			
Wealth management business	18.9%	34.5%	28.8%
Asset management business	49.9%	52.5%	46.6%
Other businesses	29.7%	(29.4%)	(366.3%)

Note:

- (1) Operating income/(loss) margin of each business segment is calculated based on income/(loss) from operations divided by net revenue of such business segment and multiplied by 100%

The following table sets forth a breakdown of our revenues by geographic region for the periods indicated:

	Years Ended December 31,						
	2019		2020		2021		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)						
Revenues:							
Mainland China	2,467,351	72.3	2,595,596	78.1	3,316,019	520,356	76.6
Hong Kong	733,125	21.5	564,241	17.0	869,723	136,479	20.1
Others	212,700	6.2	164,875	5.0	140,858	22,104	3.3
Total Revenues	<u>3,413,176</u>	<u>100.0</u>	<u>3,324,712</u>	<u>100.0</u>	<u>4,326,600</u>	<u>678,938</u>	<u>100.0</u>

From the third quarter of 2019, we ceased offering private credit products and transitioned to distributing more standardized public securities products. This decision was based on a combination of (i) our commercial evaluation of the risks related to private credit products following the Camsing Incident and (ii) our understanding and anticipation of the evolving regulatory and market environment following the implementation of a series of laws and regulations, including the Guidance Opinions, the Filing Instructions and the Supervision Measures. For details of these regulations, see “Risk Factors — Risks Related to Our Business — Because the laws and regulations governing the industries of wealth management, asset management and other businesses in China are developing and subject to further change, any failure to obtain or maintain requisite approvals, licenses or permits necessary to conduct our operations or any failure to comply with laws and regulations applicable to our business and services could harm our business,” “Regulations — Regulations on Private Funds” and “Regulations — Regulations on Fund Distribution.” This transition in product mix had an adverse impact on our business operations in the short-term, particularly in the last two quarters of 2019 and the first two quarters of 2020, resulting in a decrease in certain operating and financial performance indicators. However, we have achieved significant growth in our distribution of standardized public securities products, while remaining strong in PE/VC products, both of which have contributed significantly to the growth in our transaction value, revenue and income from operations since the third quarter of 2020.

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OUR CLIENTS

We primarily serve Chinese HNW and ultra HNW clients who reside in mainland China or overseas with total investable assets exceeding RMB6.0 million. In addition to individual clients, we also strategically provide services to certain institutional clients, including entities affiliated with individuals, such as their family offices, as well as other institutional investors. During the Track Record Period, the AUA of our institutional clients amounted to RMB35.8 billion, RMB33.4 billion and RMB36.1 billion (US\$5.7 billion), respectively. In 2021, we started to provide mutual funds and related wealth management services to satisfy our institutional clients' money market and liquidity management demands through our mutual fund SaaS platform, "Smile Treasury (微笑司庫)", operated by our PRC subsidiary Noah Upright. We have attracted a loyal and high quality client base, with 42,764 active clients (including mutual fund-only clients) in 2021.

Our client base has experienced significant growth in recent years. The table below sets forth certain information regarding our clients for the periods indicated.

	Year Ended December 31,		
	2019	2020	2021
Number of active clients (excluding mutual fund-only clients)	14,538	12,161	12,831
Number of active clients (including mutual fund-only clients)	31,495	34,213	42,764

Since the third quarter of 2019, we ceased offering private credit products and transitioned to distributing more mutual fund products. The number of our active clients (including mutual fund-only clients) increased from 31,495 in 2019 to 42,764 in 2021 with a CAGR of 16.5%, a reflection of our successful shift in focus from private credit products to mutual fund products. Such transition in product mix, on the other hand, has led to a decrease in the number of active clients who intended for private credit products during the Track Record Period.

In order to provide targeted and personalized services to our clients, we classify our clients into five categories based on their AUA with us, namely ivory, gold, platinum, diamond, and black card clients, with the black card clients being the highest level. The number of our black card clients and diamond card clients reached 1,722 and 6,475 in 2021, with an AUA per client of RMB76.1 million (US\$11.9 million) and RMB16.5 million (US\$2.6 million), respectively. The table below sets forth certain information of our core clients as of or for the periods indicated.

	As of/For the Year Ended December 31,		
	2019 ⁽³⁾	2020 ⁽³⁾	2021
Number of black card clients ⁽¹⁾	1,139	1,250	1,722
Percentage of black card clients' AUA	46.1%	41.6%	46.5%
Number of diamond card clients ⁽²⁾	5,235	5,685	6,475
Percentage of diamond card clients' AUA	39.6%	41.6%	37.8%

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Notes:

- (1) Black card clients refer to clients with an AUA of over RMB50 million (approximately US\$7 million).
- (2) Diamond card clients refer to clients with an AUA of over RMB10 million (approximately US\$1.4 million) but less than RMB50 million (approximately US\$7 million).
- (3) Starting from the second quarter of 2021, in order to more accurately identify our core client group, we have made certain adjustments to our client membership AUA calculation mechanism to align with the AUA basis for charging recurring service fees. Specifically, private equity products are calculated based on subscription amount while public securities products are calculated based on NAV under the new mechanism. We have also retrospectively adjusted the calculation for the prior periods to conform to the current mechanism.

We have a loyal client base. Our repeat client rate was 64.7% in 2021. In comparison, according to Frost & Sullivan, the industry average repeat client rate was less than 60%.

As advised by our PRC Legal Adviser, under PRC laws and regulations, investors, like our clients, who intend to invest in private funds shall be qualified as “qualified investors” (合格投資者). Pursuant to the Interim Measures for the Supervision and Administration of Private Investment Funds (《私募投資基金監督管理暫行辦法》), which was promulgated by the CSRC and came into effect on August 21, 2014, a qualified investor is defined as an investor who has risk identification and risk tolerance capabilities, invests in a single private fund with an amount no less than RMB1 million and meets the following requirements in terms of asset size and income level: (i) institutional investors with net asset not less than RMB10 million; (ii) individual investors with financial asset not less than RMB3 million, or with an average annual income not less than RMB500,000 for the past three years. For details of the regulations, see “Regulations — Regulations on Private Funds” and “Regulations — Regulations on Fund Distribution.” All of our active clients who purchase private fund products distributed or provided by us in the PRC are qualified investors under relevant PRC regulations. In addition, as advised by our PRC Legal Adviser, we distributed or provided private fund products in the PRC only to qualified investors in compliance with relevant PRC regulations during the Track Record Period.

Client Onboard Process and Key Contractual Terms

We have implemented comprehensive know-your-client (“KYC”) and anti-money laundering (“AML”) procedures and policies in compliance with applicable laws and regulations in the PRC and other jurisdictions where we operate, as well as our internal control policies. When a client opens an account with us, we require the client to complete our KYC and AML review process. In terms of our KYC process, we collect documentations including, among others, proof of client’s identity and source of funds for investments and verify such information against reliable supporting documents and official database, as well as conduct risk tolerance assessment to better understand clients’ risk appetite. We also perform due diligence procedures on clients that specifically focus on and attest to their qualification to invest in accordance with relevant laws and regulations in different jurisdictions. For example, for clients who intend to purchase private fund products in the PRC, we require them to provide proof that their financial conditions and risk tolerance have met the thresholds of qualified investors under relevant PRC regulations, and conduct ongoing due diligence on such clients to verify their qualification. In addition, our relationship managers follow up with our clients on a regular basis to maintain up-to-date client risk profile and investment preferences. In terms of our AML process, we have established rigorous AML internal control policies, including a real-name policy in the process of business operations and a record keeping policy on client information covering their identification, transaction records as well as source of funds. We have an AML information reporting system aimed at detecting, reporting on and preventing money laundering activities. We also provide trainings to our employees to enhance

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their AML awareness. Moreover, we enter into a set of standard client service agreements with our clients at account opening. Such client service agreements set forth rights and obligations of our clients when using service provided by us and authorizes us to collect and use certain personal information of our clients. Clients will also receive an investor right notification form setting forth their interest and risks in purchasing a specific product.

OUR KEY PRODUCTS AND SERVICES

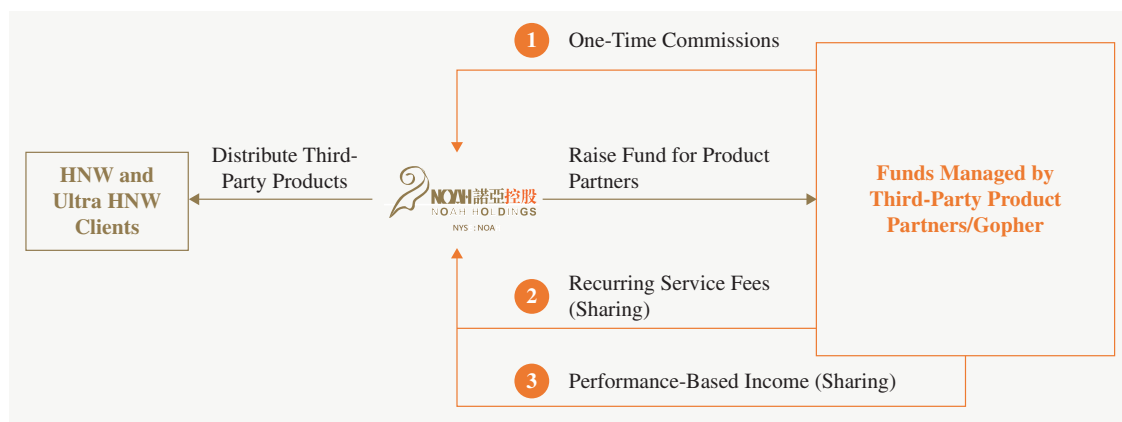
Our Wealth Management Business

We provide diversified investment products, customized asset allocation and value-added services to our clients inside and outside of China for our wealth management business through our subsidiaries. Our dedicated relationship managers work with clients to build an asset allocation objective and a dynamic investment portfolio for each of them with the diversified investment products we offer, aiming to meet our clients' wealth management needs, minimizing their risks while generating attractive returns. Our clients benefit from our comprehensive services, expertise and capacities, including, among others, investor education services and trust services. In 2019, 2020 and 2021, net revenues contributed by our wealth management business were RMB2,319.3 million, RMB2,366.3 million and RMB3,194.9 million (US\$501.3 million), representing 68.4%, 71.6% and 74.2% of our total revenues, respectively.

Revenue Model

For our wealth management business, we generate revenue primarily from the offering of investment products and services to our clients through our subsidiaries in four ways: (i) one-time commissions paid by funds managed by our product partners, (ii) recurring service fees paid by our product partners or funds managed by them over the duration of the investment product, (iii) sharing of a portion of the performance-based income earned by product partners who manage the products, and (iv) revenue from comprehensive services we provide, especially the revenue from our investor education business. We also earn one-time commissions from insurance companies by referring clients to purchase insurance products from them, and recognize revenue when the underlying insurance contracts become effective. We do not bear any loss from our clients' investments nor do we provide guarantees of return with respect to the products we distribute, in accordance with the investment agreements with our clients.

Set forth below is a diagram illustrating the business and revenue model of our wealth management business:



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Investment Product Offerings

We have a proven track record of consistently delivering a broad array of innovative and high-quality investment products and service offerings which provide comprehensive and tailored investment opportunities to meet the specific wealth management requirements of our clients. During the Track Record Period, the domestic and overseas investment products provided by our product partners and Gopher primarily consist of:

- mutual fund products, which are publicly-raised, public securities investment funds;
- private secondary products, which are privately-raised investment funds with underlying assets consisting of publicly listed securities and bonds in the secondary market;
- private equity products, including investments in (i) various PE/VC funds sponsored by third party domestic and international asset management firms, (ii) real estate equity funds, and (iii) PE/VC funds managed by Gopher, including FoFs, feeder funds, S funds and direct and co-investment funds. Following the enactment of the Supervision Measures in October 2020, we ceased offering private equity products through our wealth management business, and our asset management arm, Gopher, started to raise capital for private equity investments directly from our clients;
- other products we distribute or provide or manage but cannot be classified into any of the above product categories, such as insurance and multi-strategy products.

The table below sets out the aggregate transaction value of the different types of investment products that we distributed during the periods indicated:

	Year Ended December 31,						
	2019		2020		2021		
	RMB	%	RMB	%	RMB	US\$	%
	(in millions, except for percentages)						
Product type							
Mutual fund products	15,511	19.8	37,981	40.1	37,169	5,833	38.2
Private secondary products	10,867	13.8	35,162	37.1	37,776	5,928	38.9
Private equity products	14,279	18.2	17,876 ⁽¹⁾	18.9	18,069 ⁽¹⁾	2,835	18.6
Private equity products provided by Gopher	13,144	16.7	14,442	15.3	18,069	2,835	18.6
Private equity products provided by third-party product partners	1,135	1.5	3,434	3.6	–	–	–
Other products ⁽²⁾	37,867	48.2	3,717	3.9	4,189	657	4.3
All products	78,524	100.0	94,736	100.0	97,203	15,253	100.0

Notes:

- (1) Following the enactment of Supervision Measures in October 2020, we ceased offering private equity products through our wealth management business, and our asset management arm started to raise capital for private equity investments directly from our clients. In particular, in 2020, our asset management arm directly raised capital of RMB5.2 billion for its private equity investments. The figures are included in the table for illustration and comparison purposes only.
- (2) From the third quarter of 2019, we ceased offering private credit products (classified in “other products”) and transitioned to distributing more standardized public securities products. Such decision was based on a combination of (i) our commercial evaluation of the risks related to private credit products and (ii) our understanding and anticipation of the evolving regulatory and market environment following the implementation of a series of laws and regulations.

Overseas Wealth Management

In addition to our well-established domestic and RMB-denominated product offerings, we also offer a variety of overseas products denominated in a variety of currencies to our clients. The diversification of our investment product offerings distinguishes us from many of our competitors in China, who typically only have domestic and RMB-denominated product offerings, according to Frost & Sullivan. In 2021, revenue from our overseas products accounted for 23.4% of our total revenues.

Comprehensive Services

In addition to the investment products we provide to our clients, we develop and provide customized value-added financial and related services to our clients to better serve their needs.

- **Investor Education:** We primarily provide our investor education services under the brand name “Enoch Education”, organizing various types of online and offline training programs to our individual clients and their families. These programs include wealth planning, market insights and entrepreneurship camps. We charge attendees fees for these events primarily based on the duration (which typically last up to one year) and location of each program.

Since the launch of our investor education services, we have organized more than 400 training sessions, which have attracted more than 20,000 investors. We believe that Enoch Education is an important tool for building our business as it raises the financial sophistication of our clients, enables us to deepen our relationships with them, and broadens the clients’ investment knowledge, all of which are believed to further enhance their loyalty and willingness to invest with us, especially for long-duration products.

- **Trust Services:** We currently offer international trust services in Hong Kong, Jersey Island and Singapore through Ark Trust (Hong Kong) Limited (“**Ark Trust**”), Ark Trust (Jersey) Limited and Ark Trust (Singapore) Ltd., respectively. Ark Trust was founded in 2014 and is one of the first family trust service companies registered outside of mainland China among the independent wealth management companies in China, according to Frost & Sullivan. Ark Trust provides a full range of services to our clients, including family trust and fiduciary services, employee stock ownership plans, charitable trust services and wealth planning services.

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Our Asset Management Business

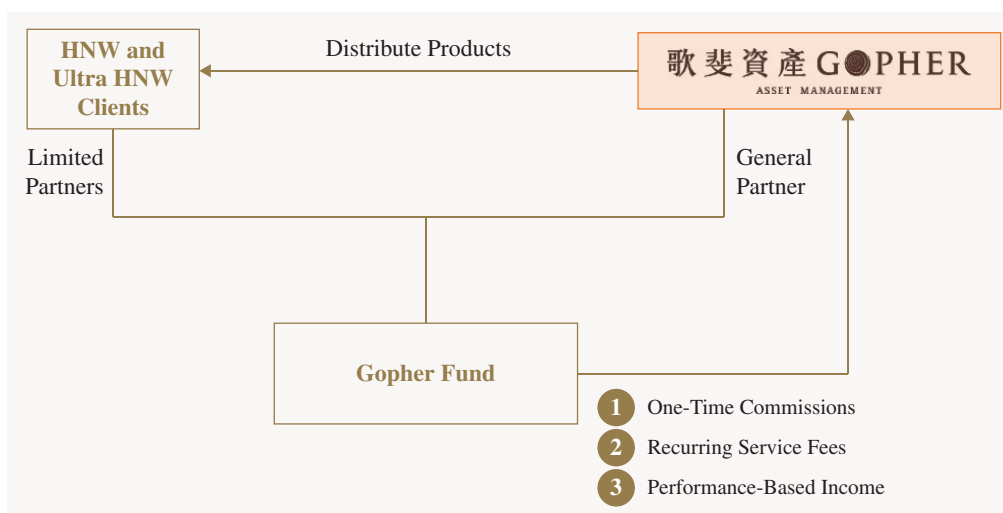
To further address the asset allocation needs of our clients, we started our asset management business in 2010 under the brand name Gopher. We manage investments with underlying assets in mainland China through our Consolidated Affiliated Entities and outside of mainland China through our subsidiaries Noah HK and Gopher GP, denominated in Renminbi or other currencies. Our AUM were RMB170.2 billion, RMB152.8 billion and RMB156.0 billion (US\$24.5 billion), respectively, as of December 31, 2019, 2020 and 2021.

Revenue Model

We generate revenue from our asset management business through our Consolidated Affiliated Entities and certain overseas subsidiaries primarily in the form of (i) one-time commissions from funds managed by Gopher when the investment product was distributed directly by Gopher, (ii) recurring service fees paid by funds managed by Gopher over the duration of the investment products and (iii) performance-based income from funds for which we serve as the fund managers.

Gopher, as a proprietary product provider, enters into agreements on an arm's length basis with our wealth management branch for product distribution, and in accordance with such agreements, shares a portion of recurring service fees and performance-based income with the wealth management branch in certain cases. To the extent that recurring service fees and performance-based income are shared with the wealth management branch, such intragroup revenue are deducted from our consolidated statements of operations. During the Track Record Period, the total amount of recurring service fees Gopher shared with our wealth management branch was RMB151.8 million, RMB159.0 million and RMB135.1 million (US\$21.2 million), respectively. No performance-based income was shared during the same period.

Set forth below is a diagram illustrating the business and revenue model of our asset management business:



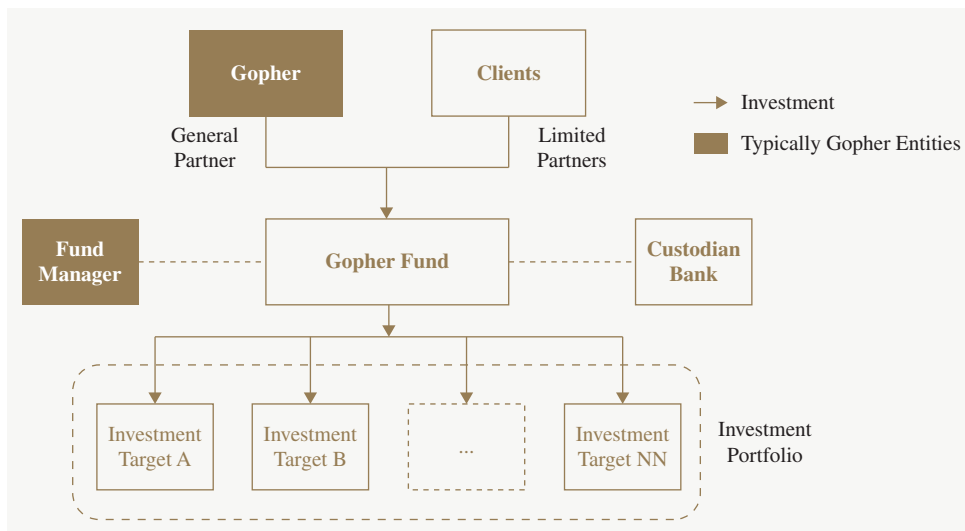
BUSINESS

We are entitled to performance-based income if the investment returns from the PE/VC funds managed by Gopher exceed certain performance threshold and no claw back is expected, which are typically recognized after the funds exit their respective investment portfolio. Given that over 80% of Gopher’s AUM as of December 31, 2021 consisted of private equity investments which generally have a long duration with no contractual redemption rights or high redemption costs as provided under the relevant subscription agreements, we believe that the recurring service fees we earn are relatively predictable and sustainable. Starting from 2021, as more PE/VC funds in Gopher’s AUM have approached their respective exit windows following the investment period, we expect to collect more performance-based income from those funds that achieve excess returns.

Investment Structure

Gopher establishes fund vehicles (the “**Gopher Funds**”) as investment vehicles to raise capital from clients and manage the investments. The investment portfolio of Gopher Funds includes primarily (i) private equity investments, including equity investments into private companies and commitments in private equity funds; (ii) public securities investments, including direct investments in public securities and commitments in money market funds, mutual funds and private secondary funds. In particular, Gopher launched its target-strategy products in 2021, a series of NAV-based products utilizing different investment strategies aiming to deliver stable investment returns with relatively low volatilities, to meet clients’ investment targets; (iii) real estate investments, typically in the form of equity of private companies holding such investments; and (iv) multi-strategy and other investments, primarily consisting of multi-asset portfolios.

We act as the fund manager and/or general partner for the Gopher Funds and collect management fees and performance-based income. We also invest in certain Gopher Funds as general partners, and our equity interests in each individual fund are normally less than 3%. The following table sets forth the typical structure of a Gopher Fund:



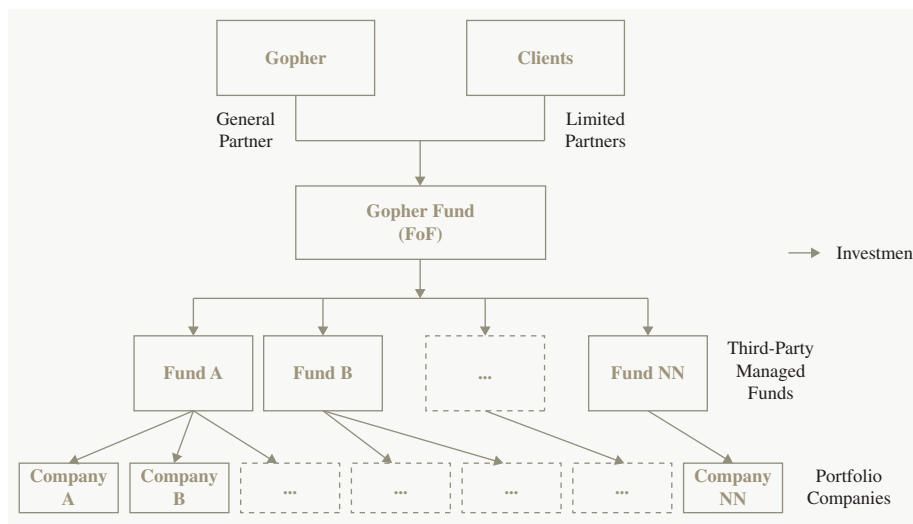
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Product Offerings

As a multi-asset management service provider, Gopher invests in different categories of assets, including:

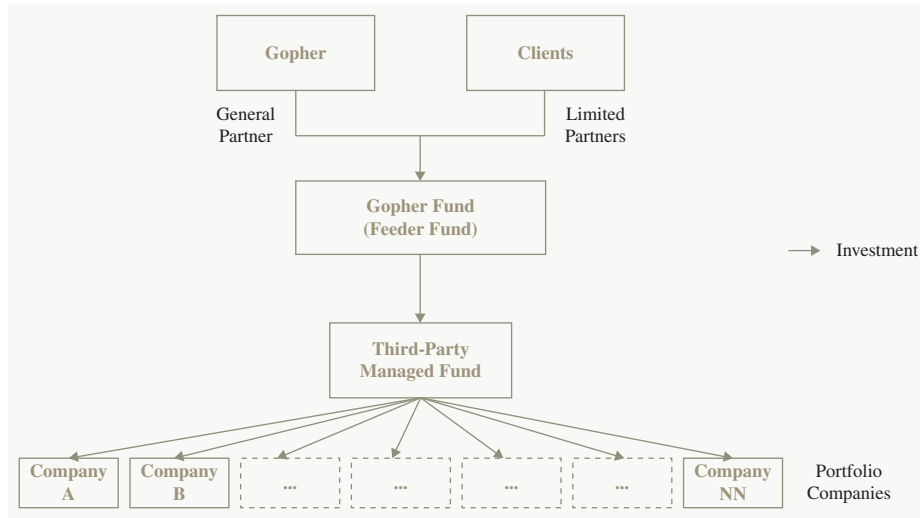
- private equity investments, including investments in the leading domestic and overseas private equity funds through FoFs, feeder funds and S funds, as well as direct and co-investments in sectors such as TMT, financial services and healthcare. For the year ended December 31, 2021, the AUM of Gopher's private equity investments was RMB130.9 billion (US\$20.5 billion), covering 84 Gopher PE/VC FoFs, and directly or indirectly through these funds, invested in more than 7,000 companies.

FoFs. In 2010, we established the first market-oriented FoF by private capital in China, according to Frost & Sullivan. Our asset management business has historically focused primarily on investments in FoFs, whereby the Gopher Funds invest in one or more third-party managed funds, which directly or indirectly invest in portfolio companies or other investment portfolios. The graph below illustrates the portfolio structure of a simple FoF. Major Gopher PE/VC FoFs typically involve several layers of FoFs and/or feeder funds structure. Under such structure, multiple Gopher Funds are set up as intermediate investment vehicles, which are managed by Gopher for the purpose of asset and ownership segregation.

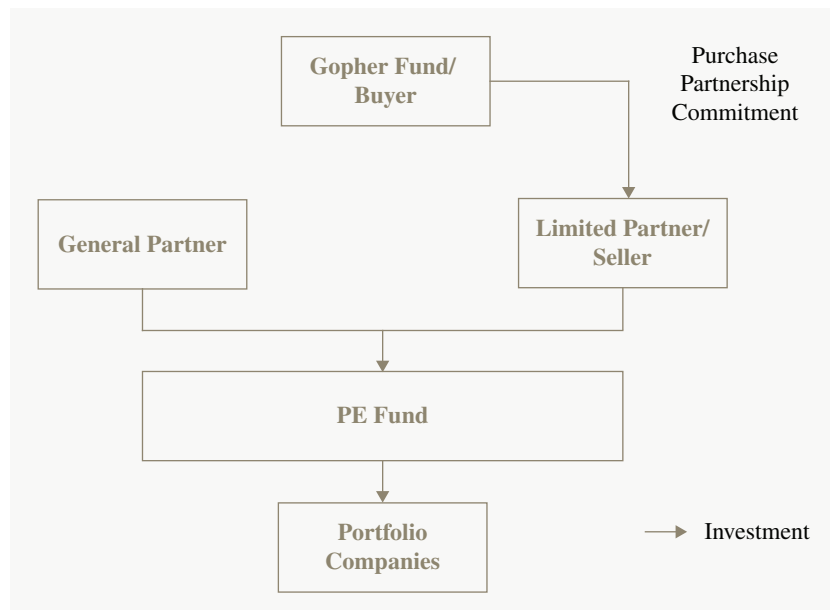


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Feeder funds. We also manage feeder funds that invest in certain single third-party managed funds. Such third-party managed funds usually have multiple feeder funds as capital sources. Following the enactment of the Supervision Measures, we leverage primarily feeder funds to raise capital for our PE/VC investment partners. The graph below illustrates the investment structure of our feeder funds that invest in single third-party managed funds.



S funds. In May 2013, we introduced the first S fund to HNW and ultra HNW investors in China. The S funds explore investment opportunities by investing in pre-existing limited partner commitments in the private equity market, which allows private equity investors to sell their investments in private equity funds. S funds typically invest in more diversified investment portfolios than primary PE funds, and typically deploy capital faster and have a shorter investment term than other private equity investments ranging from 2 years to 3 years. The graph below illustrates the portfolio structure of our S funds.



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- Public securities investments, mainly including Target Strategy, namely a series of NAV-based products utilizing multiple investment strategies to manage underlying assets consisting of publicly listed securities, FoF and MoM investments, as well as direct investments in listed companies. Gopher also launched bond funds in 2019. Gopher has a dedicated investment team managing Target Strategy products, which consist of active, balanced and conservative types of funds, utilizing diverse strategies with an aim to create long-term and stable investment returns with relatively low volatility. For the MoM approach, we as the fund manager choose third-party fund managers for certain investment programs of the Gopher Funds and monitor their performances. The third-party fund managers specialize in utilizing different investment strategies to diversify risks and achieve different investing goals amid market volatilities. These third-party fund managers receive an incentive service fee.
- Real estate investments, including funds investing in residential as well as commercial real estate properties such as office buildings and shopping malls, in the form of both credit and equity investments. As of December 31, 2021, our real estate investments primarily included two office buildings in Shanghai through a FoF investment, namely Gopher Aroma Plaza and Gopher Garden Place. Our real estate investments as of December 31, 2021 also included two rental apartment projects in the United States, both of which are currently under construction.
- Multi-strategy and other investments. Our multi-strategy investments primarily include multi-asset portfolios we build using asset allocation principles. Starting from the third quarter in 2019, we stopped investing in private credit products and started to redeem all outstanding private credit products. By the end of the second quarter in 2021, Gopher had successfully exited approximately RMB30 billion of private credit product investments, marking an important milestone of transformation to NAV-based products.

The table below summarizes our AUM and typical management fee rates chargeable by asset management services provided by Gopher during the periods indicated:

	As of December 31,								
	2019			2020			2021		
	Typical management fee rates	RMB	%	Typical management fee rates	RMB	%	Typical management fee rates	RMB	%
	(in billions, except for percentages)								
Product type									
Private equity investments	0.6%-2.0%	109.6	64.4	0.5%-2.0%	117.7	77.0	0.5%-2.1%	130.9	83.9
Public securities investments	0.4%-1.9%	9.3	5.5	0.4%-1.4%	9.8	6.4	0.4%-1.7%	11.2	7.2
Real estate investments	0.2%-2.3%	17.6	10.3	0.5%-2.2%	12.7	8.3	0.5%-2.3%	6.6	4.3
Multi-strategies investments	0.5%-1.1%	8.8	5.2	0.6%-1.1%	7.1	4.6	0.6%-1.1%	5.9	3.8
Other investments ⁽¹⁾	0.2%-1.4%	24.9	14.6	0.1%-0.6%	5.5	3.7	—	1.4	0.8
All products		<u>170.2</u>	<u>100.0</u>		<u>152.8</u>	<u>100.0</u>		<u>156.0</u>	<u>100.0</u>

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Note:

- (1) Since the first quarter of 2021, we reclassified all remaining mezzanine financing products linked to corporate merger and acquisitions and buy outs from credit to private equity in the amount of RMB4.7 billion, considering its nature is more akin to equity than credit. We have also revised the comparative period presentation to conform to current period presentation.

The following table illustrates the movement of AUM managed by Gopher for the periods indicated:

	As of/for the year ended December 31,		
	2019	2020	2021
	(RMB in billions)		
AUM at the beginning of the year	169.2	170.2	152.8
Asset new subscription	36.6	24.6	22.0
Asset appreciation ⁽¹⁾	0.7	0.8	0.1
Asset redemption	(36.3)	(42.8)	(18.9)
AUM at the end of the year	170.2	152.8	156.0

Note:

- (1) Represents NAV movement of our public securities investments.

Overseas Asset Management

In response to our clients' increasing demands for overseas investment opportunities, we have cooperated with more overseas partners and increased the number of non-RMB-denominated funds of funds offered. We have built a global Gopher platform to identify and source non-RMB-denominated investment products for onshore and offshore individuals, with our Hong Kong office focusing on global investments, Silicon Valley office focusing on technology-related venture capital funds and direct investment opportunities, and New York office focusing on US real estate investments. As of December 31, 2021, the overseas AUM of Gopher reached RMB28.4 billion (US\$4.5 billion), representing 18.2% of the total AUM for our asset management business.

Our Portfolio Companies

Our Gopher Funds strive to invest into companies with great growth potential through private equity investments to generate attractive investment returns. Over the years, our Gopher Funds have invested in many portfolio companies that have achieved outstanding performance and hence generating more performance-based income, which demonstrates our strong asset management capabilities. As of December 31, 2021, Gopher's AUM included 84 Gopher PE/VC FoFs, which in aggregate invested in more than 200 funds managed by third parties, and directly or indirectly through these funds, invested in more than 7,000 companies, many of which had achieved substantial growth. As of December 31, 2021, more than 400 companies Gopher invested in had successfully become listed companies and more than 100 companies had grown into unicorn companies with a valuation over US\$1.0 billion.

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Our Product Partners and Investment Partners

We have established extensive business relationships with reputable product partners and investment partners both in China and globally, in connection with our distribution of investment products. Our product partners and investment partners are typically the issuers or managers of investment products. The product partners and investment partners with which we collaborate encompass a variety of institutions and companies, mainly including PE/VC general partners, mutual fund managers and private secondary fund managers. We distribute investment products provided by these product partners directly, and for our asset management business, our Gopher Funds invest into the investment products provided by our investment partners, whereby we offer limited partnership commitments to our Gopher Funds as asset management products to our clients. In certain occasions, our Gopher Funds also co-invest with our investment partners into portfolio companies directly. In each of 2019, 2020 and 2021, we collaborated with over 100 product partners and investment partners in aggregate. A certain partner can either act as a product partner for our wealth management business or an investment partner for our asset management business. Our collaboration with these partners is generally conducted on a non-exclusive basis.

The following table sets forth the number of our products partners and investment partners for the period indicated.

	Year Ended December 31,		
	2019	2020	2021
Product partners	127	146	166
Investment partners	12	14	21
Total	139	160	187

We have a strong presence in private equity investment industry, and has built collaborative relationships with 15 out of the top 20 VC fund managers as named in the “2021 Annual List of Chinese Venture Capital Investment Institutions” in December 2021 by CV Info, one of China’s leading third-party private equity information providers, and nine of the top 20 international PE firms as named in “Private Equity International’s PEI 300 list” for 2021.

In addition to leading PE/VC firms, we also collaborate with other financial institutions to provide a variety of investment products. Specifically, we currently collaborate with private secondary fund managers, such as Perseverance Asset Management and Greenwoods, as one of their exclusive distribution channels for public securities. Our onshore mutual fund platform, “Fund Smile”, currently works with all of the top 20 non-money market funds and 47 out of the top 50 non-money market funds in China in terms of AUM as of the end of 2021.

Key Contractual Terms with Product Partners for Our Wealth Management Business

We enter into service agreements with the product partners for the majority of the products we distribute through our wealth management business. These service agreements usually expire upon the redemption of the underlying investment products. Under these agreements, we typically undertake to provide the counterparty with services relating to our clients’ purchases of the relevant products. Such services generally include providing our clients with information

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on the relevant products, evaluating the financial condition and risk profiles of those clients who desire to purchase the relevant products, educating them on the transaction documentation as well as furnishing other assistance to facilitate their communications with the product partners.

Under our service agreements with respect to our fund products distributed through our wealth management business, we also undertake to assist the product partners to maintain investor relationships by providing our clients who have purchased the relevant products with various post-investment services, including investor communications assistance and periodic portfolio management reports.

During the Track Record Period, there was no early termination of agreements with our product partners before the redemption of the underlying investment products.

Key Contractual Terms with Investment Partners for Our Asset Management Business

As for the investment partners we collaborate within our asset management business through FoF investments, our Gopher Fund invest in the funds set up and managed by the investment partners. Our investment partner set up fund vehicles to raise capital, which subsequently invest into asset portfolios. In connection with such investment, Gopher Fund enters into a limited partnership agreement as a limited partner of the fund and the investment partner as the general partner of the fund. In accordance with the limited partnership agreements, our investment partner actively manages the investment on behalf of Gopher Fund and other limited partners. Gopher Fund is obligated to provide capital to the fund in due course. The limited partnership agreements set forth the duration and redemption terms of the fund.

In case of co-investment with our investment partners, Gopher Fund and the fund managed by our investment partners both invest in the investment portfolio directly. For such investments, we generally enter into a set of agreements in connection with such investments including share purchase agreement and shareholders' agreements to protect the interest of our clients and us.

During the Track Record Period, there was no early termination of agreements with our investment partners before the redemption of the underlying investment products.

Product Development and Selection

We have a rigorous product development and selection process is key to our business. In light of the tightened regulatory environment in China in recent years, we have been further enhancing our comprehensive risk management system.

Product Development and Selection Philosophy

Our product development team focuses on meeting the evolving demands of clients by balancing the investment return, investment risk, and liquidity of the products we offer. For our wealth management business, our team is primarily responsible for selection of investment products to be distributed by our wealth management segment, whereby for our asset management business, our team strives to develop and structure the investment products offered by Gopher. Our product selection efforts are guided by our comprehensive research, which provides a top-down review on our overall tactical asset allocation strategy at least quarterly, based on which our product team develops strategies in each asset class.

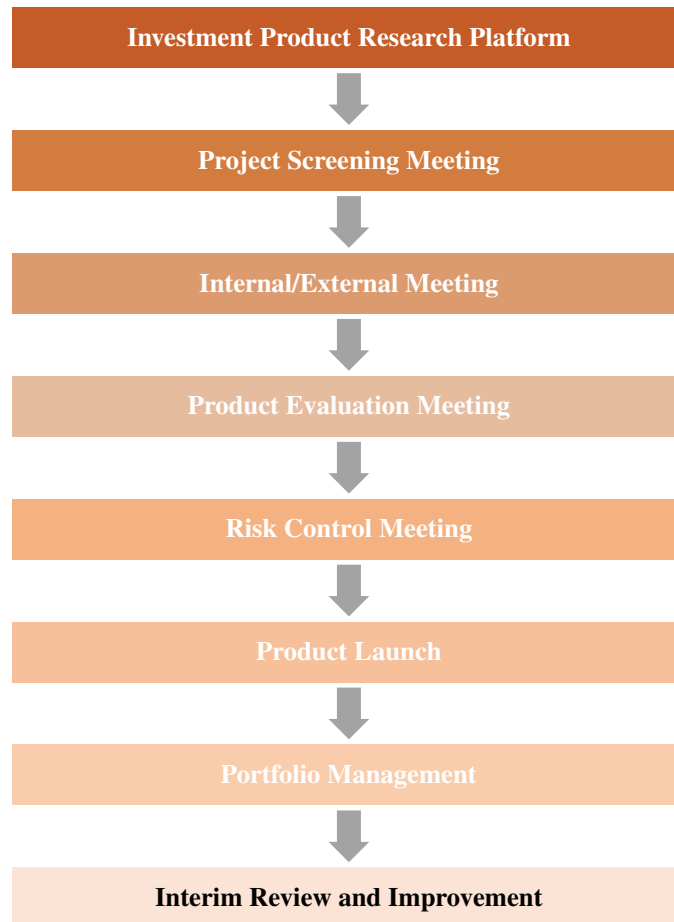
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We strive to provide a variety of investment products to our clients. Based on our research, we strategically select products that captures current investment opportunities, as well as products of stable long-term performance. We believe such product mix allows our investors to customize their investment portfolio based on their risk appetite and return expectations.

As for our asset management business, Gopher's investment philosophy focuses on identifying and capturing opportunities from emerging trends in the market, evaluating a wide range of assets and investment opportunities from numerous investment partners, and constructing investment portfolios through vigorous due diligence process. Moreover, we seek to minimize volatility of the performance of our investments by investing in a wide range of asset classes and investment structures, which enhances the sustainability of our revenue streams under various economic circumstances.

Product Development and Selection Process

Each product offered to our clients, including the investment products we distribute and asset management products we offer, must go through a strictly implemented product screening procedure as indicated in the diagram below:



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Our product development and selection process involves three key stages: project screening, project evaluation and risk control. In-house experts and professionals, including high-level management team members from our legal department, risk management department, compliance department and product department will gather periodically to carefully screen and evaluate each product we offer and distribute.

- In the project screening stage, our professionals select the potential product or the proposed investment portfolio from a broad range of investment products and review our internal due diligence findings to determine whether the product may be suitable for investment and/or distribution to our clients. A prospective product or investment needs to be approved by at least a majority of the members participating in the project screening meeting before the product or investment moves onto the next stage.
- For investment products, we have adopted an effective screening mechanism that analyzes and evaluates the proposed investment product or portfolio both qualitatively and quantitatively. To facilitate the screening of the fund products, we maintain a whitelist of fund product providers that we update on real-time basis. Our wealth management arm conducts independent assessment of investment products developed by Gopher.
- For each proposed investment under our asset management business, in particular private equity direct or co-investments, we designate a dedicated project team to conduct preliminary due diligence on the potential investment target. After conducting the preliminary review, the project team submits an investment analysis and due diligence memorandum on the investment targets, focusing on investment overview and recommendation, market opportunities, investment strategies, investment return analysis, eligible investors, key risks and risk control solutions, among other considerations. If necessary, we will also engage qualified third-party services providers such as independent auditors and law firms to conduct independent research and analysis on our proposed investment portfolio.
- In the project evaluation stage, our professionals analyze the legal structure, financial statistics and other aspects of the product and evaluate the potential returns to our clients and the risks of the investment.
- In the risk control stage, our core management team meets to fully evaluate the risk of the product and determine whether appropriate risk management is in place for the investment in the portfolio and/or distribution of the product. After approved by the risk control meeting, the product will be reviewed by our in-house risk analysts before it is officially launched.

We have also established a complete risk management system for our daily operations. On the product provider side, we have policies and procedures regarding, among other things, periodically reviewed product ratings, anti-bribery control, as well as post investment portfolio monitor and alert system. See “— Risk Management and Internal Control.”

In particular, we rigorously monitor the performance of our asset management products offered by Gopher on a real-time basis. We have established a systematic post-investment monitoring mechanism to track the performance of funds we manage and to establish a long-term relationship with the fund managers whose funds we invested in. We have built a proprietary system, the GIMSP, which tracks the profiles and performance of all invested funds and underlying projects and consolidates such information in our internal database. This enables us to understand investment trends and develop the corresponding strategies in an innovative way. See “— Our Technologies.”

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PRODUCT DISTRIBUTION

We have established a dedicated client services team for our wealth management business and asset management business. Through the licensed distribution channels of our wealth management business, we offer various investment products such as public securities investments and insurance products on behalf of third-party product partners and Gopher. In addition, Gopher's direct sales team raises capital for the private equity investments directly.

Our integrated client service team adopts the "Noah Triangle" solution to provide efficient professional services to our clients. Based on our clients' specific needs, a typical Noah Triangle consists of: (i) one account representative who is a client relationship manager primarily for originating and maintaining client relationships, as well as providing asset allocation advisory services, (ii) one or more solution representatives, each with certain specialized knowledge to provide detailed and more technical advice regarding our domestic and overseas investment products, such as primary and secondary market products as well as comprehensive services including family trust, respectively; and (iii) one fulfillment representative who primarily serves investment execution, administration and other back-office functions.

Our clients enjoy the flexibility to either choose the products provided by third-party product partners or select the products offered by Gopher based on their specific investment needs. We strive to provide unbiased product recommendations as well as trustworthy advice to our clients and facilitate the most suitable products available tailored to their individual investment preferences and risk appetites, regardless of whether the recommended products are provided by third-party product partners or by Gopher under wealth management business or asset management business.

The "Noah Triangle" solution is a three-dimensional service team in which members support each other by timely responding to the needs of our clients. A typical service process we provide to a client under the "Noah Triangle" service model is as follows:

- *Onboarding.* An account representative will be assigned to a client seeking to open account with us and assist the client in completing KYC and AML procedures, including but not limited to identification and source of funds verification, risk tolerance assessment as well as attestation to his or her qualification to invest.
- *Understanding investment needs.* After the client passes KYC and AML procedures, our account representative will work closely with the client to understand his or her asset allocation needs, investment preferences and risk appetite. Before the client indicates any specific investment needs or preferences or forms any preliminary investment plan, we typically only offer him or her investor education and other client event opportunities to familiarize him or her with the latest market trends and our product offerings, which in turn could facilitate the client's understanding of his or her investment needs.
- *Product recommendation and risk matching.* When the client has developed an investment need, our account representative will work with one or more solution representatives with certain specialized knowledge of a product or service depending on the client's specific need and preference, to collectively provide investment solutions. Our solution representatives offer customized investment strategies by taking into account, among others, the client's preferences for primary or secondary market products, preferred product providers and/or fund managers, available funds for investment, return expectations as well as risk tolerance, and recommend to the client a broad selection of investment products from both third-party product providers and Gopher that meet the client's requirements. In addition, building upon our proprietary risk rating model to assign risk scores to both clients and investment products, we are able to ensure that appropriate products with matching risk profiles are recommended to suitable clients.

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- *Decision making and more.* With our accurate recommendation of products based on the client's investment preference and risk appetite, the client will exercise his or her own independent judgment to make the final investment decision as to whether to purchase any product recommended or which product, from third-party product providers or Gopher, he or she desires to purchase. Our fulfillment representative will then assist the client with the procedures and documentation of the investment process, and later on delivers portfolio management reports to the client after the investment.

We believe this “Noah Triangle” solution enables us to provide in-depth services to our clients more efficiently and professionally.

Our sales and marketing efforts are designed to attract and retain clients and build brand awareness and reputation. We focus on maintaining long-term relationships with our clients through regular, personalized interaction to build trust with our clients, as well as enhancing and sustaining their loyalty. We also believe that the various other value-added services we offer to our clients, such as investor education services and trust planning, further enhance the loyalty of our clients.

Wealth Management

Noah Upright, our primary distribution channel, is among the first batch of independent financial service companies in mainland China which has obtained the fund distribution license from the CSRC. Furthermore, we have established offices in Hong Kong, Taiwan, Silicon Valley, New York, and Singapore to offer our clients global investment opportunities.

We distribute investment products on behalf of third-party product partners and Gopher, primarily through our network of relationship managers, and we use an array of marketing channels to attract potential clients. Furthermore, we also enjoy continued organic growth in clients from word-of-mouth referrals.

Our dedicated relationship managers strive to provide tailored investment services to our clients based on a deep understanding of each client's financial position and objectives, utilizing our specialty in asset allocation and manager selection and the wide range of multi-asset class investments that we offer. We optimized and condensed our sales force in 2019 and 2020 to further improve our operational efficiency, and as a result, the total number of relationship managers decreased to 1,231 as of December 31, 2020, as compared to 1,288 as of December 31, 2019. In 2021, we made strategic investments in our talents to capture market opportunities and seek for long-term growth potential. As a result, the total number of relationship managers increased to 1,316 as of December 31, 2021.

Asset Management

Historically, the majority of the funds managed by Gopher were distributed through Noah Upright, the distribution network of our wealth management business. Following the enactment of the Supervision Measures in October 2020, which provides that independent fund distribution institutions shall specialize in the distribution of funds that invest in public securities, only mutual fund products and private secondary products are distributed through Noah Upright. Gopher has built its direct sales team to raise capital for Gopher Funds it establishes that invest in private equity investments. When a client of the wealth management business shows interest in asset management products Gopher offers, a relationship manager of Gopher, typically a PE solution representative, will introduce the product to the client and handle the investment process. Gopher's direct sales team also targets institutional investors and family offices.

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During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses and permits from relevant regulatory authorities that are material to our business. The following table sets forth a selection of material licenses currently held by us that are required for our business operations in various jurisdictions.

Location	Licenses	Expiration Date
Mainland China	Certificate for privately-raised investment fund manager	N/A
	Fund distribution license	N/A
Hong Kong	Type 1 (Dealing in securities)	N/A
	Type 4 (Advising on securities)	N/A
	Type 9 (Asset management)	N/A
	Insurance brokerage license	July 14, 2024
	TCSP (trust or company service provider) license	November 4, 2023
	Money lenders license	September 1, 2022
Jersey Islands	Family trust license	N/A
United States	Investment advisor license	N/A
	Insurance brokerage license	May 31, 2023
Singapore	Capital market service license	N/A
	Family trust license	N/A
	Exempt financial advisor license	N/A

Integrated Client Service Team

Our relationship managers are all full-time employees who typically receive a base salary as well as performance-based quarterly and annual bonuses. We focus on recruiting, training and motivating our relationship managers, with the goal of enabling our relationship managers to deliver thoughtful advice and investment solutions tailored for each client.

In 2021, empowered by our business model, efficient “Noah Triangle” service model and innovative and robust technology infrastructure, our net revenues per relationship manager was RMB3.3 million (US\$0.5 million), which was more than three times of the net revenues per relationship manager of our industry peers, according to Frost & Sullivan.

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We provide a comprehensive training system for relationship managers in different career stages, helping them understand the asset allocation theory promoted by Noah and investment philosophy within different asset categories. Upon recruitment, our relationship managers will receive required training before interacting with clients. We also provide routine training to our relationship managers from time to time. These specialized training opportunities enhance the skills of our top relationship managers and also serve as an important motivational tool for all of our relationship managers as they compete to attend these events.

We also provide training to our account representatives, solution representatives and fulfillment representatives to familiarize them with relevant regulations, industry practices, product strategies, and client services, and require them to pass internal exams before they can be assigned to the client service team. For example, fulfillment representatives are required to be proficient in various fields, including but not limited to fund operations, online account opening process for different markets, fund transactions, redemptions, distributions, portfolio management reports and investor communications.

Client Service Centers

We believe our high-quality client service enhances our client loyalty and brand image. We serve our clients primarily through our network of relationship managers. Headquartered in Shanghai, our client service network covered 84 cities in mainland China as of December 31, 2021, multiple developed regions where the country's HNW and ultra HNW population is concentrated, including the Yangtze River Delta, the Pearl River Delta, the Bohai Rim and other regions. Our strategy is to open offices at locations with concentrated HNW and ultra HNW population and strong regional economies. We have opened offices in tier-one and tier-two cities and key provincial capitals in mainland China. We also have offices in Hong Kong, Taiwan, Silicon Valley, New York and Singapore.

We also operate a call center network providing real-time assistance to our clients. Our call center representatives work with our clients to record their requests and complaints, and we have also integrated AI-based client service robots into our mobile applications. As of December 31, 2021, we had 19 call center representatives. We provide regular trainings to our representatives and periodically review callers' level of satisfaction with the service they received from us. At the end of each call, each caller is asked to grade the quality of our client service, and a designated call-back team follows up on all incidences of dissatisfaction. We have also invested in ChatBot, a software tool that enhances verbal and textual conversations with our clients and our call center representatives, for our call center to provide better services for our clients.

During the Track Record Period and up to the Latest Practicable Date, we had not received any complaints from, or encountered any disputes with, our clients, which would, individually or collectively, have a material adverse effect on our business, financial position, results of operations and prospects.

Our Online Transaction and Service Platforms

Investments in substantially all of our wealth management and asset management products can be facilitated online. We have developed a comprehensive wealth management product mobile application "WeNoah (微諾亞)" as a one-stop and integrated client service portal. In addition to WeNoah, we also developed "Fund Smile (微笑基金)" and "iNoah", mobile applications specifically for investing in domestic and overseas mutual funds, respectively. WeNoah automatically directs clients who intend to execute mutual fund transactions to our mutual fund transaction systems Fund Smile and iNoah, which are incorporated into WeNoah. Furthermore,

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WeNoah is also connected with our investment platforms for private secondary funds and private equity investments, and facilitate a transaction process that could be completed wholly online. In 2021, we started to provide mutual funds and related wealth management services to satisfy our institutional clients' money market and liquidity management demands through our mutual fund SaaS platform, "Smile Treasury". We also provide services on web-based client service channels. Utilizing these online platforms, our relationship managers are able to provide real-time online assistance and personalized investment experience to a broader client base.

OTHER BUSINESSES

In addition to our wealth management business and asset management business, we also provide other services through our subsidiaries. These services serve as value-added services that we provide to our clients to broaden and deepen client relationships. In 2019, 2020 and 2021, other businesses represented 8.5%, 1.9% and 1.3% of our net revenues, respectively. Starting from 2019, this segment mainly includes lending business services whereby we made loans secured with collateral including investment products distributed by us and real estate properties, with a typical loan-to-value ratio of below 70%, to creditworthy investors. Since the third quarter of 2019, we have decreased lending businesses as we strategically decided to focus on our core businesses.

MARKETING AND BRAND PROMOTION

Our relationship managers target potential HNW and ultra HNW clients and adopts effective marketing based on thorough data analytics. Our client engagement and branding initiatives primarily include the following:

Offline and Online Investor Seminars and Wealth Management Forums

In order to attract new clients and develop client loyalty, we organize targeted client events on a regular basis, such as high-profile investor seminars and workshops, industry conferences and other investor education and social events, where we present our market outlook and highlight our product selections. We invite experts or authorities in the industry to share the latest market trends, newly promulgated laws and regulations, and other updates with our clients. We organize these events offline as well as online. In 2021, we organized 21 and four online and offline investor seminars and wealth management forums, respectively, which were attended by an aggregate of approximately 1,900 clients and watched by over 700 viewers online.

Online Client Service Channels

To improve the efficiency of our sales team and better serve our expanding client base, we connect with our client community through WeNoah, as well as online social media networks such as WeChat's enterprise version, WeCom.

WeNoah allows us to keep close relationships with our clients and provide a convenient and efficient platform for these clients to access the products and services offered by us. We maintain proprietary databases on a broad range of investment products and client online behavior, and leverage them to provide personalized services and initiate targeted marketing initiatives.

Strategic Client Management

In 2021, we established a Strategic Client Center at group level to systematically go through Gopher's portfolio companies, leading unlisted firms in the 84 cities we operate in, listed companies and trust clients, provide business-to-business treasury management services, and work under the "Noah Triangle" service model for new client acquisition and existing client conversion.

Word-of-Mouth Referral

Word-of-mouth is one of the most effective marketing tools for our business. Although we employ a variety of methods to promote our brand, we believe the reputation and high level of awareness of our brand in China and, increasingly, abroad and references from clients is our best and most cost-efficient marketing channel. We believe once clients are satisfied with their experiences, they will continue investing in investment products we distribute, or referring their friends and colleagues to our products and services.

RISK MANAGEMENT AND INTERNAL CONTROL

We have adopted risk management and internal control policies and procedures designed to provide reasonable assurance for achieving our business objectives, including efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our risk management and internal control system include the following:

- *Board of Directors, Audit Committee and Internal Audit.* Our Board of Directors and audit committee are responsible for our overall risk management and internal controls. We also maintain an internal control and internal audit department, which is responsible for reviewing the effectiveness of our internal controls and submitting internal audit reports to our audit committee quarterly. Our internal audit department, with the help of our business division managers, prepares and updates questionnaires for our various business departments to conduct self-assessment of internal control and risk management each year, and our internal audit department will follow up with the business personnel to timely rectify any deficiencies so identified.
- *Regulatory compliance.* We have adopted and implemented various internal control and risk management policies, including insider trading, whistleblowing, related party transaction, anti-corruption, anti-money laundering and sanctions related policies, as well as code of business conduct and ethics. We provide regular training to our employees on these policies. We also engage outside counsel to provide training to our legal department and other senior personnel from time to time to keep them abreast of recent regulatory developments.
- *Treasury management.* We have established and implemented treasury management policies and procedures in managing our investments, including:
 - *budget plans:* we require our subsidiaries and Consolidated Affiliated Entities to prepare budget plans on a periodic basis to optimize our Group's use of funds, according to which we could allocate proper amounts of funds to be used in investment projects.

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- *approval process*: we have adopted approval processes related to investments, including (i) preliminary review and analysis of the proposed investment project (including but not limited to, background search, due diligence and compliance analysis), and (ii) the final review and approval by our treasury management committee.
- *monitoring*: our treasury department and treasury management committee will continuously monitor the approved investment projects.
- *Licenses and approvals*. We maintain policies to ensure that we have required licenses and approvals in place. Our compliance department reviews the licenses obtained before we adopt new business initiatives, and our internal control department conducts annual reviews to monitor the status and effectiveness of those licenses and approvals. We also regularly review and update all policies and measures related to licenses and approvals.
- *Data security*. We have adopted measures to protect our client data and other confidential information. We also have a dedicated information security team of IT professionals to carry out our data and system related risk management. See “— Privacy and Data Security.”
- *Know-your-client*. As part of our risk management and compliance practice, we operate a strict client due diligence process, including:
 - *At account opening*: we require individuals seeking to open account with us to complete standard know-your-client and anti-money laundering procedures, including documents for proof of their identity, automatic real-person biometric recognition for our individual clients and declaring source of funds for investment, and verify such information against reliable supporting documents and official database.
 - *Before product purchase*: we require our clients to complete a more comprehensive know-your-client questionnaire specifically designed for the proposed investment product in accordance with laws and regulations of the competent jurisdiction in which we distribute the product. Such questionnaires are designed to collect a wide array of personal and financial information, including the individuals’ professional background, investment experience, level of investable assets and risk tolerance. We also require our clients to provide supporting documents, such as trading statements and proof of assets.
 - *Regular updates*: our relationship managers follow up with a registered client to complete questionnaires in order to update the client’s risk profile and investment preferences on a regular basis.
- *Client suitability assessment and recordkeeping*. We have adopted various measures to ensure that the client’s risk profile matches the risk profile of investment products recommended to them. We have designed a risk scoring model for our clients, which accounts for information on clients’ risk tolerance we obtained in the know-your-client process. Similarly, we also assign a risk rating score for each product we distribute, considering factors such as industry risk, concentration risk, level of leverage and risks related to the investment portfolio. Both scores are reviewed by our specialists in accordance with relevant guidelines, and may be adjusted if inconsistent with supporting documents and due diligence results. We provide investor right and risk disclosure statement to our clients, and recommend to them only investment products with matching risk scores or lower. For each newly launched product, we provide training to our relationship managers with a focus on the risk profile of such products.

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- *Anti-money laundering.* In addition to our know-your-client measures, we have also implemented anti-money laundering policies, including a real-name policy in the process of business operations and a record keeping policy on client information covering their identification, transaction records as well as source of funds. We have further established an anti-money laundering information reporting system, as part of the policies and procedures aimed at preventing money laundering activities. Our employees collect, analyze, monitor and preserve client information and transaction records, and are required to report any suspicious transactions detected to our anti-money laundering committee. We deal with any suspicious activities on a timely basis to mitigate the risk of money laundering. We also actively carry out training on anti-money laundering to enhance the awareness of anti-money laundering among our employees.

We continually review the implementation of our risk management and internal control policies and procedures to enhance their effectiveness and sufficiency.

OUR TECHNOLOGIES

Our technology infrastructure is integrated and readily scalable to support the growth of all of our business segments and digitalization across front-end, middle-end and back-end operations. Each aspect of our business operations is supported by its innovative technology infrastructure, and the success of our business is dependent on our strong technological capabilities that support us in delivering superior user experience, increasing operational efficiency and providing future growth opportunities. Principal components of our technology system primarily include:

- *Convenient online transaction platforms.* Our online platforms WeNoah, Fund Smile and iNoah facilitate investments in substantially all of our wealth management and asset management products online, providing a smooth investment experience. These convenient online transaction platforms allow us to serve a broader client base and increase our transaction value, in particular in mutual fund products. Since the launch of our domestic and overseas mutual fund platforms Fund Smile and iNoah in July 2019 and June 2020, respectively, investments of RMB153.2 billion and US\$310.0 million, respectively, were completed through Fund Smile and iNoah. Furthermore, leveraging our extensive coverage of mutual funds in the industry as well as our comprehensive fund screening process, our self-developed treasury management interface, Smile Treasury, is able to fulfil our institutional clients' diversified money market and liquidity management needs by providing them with customized plans. Through a fully automated online account opening option, Smile Treasury helps small and medium-size enterprises to optimize cash returns while maintaining liquidity of working capital. In addition, our online transaction capabilities allow us to serve our clients and facilitate transactions in a more convenient and cost-effective manner, in particular during the COVID-19 pandemic when face-to-face meetings were limited due to quarantine measures and travel bans.
- *24/7 digitalized client service experience.* Our client service platforms enable our relationship managers to provide 24/7 real time client services to our clients, including providing professional investment advices, guiding our clients through the investment process and providing various post-investment services. In addition, we also organize various investor education sessions and product roadshows through our online platforms, which enhances the client stickiness.

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- *Automated investment management system.* We developed and launched GIMSP, an automated investment management system that digitalizes almost all aspects of Gopher’s asset management business. GIMSP functions as a digitalized and structured database designed for private equity investments, which includes information on more than 7,000 potential portfolio companies. GIMSP visualizes data in a clear and systematic fashion using techniques such as knowledge mapping, allowing specialists to extract and analyze information easily amidst large volumes of documents, which is particularly helpful for private equity investments and portfolio management. Leveraging proprietary technology, GIMSP incorporates work flow engines that automate various tasks during the lifespan of investment funds, saving substantial amounts of tedious manual labor that would have otherwise been done by personnel. GIMSP is able to swiftly update its data based on information uploaded and retrieved, and shortens the lead time for commitment share mapping for targeted portfolios after capital calls, from traditional “T+N” to “T+1”, with T being the wire date, “T+1” being the date after wire date and “T+N” being a few business days after wire date. GIMSP is the first and only investment management system in the HNW wealth management services industry in China to have achieved this function, according to Frost & Sullivan.
- *Intelligent investment advisory tools for relationship managers.* Our upgraded CRM (client relationship management) platform is an intelligent online wealth management system that significantly improves the work efficiency and productivity of our relationship managers. In particular, our Mutual Fund Work Station, one of the key modules in our CRM platform, provides our relationship managers with in-depth and up-to-date market data, including real-time trading updates of different mutual fund products, to help them update their clients from time to time. Furthermore, leveraging big data technology and its extensive database of investment products, Mutual Fund Work Station also enables our relationship managers to quantitatively analyze expected return and risk of investment products, automatically alert risk events and generate investment recommendations based on clients’ investment preferences, expected returns and risk appetite, among others.
- *Open service platform.* Starting from the fourth quarter of 2020, we have been integrating our internal resources to launch “Noah Digital International”, a new consolidated division to facilitate our offering of comprehensive services such as investor education and family trust.
- *Digitalized KYC/KYA/KYP management.* We have adopted a digitalized approach to manage our operations, especially our “know-your-client,” “know-your-agent” and “know-your products” practices. Based on our extensive industry knowledge and experience, we label our clients, relationship managers and products based on different segmentations, and utilize such segmentation to optimize our resource allocation. For instance, leveraging our digitalized KYC/KYA/KYP management, we are able to accurately match our products with a suitable client base, and therefore enhance our operating efficiency.

RESEARCH AND DEVELOPMENT

Our business innovations and developments are empowered by our innovative technology infrastructure and strong research and development capabilities in creating and identifying suitable investment products.

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We had a dedicated research and development team of 414 employees out of the total 3,148 employees as of December 31, 2021, representing approximately 13.2% of our total workforce. Our research and development team is led by a team of visionary and experienced industry experts. It is an industry veteran team with extensive experience in software platform research and development and structuring. Core members of the team have previously worked in managerial positions at leading technology or finance companies including Tencent, Alibaba, eBay, Vipshop, China Mobile, Lufax, Goldman Sachs and Morgan Stanley. See “Directors and Senior Management” for the biographical details of our technological leaders.

We devote significant resources to our research and development efforts, focusing on developing our technology infrastructure and proprietary systems, expanding our technological footprint and leading the digitalization of our business operations. As our research and development efforts continue, our research and development expenses increased from RMB225.9 million in 2019 to RMB253.6 million in 2020 and further to RMB360.4 million (US\$56.6 million) in 2021, mainly comprising compensation of our research and development team and software licensing fees.

Certain of our subsidiaries have been recognized as high-tech enterprises in China. In addition, Noah Upright, our distribution channel, has received many awards and recognitions due to its development and ownership of many software copyrights and patents, including Model Enterprise with Four New Technologies in Hongkou District and the Center of Technology for Enterprises in Hongkou District.

PRIVACY AND DATA SECURITY

We place a strong emphasis on our clients’ privacy and data security. To achieve the objective, we have an information security team comprised of experts who specialize in different areas, including network security, data security, compliance, and risk management. Our information security team is deeply involved in the key aspects of our business operations, providing professional advisory services to other departments.

We have made great efforts to improve our client privacy and data security systems and processes. We have built a secure Software Development Lifecycle (SDLC) to ensure the security of all the software systems we develop before launch. We have also established a security management framework and obtained ISO 27001 (information security management) and ISO 29151 (personally identifiable information protection) certifications issued by DNV. To ensure our compliance with applicable laws and regulations, we have also implemented a series of internal policies on cybersecurity and data protection. We collect clients’ personal information legally required for our business operations only, including account opening procedures, know-your-client and anti-money laundering review processes, as well as for their investments with us. For our daily operations, we collect and store personal identity information (PII), including sensitive information such as client ID numbers, bank accounts information, proof of income and assets, in an encrypted form, to preserve the confidentiality of all clients’ information. We have formulated our own privacy policies that are embedded with our mobile applications and websites to inform our clients of the purposes and methods of processing personal information, the type of personal information to be processed and its retention period, as well as the procedures for the clients to exercise their rights under the Personal Information Protection Law. Before any personal information can be provided to any third parties or transferred abroad, we will inform our clients of the name and contact information of the receiving parties, the type of personal information involved, and the purposes and methods of providing such information, as well as how they can exercise their rights under applicable laws and regulations. If any sensitive personal information is to be processed, we will also inform the relevant individuals of the necessity of processing such information and the potential impact on their rights and interests.

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We use personal information of our clients only for limited purposes as authorized by the individuals or required by laws and regulations. If the use of such personal information is beyond the original scope authorized, a separate authorization is required. In addition, we will conduct Personal Information Protection Assessment according to Noah Personal Information Protection Impact Assessment Policy on our personal information processing activities that involve greater risks, such as processing sensitive personal information, providing personal information to other third parties, as well as transferring personal information abroad. From an internal policy perspective, we have set up access control mechanisms to ensure that our employees are granted access to data to the minimum extent that is necessary to fulfill their job responsibilities and on a “need-to-know” basis.


Personal information of our clients will only be preserved in our server for a minimum period of time, unless otherwise required by applicable laws and regulations. We also implement multiple layers of security protections to insulate our database from unauthorized access, and use secure protocols (HTTPS) for data transmission. Where the purpose of processing personal information has been achieved or is unable to be achieved, or the personal information is no longer necessary for achieving such purpose, we will delete relevant personal information in a timely manner. At the same time, we have specified the requirements for deleting and destroying data in our Noah Data Security Management Measures.

To reduce the risk of cyber-attacks and protect our network and computer systems, we deploy a variety of cybersecurity techniques, including but not limited to Network Firewall, Web Application Firewall (WAF), Anti-Virus, Host-based Intrusion Detection System (HIDS) and Data loss prevention (DLP). We also develop and maintain a Cyber Security Operation Center (COC) platform to monitor and respond to all types of cyber-attacks effectively on a real-time basis. Our COC system is designed to automatically detect suspicious activities and an alert will be instantly sent to our information security team for analysis and solutions.

To keep improving our staff’s information security awareness and reduce human factors, we have organized various internal training sessions and prepared quizzes on information security. In 2021, our employees participated in a total of over 2,000 hours of trainings. During the Track Record Period and up to the Latest Practicable Date, there had been no material leakage of our client information.

INTELLECTUAL PROPERTY

We believe that the protection of our brand, trade names, domain names, trademarks, trade secrets, patents, and other intellectual property rights is critical to our business. Such intellectual properties distinguish the products we distribute and the services we provide from those of our competitors and contribute to our competitive advantage in both wealth management and asset management industries. We rely on a combination of copyright, trade secret, trademark, competition laws and contractual arrangements to protect our intellectual property rights. We enter into confidentiality agreements and non-compete covenants with all of our employees and our third-party product partners.

As of December 31, 2021, we had 581 registered trademarks (462 registered trademarks in mainland China and 119 registered trademarks in Hong Kong, Taiwan, the U.S., Europe, Singapore, Canada, India, Australia and several other countries and regions), 101 software copyrights, 100 registered domain names, and three issued invention patents in mainland China. Specifically, the Trademark 諾亞財富 owned by Noah Investment has been recognized as a “Well-known Trademark (馳名商標)” in China. The trademark  owned by Gopher has also been recognized as a “Well-known Trademark (馳名商標)” in mainland China.

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Our intellectual property is subject to risks of theft and other unauthorized use, and our ability to protect our intellectual property from unauthorized use is limited. In addition, we may be subject to claims that we have infringed the intellectual property rights of others. See “Risk Factors — Risks Related to Our Business — We may not be able to prevent unauthorized use of our intellectual property, which could reduce demands for our products and services, adversely affect our revenues and harm our competitive position” and “Risk Factors — Risks Related to Our Business — We may face intellectual property infringement claims against us, which could be time-consuming and costly to defend and may result in the loss of significant rights by us.”

During the Track Record Period and up to the Latest Practicable Date, we did not engage in any material disputes or claims of infringement of any intellectual property rights with third parties, whether as a claimant or as a defendant. As of the Latest Practicable Date, we were not aware of any such disputes or claims against us. We believe we have taken reasonable measures to protect our intellectual property rights and ensure compliance with applicable intellectual property laws.

COMPETITION

The independent HNW wealth management services industry in China is concentrated. We primarily compete with other independent HNW wealth management service providers in China, which are providers primarily engaged in providing diversified investment products and comprehensive services to HNW clients and are not associated with any financial institutions. We believe that our high quality and loyal client base, ecosystem with product and investment partners, unique investment opportunities we provide, domestic and overseas capabilities and leading technology infrastructure provide us a competitive advantage. We also compete with private banking arms of financial institutions, typically the private banking departments of commercial banks in China.

CUSTOMERS AND SUPPLIERS

Our customers primarily include our investment product providers whose products are distributed by us, and investment funds managed by us. In 2019 and 2020, no single customer accounted for more than 10% of our total revenues and our five largest customers in aggregate accounted for less than 20% of our total revenues. In 2021, one customer accounted for 11.4% of our total revenues, and our five largest customers in aggregate accounted for 30.2% of our total revenues.

Our suppliers primarily include marketing suppliers and professional service providers. In 2019, 2020 and 2021, no single supplier accounted for more than 10% of our purchases, and our five largest suppliers in aggregate accounted for less than 20% of our purchases.

EMPLOYEES

We had 2,992, 2,960 and 3,148 employees as of December 31, 2019, 2020 and 2021, respectively. As of December 31, 2021, we had 2,977 employees in mainland China, 140 employees in Hong Kong and 31 employees in other jurisdictions.

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The following table sets out the breakdown of our full-time employees by function as of December 31, 2021:

Business Segments	Number of Employees	% of Total
Wealth management	438	13.9
<i>Relationship managers</i>	1,316	41.8
Asset management	191	6.1
Overseas and other businesses	355	11.3
Research and development	414	13.2
Risk management and compliance	108	3.4
Administrative support	326	10.3
Total	3,148	100.0

We believe we offer our employees competitive compensation packages and a dynamic work environment that encourages initiative and is based on merit. As a result, we have generally been able to attract and retain qualified personnel and maintain a stable core management team. In 2021, we were awarded “the Best HR Program” by Flag Awards, as well as “the Best Employer in Greater China” by HRoot Awards.

As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including endowment insurance, unemployment insurance, maternity insurance, employment injury insurance, medical insurance and housing provident fund. We enter into standard labor, confidentiality and non-compete agreements with our employees. The non-compete restricted period typically expires two years after the termination of employment, and we agree to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period.

We believe that we maintain a good working relationship with our employees, and we did not experience any major labor disputes during the Track Record Period.

INSURANCE

We participate in government sponsored social security plans including endowment insurance, unemployment insurance, maternity insurance, employment injury insurance, medical insurance and housing provident funds. We also maintain a director and officer liability insurance policy for our Board of Directors, executives and employees. In Hong Kong, we maintain investment structure insurance as required by the SFC. We do not maintain business interruption insurance or key-man life insurance. We consider our insurance coverage to be adequate for our existing operations and in line with that of other wealth management companies of similar size in China.

During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies. See “Risk Factors — Risks Related to Our Business — We have limited insurance coverage.”

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Our principal executive offices are currently located in leased office space at Building 2, 1687 Changyang Road, Yangpu District, Shanghai and Building C and F, 32 Qinhuangdao Road, Yangpu District, Shanghai, which occupy approximately a total of 23,263 square meters. In May 2021, we purchased new headquarter premises with a gross floor area of approximately 72,000 square meters at 218, Shaohong Road, 1226 and 1256, South Shenbin Road, Minhang District, Shanghai, which will be used as our new headquarters.

Property Valuation

Savills Valuation and Professional Services Limited, an independent property valuer, has valued our newly purchased headquarter premises as of December 31, 2021. The carrying amount of our newly purchased headquarter premises' property interest (which all form part of non-property activities) is approximately RMB2,369.8 million (US\$371.9 million), accounting for 21.8% of our Group's total assets as of December 31, 2021. For the valuation report of our newly purchased headquarter premises, please refer to "Appendix III — Valuation Report."

Save as disclosed above, no single owned or leased property interest of our Group (which all form part of non-property activities) has a carrying amount of 15% or above of our Group's total assets as of December 31, 2021.

Owned Properties

As of December 31, 2021, we owned a total of two properties, with one property for office premises in Suzhou and one property to be used for headquarters in Shanghai. The aggregate gross floor area of our owned properties is approximately 74,000 square meters. All our owned properties are located in mainland China. As advised by our PRC Legal Adviser, we have legally obtained the ownership of such properties.

Leased Properties

As of December 31, 2021, we had leased a total of 117 properties, with 111 properties for service centers and six properties for headquarters. The gross floor area of our leased properties range from approximately 45 square meters to 10,402 square meters. Our leased properties are located in mainland China, Hong Kong, Taiwan, Silicon Valley, New York and Singapore. As advised by our PRC Legal Adviser, the lease agreements entered into by our Significant Subsidiaries in the PRC for the leased properties material to our business operations are legal and valid.

OCCUPATIONAL HEALTH AND SAFETY

Our operations are subject to regulation and periodic monitoring by local work safety authorities. If we fail to comply with present or future laws and regulations, we would be subject to fines, suspension of business or cessation of operations. As such, we emphasize occupational health and safety and have established work safety policies and procedures to ensure that our operations are in compliance with applicable safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, none of our employees had been involved in any major workplace accident in the course of their employment, and we had not been subject to any material disciplinary actions with respect to labor protection issues.

ENVIRONMENT, SOCIAL AND CORPORATE GOVERNANCE

We pay close attention to environmental, social and corporate governance (“ESG”) matters and take actions in our day-to-day operations and investment services. Since 2014, we have been voluntarily releasing a Corporate Social Responsibility (“CSR”) Report on an annual basis, which are well recognized both domestically and internationally. In 2021, we received AAA rating for excellent CSR reporting from the Ministry of Industry and Information Technology, and were awarded “Transparency and Reporting” by the UN Women China WEPs Awards.

We actively work to promote our growth and operations in a sustainable and responsible manner and aim to become a company built on sustainable development and responsible strategies, aligned with our core corporate values — client-centricity, integrity, professionalism, embracing changes, self-improvement, and passion. We updated our corporate mission in 2018 as “enriching life with wealth and wisdom” and envision ourselves to become a trustworthy partner by developing a deep understanding of clients through the pursuit of professionalism and excellence. We have been continuously investing in training and education programs for employees and clients.

We believe that our operations do not produce material industrial waste and have a relatively limited impact on the environment compared to companies that directly engage in production. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any administrative penalty for violating the applicable PRC or other environmental laws and regulations that are material to our Group.

Our 2021 Noah Holdings Limited Sustainability Report will be released in April 2022, prepared in accordance with Global Reporting Initiative (GRI) G4 Core Option and Standard AA1000 (2008). The report will highlight our efforts in ESG matters during the period, including corporate governance, employee compensation, anti-bribery and anti-corruption, sustainable management, human capital management, client-oriented innovation and investor education, digitalization, charity as well as other ESG matters. We hope our efforts will help create a healthy ecosystem in our business operations and promote sustainable development in the industry.

In March 2021, Ms. Jingbo Wang, our Company’s founder, chairwomen and chief executive officer, signed the Statement of Support for Women’s Empowerment Principles at UN Women. As of December 31, 2021, female employees accounted for 61.8% of our total employees and 36.7% of our senior management team. The average training hours of our employees are approximately 77.6 hours in the year. We endeavor to include ESG-related topics into the decision-making process of risk management, product and service development and provision, as well as marketing activities.

In October 2021, we were recognized by the international certification agency SGS and obtained ISO 14064-1:2018 (qualification and reporting of greenhouse gas emission and removal, becoming the first company in China to meet the standard. The new office premises we purchased in Hongqiao Transportation Hub consists of four office buildings, one of which was certified as LEED platinum level with the other three as LEED gold level by LEED certification, a globally recognized symbol of sustainability achievement and leaderships.

We also introduced ESG sections on Fund Smile and iNoah in 2021, so that our clients can access ESG related fund products more clearly and directly online.

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In April 2020, our Company and Gopher Asset Management both joined the UN supported Principles for Responsible Investment initiatives as official signatories, to promote responsible investments from both wealth management and asset management ends, and practice sustainable development. Our Company signed as a service provider and Gopher Asset Management signed as an investment manager. Our Company became the first independent wealth management firm in China to participate in this initiative.

In 2020, we also established an ESG sustainability committee consisting of Directors and senior management members, to report to our Board of Directors and to oversee the sustainable development of our Company. In addition, the key performance indicators of our senior management members have incorporated ESG indicators. The ESG sustainability committee, together with the strategy committee, talent committee, operation committee, science and technology revolution committee, product committee, ethics compliance committee (including compliance and discipline supervision committee), client interest committee, contributes to our organizational leadership capability and forms an effective collective decision-making mechanism.

In 2020, Gopher Asset Management jointly initiated China Asset Manager ESG Investment Alliance with 50 fund managers. In July 2021, Gopher Asset Management released its ESG Responsible Investment Report, introducing the development trends of international and domestic ESG responsible investment, analyzing ESG-related investment opportunities, stating Gopher Asset Management's research and investment actions, as well as presenting a group of excellent investment cases in line with sustainable business models.

As of December 31, 2021, we, our employees and clients had donated more than 357,000 saxaul trees that have been planted in Tengger Desert in China, covering more than 1,238.5 acres of land and helping to stabilize 3.57 square kilometers of sand. Noah also supports the "Noah Ark — Biodiversity Conservation" programme in the South West China to help protect animals such as green peafowls and Asian elephants. As of the end of 2021, 23 rare species in the region have been identified by the programme. In November 2021, in response to the spirit of the United Nations Convention on Biodiversity (COP15), we launched the first "Noah's Ark — Green Peacock Biodiversity Conservation" charity concert, as well as a 20-year "Green Peacock Ecological Restoration Plan".

From 2015 to 2021, we organized 220 series of Noah Care courses in more than 50 cities in China, covering topics of happiness, well-being, and psychological health, which have been attended by or benefited more than 27,000 people. A social program we launched has helped thousands of beneficiaries including children in underdeveloped villages in China to receive education and community non-resident children to receive healthcare, as well as providing training sessions for children with infantile autism.

To help combat the COVID-19 pandemic, our employees and clients have donated approximately 40,000 facial masks, RMB1.05 million, 990 kilograms of disinfectant and a number protective suits for hospitals in Hubei, Beijing, Shanghai, Sichuan, Jiangsu and Zhejiang, China through a number of non-profit organizations. We also made a donation of RMB2 million to Henan and Shanxi provinces to promote social welfare and facilitate reconstructions after heavy rainstorms.

Our ESG efforts are recognized by various organizations, demonstrated by the awards we received, including Best CSR Institution by IPWM 2021, 2020 Titanium ESG Corporate Award and 2021 Gold ESG Corporate Award by the Asset; 2020 Best ESG Case by Cailian Press, and 2021 ESG Corporation of the Year by China Corporate Social Responsibility Forum.

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We have launched a dedicated Noah ESG website in 2020 to promote ESG awareness and efforts in the industry. More information and the CSR reports are available at esg.noahgroup.com.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

General

In the ordinary course of our business, we, our Directors, management and employees may be subject to legal or administrative proceedings from time to time. See “Risk Factors — Risks Related to Our Business — Our business is subject to risks related to complaints, claims, controversies, regulatory actions, arbitration and legal proceedings.”

Other than the matters discussed below, during the Track Record Period and up to the Latest Practicable Date, we were not a party to any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation. There are no legal, arbitral or administrative proceedings before any court current or pending against, or involving, the properties or the businesses of our Company or to which any of the properties or members of our Company is a subject, which would have a material adverse effect on our business, results of operations, financial condition or reputation. However, we may from time to time become a party to various legal, arbitration or administrative proceedings arising from the ordinary course of business.

During the Track Record Period and up to the Latest Practicable Date, none of our Directors, Supervisors or senior management was involved in any material litigation, arbitration or administrative proceedings.

Compliance, Licenses and Approvals

Our PRC Legal Adviser is not aware of any non-compliance incidents of our Significant Subsidiaries in the PRC during the Track Record Period and up to the Latest Practicable Date that would, individually or in the aggregate, have a material adverse effect on our business operations. As of the Latest Practicable Date, our Significant Subsidiaries had obtained all material licenses, approvals and permits necessary from competent regulatory authorities for our business operations in the jurisdictions in which we operate. We renew all such permits and licenses from time to time to comply with the relevant laws and regulations. As of the Latest Practicable Date, we were not aware of any facts that would prevent us from renewing permits or licenses material to our Group.

The Camsing Incident

Background

In early 2018, one of the Consolidated Affiliated Entities of our Group, Shanghai Gopher, established credit funds (the “**Camsing Credit Funds**”) to allow our clients to invest in account receivables (the “**Camsing Accounts Receivables**”) arising from the sale of computer, consumer electronics and communication products by affiliates (the “**Sellers**”) of Camsing International Holding Limited (2662.HKEX) (“**Camsing**”) to a buyer (the “**Buyer**”). Under this supply chain factoring arrangement, the controlling shareholder and affiliates of Camsing guaranteed to repurchase the Camsing Accounts Receivables from the Camsing Credit Funds if the Buyer failed to settle the Camsing Accounts Receivables upon the relevant due dates.

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Our Company has maintained and implemented internal control procedures with respect to Shanghai Gopher's investment funds. During the internal control review of the Camsing Credit Funds, we discovered discrepancies in the identities of the contracting parties during two face-to-face interviews in mid-June 2019, and came to suspect that the Sellers had forged certain transactions with the Buyer, and that certain of the Camsing Accounts Receivables purported to be underlying assets for the Camsing Credit Funds did not arise from real commercial transactions between the Sellers and the Buyer. Among all financial institutions that had a business relationship with Camsing and its affiliates, Shanghai Gopher and its affiliate were the first to report the suspected fraudulent activities to the Shanghai Police and Shanghai Office of the CSRC, and initiated legal proceedings to the Sellers, the Buyer and relevant guarantors. These events are collectively referred to as the Camsing Incident (the "**Camsing Incident**").

As of the Latest Practicable Date, a total of 818 clients of Shanghai Gopher who invested in the Camsing Credit Funds were affected, and the outstanding amount of the Camsing Accounts Receivables under the Camsing Credit Funds which are subject to repayment default amounted to RMB3,415.5 million. Our Company confirmed that these 818 affected clients are independent third parties of our Company.

We believe we have solid legal grounds to defend legal claims from the affected clients in connection with the Camsing Incident against us because (i) Shanghai Gopher, as a fund manager, had implemented internal control and risk control policies and procedures with respect to the establishment and ongoing management of the Camsing Credit Funds, which we believe were in line with both the internal control requirements of other fund managers for fulfilling their due diligence needs and industry practice and standard; (ii) there was no implicit or explicit guarantee on return of capital in the relevant investment agreements in connection with the Camsing Credit Funds, which have been disclosed to and agreed upon by the relevant clients at the time of their investments; (iii) Shanghai Gopher disclosed to the affected clients about the relevant investment risks in connection with the Camsing Credit Funds; and (iv) Shanghai Gopher, as a victim to the suspected fraudulent activities, has also taken appropriate legal actions to protect interests of the affected clients.

Maximum impact of the Camsing Incident on us during the Track Record Period

(i) We are not liable for the repayment of the Camsing Accounts Receivables

As the fund manager, Shanghai Gopher was not liable to our clients for repayment of the RMB3,415.5 million Camsing Accounts Receivables since the investment agreements between Camsing Credit Funds and our clients did not indicate that the investments were capital-protected or guaranteed. Shanghai Gopher undertakes obligations as a fund manager in connection with the Camsing Credit Funds, without any capital redemption commitments, which primarily include (i) handling the necessary registration and filing procedures; (ii) evaluating investor risk appetite and tolerance; (iii) assigning personnel to conduct strategic analysis and operate and manage the fund assets; and (iv) providing investors with material information on fund operation and management, such as regular performance reports.

Nevertheless, we cannot preclude the possibility that the affected clients may initiate legal action against our Group. As of December 31, 2021, 33 out of a total of 818 affected clients had initiated legal proceedings against Shanghai Gopher and/or its affiliates that were still ongoing, with an aggregate claim amount of approximately RMB116.1 million (US\$18.2 million), representing approximately 2.7% of our total revenues for the year ended December 31, 2021. As of the Latest Practicable Date, among the legal proceedings initiated by the 33 affected clients, 31 were pending ruling from the relevant arbitral

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tribunals or courts (the “**Pending Proceedings**”) and two had been dismissed in which the Group does not have legal obligations to the claims made by the two affected clients. As of the Latest Practicable Date, among the Pending Proceedings, 20 had been suspended by the relevant arbitral tribunals based on the suspension applications raised by Shanghai Gopher and 11 were still ongoing in the relevant arbitral tribunals or courts. The PRC Legal Adviser is of the view that the Pending Proceedings will not have a material adverse effect on our Group’s business on the basis that,

- (A) the PRC Legal Adviser concurs with our beliefs that we have the solid legal grounds to defend the legal claims against us in the Pending Proceedings because (i) Shanghai Gopher, as a fund manager, had implemented internal control and risk control policies and procedures with respect to the establishment and ongoing management of the Camsing Credit Funds, which we believe were in line with the internal control requirements of other fund managers for fulfilling their due diligence needs; (ii) there was no implicit or explicit guarantee on return of capital in the relevant investment agreements in connection with the Camsing Credit Funds, which have been disclosed to and agreed upon by the relevant clients at the time of their investments; (iii) Shanghai Gopher disclosed to the affected clients about the relevant investment risks in connection with the Camsing Credit Funds; and (iv) Shanghai Gopher, as a victim to the suspected fraudulent activities, has also taken appropriate legal actions to protect interests of the affected clients; and
- (B) during the Track Record Period and up to the Latest Practicable Date, despite the Pending Proceedings and relevant regulatory investigations brought by the PRC governmental authorities in connection with the Camsing Incident, (i) the license necessary for the operation of asset management business held by Shanghai Gopher remains effective, (ii) Shanghai Gopher has not received any notification from any competent government authority with respect to the suspension or revocation of such license, and (iii) no administrative penalty has been imposed against the Company arising from the Camsing Incident.

Also, our Company does not expect the outcomes of such legal proceedings to have a material adverse effect on our Group’s business. Save for the above, our Company was not aware of any change in the number of affected clients who initiated legal action against us or accepted the Offer as of the Latest Practicable Date.

- (ii) *Share dilution effect, share-based settlement expenses and contingent liability of the RSU settlement plan*

While we believe we have solid legal grounds to defend any legal claims from all 818 affected clients in the Camsing Incident against us, as a gesture of goodwill and to avoid distractions to our management and to minimize the potential legal costs for handling 818 potential legal proceedings, we voluntarily made an ex gratia settlement offer (the “**Offer**”) to affected clients. An affected client who accepted the offer shall receive restricted share units (“**RSUs**”) that become a Class A ordinary shares holder of our Company upon vesting, and in return (i) forego all outstanding legal rights associated with the investment in the Camsing Credit Funds, and (ii) irrevocably release our Company and all its affiliated entities and individuals from any and all claims immediately, known or unknown, that relate to the Camsing Credit Funds.

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The deadline for the affected clients to accept the Offer was December 31, 2020. We are willing to negotiate with affected clients who intend to settle after December 31, 2020. The deadline for the affected clients who did not accept the Offer to initiate claims against Shanghai Gopher is generally three years from the liquidation of the Camsing Credit Funds, subject to the rules of suspension, restart, or other rules and circumstances of the limitation period as prescribed by PRC laws.

As of December 31, 2021, 595 of the total of 818 affected clients (approximately 72.7%) had accepted the Offer, representing RMB2,574.9 million (US\$404.1 million) (approximately 75.4%) of the total amount of outstanding Camsing Accounts Receivables. If we were to settle with the remaining 223 unsettled affected clients on terms similar to the settlement with the 595 affected clients, the maximum financial impact on our Group would be RMB433.3 million, which has been recognized in full as an expense and a contingent liability. Our Company was not aware of any significant change in our contingent liability after December 31, 2021 and up to the Latest Practicable Date.

We recorded a settlement expense attributable to the Camsing Incident of RMB1,828.9 million and RMB19.9 million for the years ended December 31, 2020 and 2021, respectively. The table below sets forth a breakdown of our settlement expense for the periods indicated:

	Year ended December 31,	
	2020	2021
	RMB'000	RMB'000
Share-based settlement expenses based on the fair value of the RSUs issued or to be issued to affected clients	1,290,811	105,597
Contingent liabilities recognized for unsettled affected clients (reversed due to settlement)	530,433	(86,725)
Foreign exchange adjustment due to the different foreign exchange rates adopted for contingent liabilities and share-based settlement expenses	7,663	1,036
	1,828,907	19,908

As approved by the Board, new Class A ordinary shares not exceeding 1.6% of the share capital of our Company will be issued under the settlement plan annually for ten consecutive years. The settlement plan was not required to be approved by the Shareholders under our Articles.

As of December 31, 2021, 595 of the total of 818 affected clients (approximately 72.7%) had accepted the Offer, representing RMB2,574.9 million (US\$404.1 million) (approximately 75.4%) of the total amount of outstanding Camsing Accounts Receivables. The maximum number of Class A ordinary shares to be issued by our Company to these 595 affected clients was 3,715,114, which accounted for (i) approximately 11.4% of the total issued Shares of our Company as of December 31, 2021, (ii) approximately 6.4% of the voting rights of our Company as of December 31, 2021, and (iii) approximately 11.9% of the voting rights of our Company immediately upon the

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Listing (assuming all Class B ordinary shares have been converted into Class A ordinary shares, the Over-allotment Option is not exercised, and no additional Shares are issued under the Share Incentive Plans).

We set forth below a breakdown of the 3,715,114 RSUs granted under the RSU Plan as of the Latest Practicable Date:

No.	Range of Class A ordinary shares underlying the RSUs granted under the RSU Plan	Total number of RSU grantees	Total number of Class A ordinary shares underlying the RSUs	Approximate percentage of voting rights in the Company underlying the RSUs immediately upon the Listing ⁽¹⁾
1.	1,000 – 10,000	525	2,052,704	6.6%
2.	10,001 – 20,000	45	598,769	1.9%
3.	20,001 – 30,000	15	382,346	1.2%
4.	30,001 – 60,000	6	257,108	0.8%
5.	60,001 or above	4	424,187	1.4%
Total		595	3,715,114	11.9%

Note:

(1) Assuming all Class B ordinary shares have been converted into Class A ordinary shares, the Over-allotment Option is not exercised, and no additional Shares are issued under the Share Incentive Plans.

We recorded share-based settlement expenses of RMB1,290.8 million for the year ended December 31, 2020 based on the fair value of the RSUs issued to affected clients under the Offer. As we do not preclude the possibility of reaching settlement with such affected clients in the future on similar terms, RMB530.4 million was recorded as contingent liabilities as of December 31, 2020.

Based on the difference between the fair value of the RSUs to be issued under the Offer in 2021 and the corresponding contingent liabilities accrued as of December 31, 2020, we recorded share-based settlement expenses in the amount of RMB19.9 million (US\$3.1 million) for the year ended December 31, 2021, and the contingent liabilities for unsettled affected clients was RMB433.3 million (US\$68.0 million) as of December 31, 2021.

(iii) Impairment provisions made by our Group in respect of the Camsing Incident

Our Group made full impairment provisions of RMB94.8 million, nil and nil for the years ended December 31, 2019, 2020 and 2021, respectively, accounting for approximately 1.0%, nil and nil of our Group's total assets as of December 31, 2019, 2020 and 2021, respectively, for (i) the management fees in relation to the Camsing Credit Funds, which were no longer payable to our Group; and (ii) our Group's investment of RMB82 million in the Camsing Accounts Receivables. As of December 31, 2019, 2020 and 2021, no other items on our Group's balance sheet were related to the Camsing Credit Funds and the Sellers.

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(iv) Product Offering Adjustments

In the third quarter of 2019, our Group (i) ceased offering private credit products (including the supply chain factoring related products similar to those offered by the Sellers under the Camsing Credit Funds), and (ii) began redeeming all outstanding private credit products (the “**Product Offering Adjustments**”). The Group does not intend to offer private credit products (including the supply chain factoring related products similar to the Camsing Credit Funds) after the Listing.

As of December 31, 2020, our Group had fully redeemed all supply chain factoring related products similar to those offered by the Sellers under the Camsing Credit Funds. Our Group’s AUM decreased by approximately 10.2% from RMB170.2 billion as of December 31, 2019 to RMB152.8 billion as of December 31, 2020, and our Group’s AUM in relation to credit fund investments decreased from RMB24.9 billion as of December 31, 2019 to RMB5.5 billion as of December 31, 2020, primarily due to the Product Offering Adjustments. As our Group continuously increased our offering of standardized public securities products after the Product Offering Adjustments, our Group’s AUM increased by approximately 2.1% from RMB152.8 billion as of December 31, 2020 to RMB156.0 billion (US\$24.5 billion) as of December 31, 2021, and our Group’s AUM in relation to credit fund investments decreased from RMB5.5 billion as of December 31, 2020 to RMB1.4 billion (US\$0.2 billion) as of December 31, 2021.

Investigations relating to the Camsing Incident

(i) Regulatory investigations

Upon discovering the suspected fraud of the Sellers, we reported the incident to regulators including the CSRC and its local branches, AMAC, the Shanghai Asset Management Association (上海市基金同業公會) the Financial Stability Bureau of the People’s Bank of China (中國人民銀行金融穩定局) and the Shanghai Office of the CBIRC. No administrative penalty was imposed against our Group and our senior management by such regulators during and after the regulatory investigations. Our Group implemented all internal control measures recommended by regulators after these investigations in September 2020, which include (i) improving our due diligence review measures, (ii) enhancing our investment decision-making procedures, and (iii) reinforcing our risk identification mechanisms. In response, we devised additional, more comprehensive due diligence checklists, enhanced training on due diligence methods, expanded our investment committees, created sub-committees responsible for reviewing investments in various industries and updated our risk identification guidelines.

(ii) Criminal investigations

Shanghai Gopher was the first to report the suspected fraudulent activities of the Sellers to the Shanghai Police, who initiated an investigation based on Shanghai Gopher’s report. During the Track Record Period and up to the Latest Practicable Date, to our best knowledge, no court proceedings in respect of the Camsing Credit Funds had been brought against us or our management by the PRC government authorities.

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(iii) Internal investigations

Upon discovering the suspected fraudulent activities of the Sellers, we established a special internal audit team led by our senior management to, among others, (i) review the underlying transaction documents of the Camsing Accounts Receivables; and (ii) conduct a comprehensive review in respect of the formation and management of the Camsing Credit Funds. We also initiated a series of internal investigations and self-inspections, including, among others, (i) internal inventory product risk investigations; (ii) internal control mechanism investigations; (iii) sales compliance investigations; and (iv) various operational process investigations.

No material weakness or significant deficiencies in our Group's internal control and risk management policies and procedures or failure of compliance were identified in the aforementioned internal investigations.

(iv) Third-party investigations

Under the instructions and authorization of the Audit Committee of the Board, we engaged an external legal counsel in September 2019 to conduct an investigation primarily to evaluate (i) whether our internal control and risk control systems are consistent with its public disclosures; (ii) whether we had implemented its internal control and risk control policies and procedures with respect to the Camsing Credit Funds; and (iii) whether there was evidence suggesting deficiencies in our internal control and risk control policies and procedures with respect to the Camsing Credit Funds; and (iv) whether we had taken measures to mitigate the losses incurred by affected clients after the occurrence of the Camsing Incident. Based on this evaluation, we understand that (i) our Group's policies and procedures in terms of internal control and risk control were generally consistent with our public disclosures; (ii) we had implemented the relevant internal control and risk control policies and procedures with respect to the Camsing Credit Funds; (iii) there was no evidence suggesting material deficiencies in our Group's internal control and risk control systems with respect to the Camsing Credit Funds; and (iv) we had taken remedial measures following the occurrence of the Camsing Incident to mitigate the losses incurred by affected clients.

In addition, since our Company went public and became listed on the NYSE in 2010, our Company's management, assisted by PricewaterhouseCoopers, have annually assessed our Group's internal control system in accordance with the relevant standards under the U.S. Sarbanes-Oxley Act. Based on such assessments, we are not aware of any material weaknesses in our Group's internal control and risk management policies and procedures.

(v) Independent opinion on internal control over financial reporting

We have engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP as its auditors to conduct independent audits on the effectiveness of our Group's internal control over financial reporting every year since 2011, based on the relevant standards under the "Internal Control-Integrated Framework" (2013 Edition) issued by the Committee of Sponsoring Organizations of the Treadway Commission. For the years ended December 31, 2019, 2020 and 2021, the auditors did not report any material weakness in our Group's internal control over financial reporting.

No material impact on the Product Offering Adjustments

The Product Offering Adjustments did not have a material adverse impact on our Group's total transaction value. The transaction value attributable to our Group's standardized public securities products continues to record strong growth, offsetting the impact of the Product Offering Adjustments. The total transaction value increased by approximately 20.6% from RMB78.5 billion for the year ended December 31, 2019 to RMB94.7 billion for the year ended December 31, 2020, and further increased by approximately 2.6% to RMB97.2 billion (US\$15.3 billion) for the year ended December 31, 2021.

No material impact on our Group's reputation

Following the Product Offering Adjustments, we believe that we have recovered from the impact of the Camsing Incident to our Group's reputation, evidenced by (i) the strong financial performance in 2021, with our total revenues increased by approximately 30.1% from RMB3,324.7 million for the year ended December 31, 2020 to RMB4,326.6 million (US\$678.9 million) for the year ended December 31, 2021; (ii) the increase in the total number of active clients (including mutual fund-only clients) by approximately 25.0% from 34,213 for the year ended December 31, 2020 to 42,764 for the year ended December 31, 2021; (iii) the increase in the transaction value by 20.7% from RMB78.5 billion for the year ended December 31, 2019 to RMB94.7 billion for the year ended December 31, 2020, and the further increase to RMB97.2 billion for the year ended December 31, 2021; and (iv) revenue under our asset management business from performance-based income increased by 71.0% from RMB184.2 million in 2020 to RMB315.1 million in 2021 primarily due to an increase in performance-based income from private equity products.

Enhanced internal controls after the Camsing Incident

Our Group has attached great importance to risk management and internal control since our inception. As a result of the Camsing Incident, our Group enhanced and improved our risk management and internal control systems, specifically through the following measures:

(i) Enhancements to internal controls and rules

In 2020, our Group enhanced and upgraded our (i) due diligence requirements and procedures, such as by devising additional, more comprehensive due diligence checklists and (ii) compliance and risk management procedures and structure, such as by updating our risk identification guidelines. Specifically, we have revised and refined our "Internal Control Work Management Measures (內控工作管理辦法)", "Organization Management Measures (制度管理辦法)", "Exit Audit System (離任審計制度)", "Internal Audit Management System (內部審計管理制度)" and "US Sarbanes-Oxley Act (SOX) Section 404 Internal Control Effectiveness Evaluation Work Management Measures (薩班斯-奧克利斯法案404條款內控有效性評價工作管理辦法)" to enhance our internal controls and rules. Further, we have started assigning designated teams over the risk management of our funds in open market, primary market and real estate business, respectively. Our Group also optimized the assignment and allocation of roles and responsibilities of relevant employees in charge of each step of the due diligence and investment assessment processes, and also revisited and updated our work flows on project approval, launch and ongoing management to ensure the effectiveness of our Group's risk management and internal control system. We have also engaged an external electronic signature supplier to verify the authenticity of signatures in the underlying transaction documents during our internal review processes.

(ii) *Internal auditing*

Immediately after the Camsing Incident, we increased the headcount of our internal audit department to ensure the effective implementation of the enhanced risk management and internal control related policies of our Group. We have also established an “Ethics Compliance Committee (道德遵從委員會)” comprising our core management team members, to ensure that any irregularities identified by the internal audit department are promptly brought to the attention of our senior management and rectified appropriately.

Sponsor’s view on the Camsing Incident

On the bases set forth above, the Sole Sponsor submits that the Camsing Incident does not reflect negatively on the suitability of the Directors under Rules 3.08 and 3.09 of the Hong Kong Listing Rules.

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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 in the Accountants' Report in Appendix IA to this document and in particular, "Business." This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this document. We have prepared our consolidated financial statements in accordance with U.S. GAAP. Our fiscal year ends on December 31 and references to fiscal years 2019, 2020 and 2021 are to the fiscal years ended December 31, 2019, 2020 and 2021, respectively.

OVERVIEW

We are the largest independent wealth management service provider in China focusing on serving HNW and ultra HNW clients in terms of total revenues in 2021, according to Frost & Sullivan. We provide comprehensive financial services to our clients through three synergetic business segments including wealth management business, asset management business and other businesses, which contributed to 74.2%, 24.2% and 1.6% of our total revenues in 2021, respectively.

Our aggregate registered clients increased from 293,760 as of December 31, 2019 to 360,637 as of December 31, 2020, and further increased to 411,981 as of December 31, 2021. Our total revenues slightly decreased by 2.6% from RMB3,413.2 million in 2019 to RMB3,324.7 million in 2020 primarily due to the COVID-19 pandemic, but increased by 30.1% from RMB3,324.7 million in 2020 to RMB4,326.6 million (US\$678.9 million) in 2021. We recorded net income of RMB863.8 million and RMB1,306.1 million (US\$205.0 million) in 2019 and 2021, respectively, and net loss of RMB743.5 million in 2020. The net loss in 2020 was primarily due to the non-cash settlement expense of RMB1,828.9 million attributable to the Camsing Incident. When evaluating our operating performance, our management would also review and consider (i) share-based compensation, and (ii) settlement expense attributable to the Camsing Incident. In 2019, 2020 and 2021, we recorded share-based compensation expenses of RMB94.9 million, RMB59.8 million and RMB51.0 million (US\$8.0 million), respectively. In 2019, 2020 and 2021, we recorded settlement expenses attributable to the Camsing Incident of nil, RMB1,828.9 million and RMB19.9 million (US\$3.1 million), respectively.

Rule 13.46(2) of the Hong Kong Listing Rules requires an overseas issuer to send an annual report or a summary financial report within four months after the end of the financial year to which the report relates. As this document already includes the financial information of our Company for the year ended December 31, 2021, we will not separately prepare and send an annual report to its shareholders for the year ended December 31, 2021, which will not be in breach of its constitutional documents, laws and regulations of the Cayman Islands or other regulatory requirements.

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FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is affected by factors relating to general economic conditions and the HNW wealth management services industry in China and other jurisdictions in which we operate, including:

- *Levels of individual investable financial assets and HNW population in China.* We have benefited from the overall economic growth of China and the corresponding increased levels of individual investable financial assets and growing HNW population. The growth of HNW wealth management services industry depends on the continuation of these trends.
- *Client awareness of HNW wealth management services.* As Chinese HNW individuals become more sophisticated with respect to their investment strategies and utilizing the value-added services provided by wealth management service providers, an increasing number of qualified and experienced wealth management service providers have focused on the development and innovation of investment products, which will further boost the development of the industry.
- *Development of capital markets in China.* Recent reforms in Chinese capital markets, including establishment of the Shanghai Stock Exchange Science and Technology Innovation Board, the Beijing Stock Exchange and registration-based IPO regime, provide greater exit opportunities for private equity investments. The opening-up to foreign investments also facilitates globalization of China's capital market and encourages more trading and investment activities. These developments have in turn driven an expansion in the supply of investment products, both of which has furthered the growth of the HNW wealth management services industry.
- *Macroeconomics and secondary market.* Changes in investment demand or investment preferences brought about by factors such as perceived or actual general economic conditions in China and globally, including but not limited to changes in interest rates, inflation and political uncertainty, or performance of the secondary market could affect demand of our clients for our investment products and our operating results. Furthermore, as a portion of our revenues come from performance-based fees earned by investment product partners, our performance is particularly sensitive to cycles in the secondary market as our investment products primarily consist of mutual fund products and private secondary products. An active and booming secondary market generally provides more exit opportunities for our investments, better investment returns for our clients and more performance-based fees for us.
- *Regulatory and policy changes.* The wealth management and asset management markets are subject to extensive governmental regulation and policy changes, which may have a material impact on our performance. In particular, in recent years, PRC regulatory authorities published a series of new rules that restrict the issuance of private credit products, which had a material impact on our product mix, and accordingly affected our revenue structure and operating performance. See “Risk Factors — Risks Related to Our Business — Because the laws and regulations governing the industries of wealth management, asset management and other businesses in China are developing and subject to further change, any failure to obtain or maintain requisite approvals, licenses or permits necessary to conduct our operations or any failure to comply with laws and regulations applicable to our business and services could harm our business.”

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While our business is influenced by general factors affecting our industry, our operating results are more directly affected by the following Company-specific factors:

- *Our ability to expand our client base and enhance client loyalty.* Our revenue growth has been driven primarily by the increasing number of clients we serve, especially core clients including diamond and black card clients, and the investment products we offer or distribute to these clients. We maintain and expand our client base primarily through our dedicated team of relationship managers and strategic client center. We strive to enhance our client loyalty by offering attractive investment products, smooth and convenient investment process, various online and offline investor education and other client events.
- *Our ability to increase transaction value, AUM and service fee rates.* We generate revenues from the transaction value of investment products we distribute and the AUM we manage. Our ability to maintain and increase our transaction value, AUM and service fee rates in turn depends on the following factors:
 - *Our ability to enhance cooperation with product partners and investment partners.* We rely on cooperation with our product partners and investment partners to provide investment products to our clients, and we generate a majority of our revenues from services fees paid by our product partners and investment partners. Our ability to collaborate with leading product partners and investment partners affects our ability to offer attractive products to our clients, maintain and increase our client base, grow our transaction value and AUM and obtain a resilient and favorable revenue structure. In addition, our continued success also depends on our ability to negotiate favorable service fee rates with our product partners and investment partners.
 - *Our ability to grow our AUM and enhance the performance of investments managed by Gopher.* We generate a substantial portion of revenue from our asset management business, which correspond directly to our domestic and overseas AUM, respectively. Our ability to grow our AUM depends on Gopher's investment performance. To the extent that Gopher's historical investment performance is not satisfactory, or that Gopher's future investment performance is perceived to worsen in either relative or absolute terms, the revenue and profitability of our asset management business will likely decline and our ability to grow existing funds and raise new funds in the future will likely be impaired.
 - *Our ability to optimize our product mix.* As a multi-asset allocator, our ability to adjust and transform our product mix due to evolving economic conditions, risk appetite of our clients and regulatory environment is vital to our business growth. We typically charge different fee rates for different kinds of products we distribute or manage, and our profitability could vary depending on the mix our product offerings.

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- *Our ability to innovate and effectively invest in technology.* Our ability to innovate our products and value-added services and continue investing effectively in technology is key to improving our client experience and enhance client intention and loyalty. By investing in our technology platforms and fulfillment infrastructure cost-efficiently, we also strive to increase our operating efficiency, which also affects our results of operations.
- *Our ability to manage risks.* Our business operation exposes us to a number of risks, including economic fluctuations, unexpected legal or regulatory changes as well as risks related to our product partners and investment, investment portfolios of the products we distribute or offer, and other business counterparties. Our performance depends on our ability to foresee, identify and effectively manage these risks. In the event of any default or unsatisfactory performance of the investment products we distribute or offer, our performance may be negatively affected even if we do not guarantee the return of the investment products. We have developed various risk management and internal control policies and procedures tailored to the characteristics of our business operations. To manage our investments, we have also established and implemented treasury management policies and procedures. For details of our risk management and internal control policies, see “Business — Risk Management and Internal Control.”
- *Our ability to enhance efficiency and productivity.* The growth of our business will result in substantial demands on our management, operational, technological, financial and other resources. Our ability to control cost and manage working capital is key to our success. Our ability to streamline our operational human resources and improve efficiency of our relationship managers is key to our success.
- *Our ability to recruit and retain our relationship managers in our “Noah Triangles” solution service team.* We rely on our relationship managers in our “Noah Triangles” solution service team to distribute investment products and provide asset allocation and comprehensive services to our clients, from which we derive substantially all of our revenues. Our ability to recruit and retain sufficient qualified relationship managers in our “Noah Triangles” solution service team in a cost-effective manner is crucial to our results of operation.

Impact of COVID-19

The COVID-19 pandemic has caused an adverse impact on the Chinese and global economy, as well as the HNW wealth management services industry. Perceived or actual changes in investable assets and client confidence in the economy could reduce the demand for HNW and ultra HNW wealth management service we provide and negatively impact our operating results. We have experienced decrease in total revenues generated from our overseas businesses and domestic value-added services as a result of the COVID-19 pandemic. Nevertheless, we achieved 30.1% year-over-year increases in our total revenues from 2020 to 2021. Following the outbreak of the COVID-19 pandemic, we have increased our investment in technology to develop online transactional and operational capabilities. We are currently able to complete substantially all of our transactions and investor education online. In 2021, our business operation had substantially returned to normal levels.

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Recently, there has been an increasing number of COVID-19 cases, including the COVID-19 Delta and Omicron variant cases, in multiple cities in China. As a result, various measures, including city lockdowns, travel restrictions and stay-at-home orders, have been reinstated and we may have to adjust various aspects of our operations. Any prolonged suspension of or slowdown in business operations and the instability of a workforce arising from any potential mandatory quarantine requirements may negatively affect our business, financial condition and results of operations. We have not experienced any business suspension as a result of the COVID-19 pandemic and substantially all of our transactions could be completed online. However, the execution and delivery of certain papers were delayed due to disruptions to the logistics and transportation services in certain regions, and face-to-face meetings with clients were limited due to quarantine measures and travel bans. Such delays and limitations have impacted our operational efficiency to a certain extent. Moreover, the spread of COVID-19, together with uncertainties over economic, political and other conditions in China and globally, has affected the overall investor sentiment and resulted in sporadic volatility in capital markets. As a result, we may experience an immediate reduction in transaction value of investment products that we distributed, which may adversely affect our results of operations. Despite the overall challenges posed by the COVID-19 pandemic, we believe that changes in investors' behaviors and preference brought about by the COVID-19 pandemic also have a positive impact on our business. For example, due to the economic turmoil and unprecedented volatility in the global capital markets caused by the COVID-19 pandemic as well as the rising inflation, we have seen a growing number of clients becoming more active in seeking professional investment advice from us, especially on wealth preservation and risk protection. Leveraging our wide selection of product and service offerings, we remain optimistic of meeting our clients' demands for wealth management and asset allocation during and post COVID-19.

Having considered (i) the governmental authorities' significant resources and efforts to contain the recent regional outbreaks, (ii) our comprehensive product offerings coupled with our strong online transaction capabilities, which could cater to the evolving needs of our clients under different circumstances and conditions and enable us to offer suitable investment products and portfolios that provide better protection to our clients amid the COVID-19 outbreak, and (iii) our sufficient level of liquidity, we believe that despite that we may continue to experience slowdown in our business operations in the short term, the recurrence of COVID-19 is unlikely to have a material adverse impact on our business, results of operations and financial condition as a whole in the long term. However, there still remain significant uncertainties surrounding COVID-19, including the existing and new variants of COVID-19, and its further development as a global pandemic, including the effectiveness of vaccine programs against existing and any new variants of COVID-19. For risks relating to potential future outbreak of COVID-19, see "Risk Factors — Risks Related to Our Business — We may face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations."

According to Frost & Sullivan, in terms of the overall HNW wealth management services industry in China, as there remain uncertainties as to the future economic growth, investors have taken a more cautious approach to investment. Since the end of 2021, new regional COVID-19 outbreaks have hit certain cities in China, including but not limited to Shanghai, Xi'an and Hangzhou, and business operations of the HNW wealth management service providers in these cities have been disrupted by a series of preventive and control measures implemented by local governments. Moreover, HNW investors from industries that have been negatively impacted by the pandemic, such as catering services industry and hotel industry, have also suffered losses during such period amid the COVID-19 outbreak. As a result, the business performance of China's HNW wealth management service providers have been adversely affected in the first quarter of 2022.

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According to Frost & Sullivan, it is expected that restrictions and quarantine measures in response to the COVID-19 pandemic would be gradually lifted and the general economic conditions and business activities would resume to the normal level. Accordingly, the HNW wealth management services industry is expected to witness a rapid growth driven by the anticipated development of China's economy and the increasing HNW populations and private wealth in China.

Key Performance Indicators

We utilize a set of non-financial and financial key performance indicators which our senior management reviews frequently. The review of these indicators facilitates timely evaluation of the performance of our business and effective communication of results and key decisions, allowing our business to react promptly to changing client demands and market conditions.

Number of Clients

Our revenue growth has been driven primarily by (i) the increasing number of active clients we serve, and (ii) the increasing number of our core clients including diamond and black card clients. For our wealth management business, we closely monitor the numbers of both our core clients and active clients as key operating metrics. For our asset management business, the majority of the AUM is sourced from our clients' investments, so the number of clients will also have an influence on this segment.

We assign each of our registered clients a relationship manager, and the number of new clients we may acquire is affected by the breadth of our coverage network. Leveraging our broad coverage network and efficient "Noah Triangle" solution service team, we expect to increase our capability to cultivate and serve new clients, which may result in an increase in the number of new registered and active clients. For details on the number of our clients, see "Business — Our Clients."

Transaction Value

Transaction value is an operating metric specifically related to our wealth management business. It refers to the aggregate value of the investment products we distribute in a given period, which in turn affects the amount of our revenue, primarily one-time commissions and recurring service fees. We provide to our clients four types of investment products that are originated and distributed in and outside of the PRC, (i) mutual fund products, (ii) private secondary products, (iii) private equity products, and (iv) other products we distribute, provide or manage but cannot be classified into any of the above product categories. The product type determines whether we can receive one-time commissions, recurring service fees and/or performance-based income. For most investment products, we are entitled to one-time commissions and recurring service fees shared by fund managers over the duration of the investment in the products, and, in some cases, performance-based income shared by fund managers when determined.

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The table below sets out the aggregate transaction value of the different types of investment products that we distributed during the periods indicated:

	Year Ended December 31,						
	2019		2020		2021		
	RMB	%	RMB	%	RMB	US\$	%
	(in millions, except for percentages)						
Product type							
Mutual fund products	15,511	19.8	37,981	40.1	37,169	5,833	38.2
Private secondary products	10,867	13.8	35,162	37.1	37,776	5,928	38.9
Private equity products	14,279	18.2	17,876 ⁽¹⁾	18.9	18,069 ⁽¹⁾	2,835	18.6
Private equity products provided by Gopher	13,144	16.7	14,442	15.3	18,069	2,835	18.6
Private equity products provided by third-party product partners	1,135	1.5	3,434	3.6	–	–	–
Other products	37,867	48.2	3,717	3.9	4,189	657	4.3
All products	78,524	100.0	94,736	100.0	97,203	15,253	100.0

Note:

- (1) Following the enactment of Supervision Measures in October 2020, we ceased offering private equity products through our wealth management business, and our asset management arm started to raise capital for private equity investments directly from our clients. In particular, in 2020, our asset management arm directly raised capital of RMB5.2 billion for its private equity investments. The figures are included in the table for illustration and comparison purposes only.

Over the last three years, our product mix has evolved due to the economic and market cycles in China and the changing regulatory environment. From the third quarter of 2019, we ceased the offering of private credit products (classified in “other products” in the table above) and transitioned to offer more standardized public securities products. This decision was based on a combination of (i) our understanding and anticipation of the changing regulatory and market environment, and (ii) our commercial evaluation of the risks related to private credit products. Our transaction value increased by 20.6% from RMB78.5 billion in 2019 to RMB94.7 billion in 2020, primarily due to a significant increase in our distribution of standardized mutual fund and private secondary products, demonstrating our success in the aforementioned transition. Our transaction value increased by 2.6% from RMB94.7 billion in 2020 to RMB97.2 billion (US\$15.3 billion) in 2021, primarily due to a slight increase in the distribution of private secondary products.

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AUM

We measure the performance of our asset management business primarily through AUM. AUM determines the recurring service fees and performance-based income that we are able to collect over the life cycle of the investment products managed by us. Gopher's AUM were RMB170.2 billion, RMB152.8 billion and RMB156.0 billion (US\$24.5 billion) as of December 31, 2019, 2020 and 2021, respectively. Gopher's AUM decreased from RMB170.2 billion as of December 31, 2019 to RMB152.8 billion as of December 31, 2020, as a result of the one-off voluntary redemptions of outstanding private credit products following the Camsing Incident. Gopher's AUM increased from RMB152.8 billion as of December 31, 2020 to RMB156.0 billion (US\$24.5 billion) as of December 31, 2021, primarily due to continued increase in our management of private equity assets, partially offset by voluntary redemption of credit and real estate assets.

For our asset management business, Gopher develops and manages alternative investments with underlying assets in China and overseas, denominated in Renminbi and foreign currencies, respectively. Historically, it developed and managed principally FoFs which invest in third-party managed funds, but it is also increasingly making direct investments in portfolio companies and co-investments with fund managers. Gopher also manages feeder funds that invest in certain single third-party managed master funds. Gopher focuses on the following categories of investments across different types of asset classes:

- private equity investments, including investments in the leading domestic and overseas private equity and venture capital funds through FoFs, feeder funds and S funds, as well as direct and co-investments in companies and projects with investment partners;
- public securities investments, mainly including target strategy funds, secondary market equity and bond FoF and MoM investments which are sub-advised by outside fund managers, as well as direct investments in listed companies;
- real estate investments, including funds primarily investing in commercial real estate properties such as office buildings in China, as well as rental residential developments in the U.S., in the form of equity investments;
- multi-strategy investments that invest in different types of assets, such as stocks, bonds, real estate or cash to create a nimbler and broadly diversified portfolio. We use asset allocation principles to build multi-asset portfolios; and
- other investments, including funds investing in private credit related underlying products. We have substantially ceased these investments since the third quarter in 2019.

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The table below summarizes our AUM and typical management fee rates chargeable by asset management services provided by Gopher for the last three years:

	As of December 31,								
	2019			2020			2021		
	Typical management fee rates	RMB	%	Typical management fee rates	RMB	%	Typical management fee rates	RMB	%
	(in billions, except for percentages)								
Product type									
Private equity investments	0.6%-2.0%	109.6	64.4	0.5%-2.0%	117.7	77.0	0.5%-2.1%	130.9	83.9
Public securities investments	0.4%-1.9%	9.3	5.5	0.4%-1.4%	9.8	6.4	0.4%-1.7%	11.2	7.2
Real estate investments	0.2%-2.3%	17.6	10.3	0.5%-2.2%	12.7	8.3	0.5%-2.3%	6.6	4.3
Multi-strategies investments	0.5%-1.1%	8.8	5.2	0.6%-1.1%	7.1	4.6	0.6%-1.1%	5.9	3.8
Other investments ⁽¹⁾	0.2%-1.4%	24.9	14.6	0.1%-0.6%	5.5	3.7	-	1.4	0.8
All products		<u>170.2</u>	<u>100.0</u>		<u>152.8</u>	<u>100.0</u>		<u>156.0</u>	<u>100.0</u>

Note:

- (1) Since the first quarter of 2021, we reclassified all remaining mezzanine financing products linked to corporate merger and acquisitions and buy outs from credit to private equity in the amount of RMB4.7 billion, considering its nature is more akin to equity than credit. We have also revised the comparative period presentation to conform to current period presentation

Except for public securities investments, all AUMs are booked at cost basis, and reflect no mark-to-market effect during the periods indicated.

Long-duration private equity investments represent an increasing portion of the total AUM, which we expect to help us receive more consistent revenue from recurring service fees. Private equity investments as a percentage of total AUM grew from 64.4% as of December 31, 2019 to 77.0% as of December 31, 2020, and further to 83.9% as of December 31, 2021, primarily due to the increasing demand for private equity investments as well as the accumulation effect for the strategy of fund investments with a long duration. Gopher has also been focusing on developing our co-investment and direct investment capabilities in recent years and expect such investments to increase in the future, further increasing the fee rate we could charge from clients.

From the third quarter of 2019, Gopher ceased the offering of private credit products and transitioned to offer more standardized public securities products. As a result, there was a decrease in the percentage of private credit products (classified in “other investments” in the table above) in Gopher’s total AUM from 14.6% as of December 31, 2019 to 3.7% as of December 31, 2020, and further to 0.8% as of December 31, 2021, while the percentage of public securities products in Gopher’s total AUM increased from 5.5% as of December 31, 2019 to 6.4% as of December 31, 2020 and 7.2% as of December 31, 2021.

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For real estate investments, Gopher has strategically changed the investment strategy over the past few years, gradually shifting from residential real estate to commercial real estate domestically, due to the evolving risks and reward profile of these investments.

In addition, over 75.0% of Gopher's AUM as of December 31, 2021 can generate performance-based income if the investment returns exceed certain thresholds, which are typically recorded when underlying investments are exited and monetized.

Furthermore, in response to client demands for more overseas investment opportunities, we are cooperating with more overseas partners in various asset classes and increased the amount of overseas investment. Our overseas AUM managed by Gopher GP were RMB25.2 billion, RMB25.2 billion and RMB28.4 billion (US\$4.5 billion), respectively, representing 14.8%, 16.5% and 18.2% of our total AUM for asset management business as of December 31, 2019, 2020 and 2021, respectively.

COMPONENTS OF RESULTS OF OPERATIONS

Revenues

We derive revenues from three business segments: wealth management, asset management and other services. We generate revenues primarily from:

Revenue from the Wealth Management Business

When a client purchases an investment product recommended by the wealth management branch, the client typically subscribes for a fund managed by the relevant product provider. In connection with the purchase, our wealth management branch is entitled to receive fees from the fund or product provider for services provided and derive revenue accordingly, which include:

- a. *from the fund, one-time commissions* for fund-raising services that the wealth management branch provides to the fund at the establishment of the fund;
- b. *from the fund, recurring service fees* for continuous portfolio management services provided to the fund over the duration of the fund, which is paid to us on a regular basis (typically quarterly, semi-annually or annually);
- c. in certain cases when we do not receive the recurring service fee from the fund in clause b., *from the product provider, a portion of the recurring service fees* received by the product provider from the fund for continuous portfolio management services provided, in connection with the product distribution agreement with the relevant product provider, which is paid to us over the duration of the fund on a regular basis (typically quarterly, semi-annually or annually); and
- d. in certain cases, *from the product provider, a portion of the performance-based income* received by the product provider for continuous portfolio management services provided from the fund, in connection with the product distribution agreement with the relevant product provider, which is based on the extent to which the fund's investment performance exceeds a certain threshold, which is also known as "carry".

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We also earn one-time commissions from insurance companies by referring clients to purchase insurance products from them.

Revenue from the Asset Management Business

When the investment product that the client purchases is offered by Gopher, Gopher is entitled to receive fees as the fund manager, and derive revenue accordingly, which include:

- a. from the fund, one-time commissions, when the investment product was primarily distributed directly by Gopher, instead of the wealth management branch, for fund-raising services provided to the fund. Most of Gopher products were distributed by the wealth management branch during the Track Record Period. Since the fourth quarter of 2020, as Gopher has been selling all of our PE/VC investment products directly to comply with a new regulation¹, one-time commissions in relation to such products are recognized as revenue from the asset management segment.
- b. from the fund, recurring service fees for fund management services provided to the fund;
- c. from the fund, carry (as performance-based income) for fund management services provided to the fund and as an incentive for fund manager to achieve excess return, which is based on the extent to which the fund's investment performance exceeds a certain threshold; and

Gopher, as a proprietary product provider, enters into agreements on an arm's length basis with our wealth management branch for product distribution, and in accordance with such agreements, shares a portion of recurring service fees and performance-based income with the wealth management branch in certain cases. To the extent of recurring service fees and performance-based income are shared with the wealth management branch, such intra-group revenue are deducted from our consolidated statements of operations.

The above revenue model descriptions reflect the various contractual agreements for fee sharing among parties. The fees received by us are ultimately born by our clients, as when the client subscribes to the fund, the client agrees that the fund pays Noah's wealth management branch and/or the relevant product provider, including Gopher, for services provided to the fund.

¹ In accordance with the Supervision Measures which came into effect in October 2020, independent fund distribution institutions like Noah Upright shall not distribute privately-raised investment funds that invest in PE/VC products except as otherwise permitted by the CSRC, and shall specialize in the distribution of funds that invest in public securities. Licensed fund managers of privately-raised investment fund like Gopher are not subject to the Supervision Measures.

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The following table summarizes our revenues from both business segments:

	Wealth Management Segment	Asset Management Segment
One-time commissions	From the fund – For fund raising services of products distributed by Noah Upright From insurance companies – For client referral services	From the fund – For fund raising services of products directly placed by Gopher
Recurring service fees	From the fund and/or product provider – For portfolio management services provided	From the fund – For fund management services and portfolio management services provided
Performance-based income	From the product provider – For portfolio management services provided	From the fund – For fund management services and portfolio management services provided

In addition, we also receive other service fees derived from (i) comprehensive financial services we provide in the wealth management segment, and (ii) other services segment:

- *for wealth management*: revenue generated from our investor education business and other comprehensive financial services we provide;
- *for other services*: service fees paid by clients for the lending business and other services we provide.

Operating Costs and Expenses

Our financial condition and operating results are directly affected by our operating cost and expenses, primarily consisting of (i) compensation and benefits, including salaries and commissions for our relationship managers, share-based compensation expenses, performance-based bonuses, and other employee salaries and bonuses, (ii) selling expenses, (iii) general and administrative expenses, (iv) provision for credit losses, and (v) other operating expenses, which are partially offset by the receipt of government subsidies. Our operating costs and expenses are primarily affected by several factors, including the number of our employees, rental expenses and certain non-cash charges.

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Compensation and Benefits

Compensation and benefits mainly include salaries and commissions for our relationship managers, salaries and bonuses for investment professionals and other employees, share-based compensation expenses for our employees and Directors, and bonuses related to performance-based income. The number of our employees was 2,992, 2,960 and 3,148 as of December 31, 2019, 2020 and 2021, respectively. We made strategic investments in our talent pool to capture market opportunities in 2021 and long-term growth potential, which caused our headcount to increase by 6.4% from 2020. We anticipate to continue our investments in talent but will still closely monitor our headcount to maintain high operating efficiency.

In 2019, 2020 and 2021, we incurred relationship managers compensation of RMB625.0 million, RMB614.0 million and RMB920.9 million (US\$144.5 million), respectively, representing 18.4%, 18.6% and 21.5% of our net revenues in the same periods, respectively. As of December 31, 2019, 2020 and 2021, we had 1,288, 1,231 and 1,316 relationship managers, whose compensation typically comprises base salaries, quarterly bonuses, and year-end performance-based bonuses. We anticipate that the compensation and benefits of our relationship managers will continue to be a significant portion of our costs and expenses as we continue to rely on our relationship managers to distribute more investment products.

Share-based compensation expenses include grants and vesting of stock options and restricted shares to our employees and Directors. We adopted two share incentive plans in 2008 and 2010, and replaced both with a new share incentive plan in 2017. We expect to incur additional share-based compensation expenses relating to share options or restricted shares in the future as we plan to continue to grant share options or restricted shares to our employees and Directors.

Share-based compensation expenses were included in compensation and benefits in 2019, 2020 and 2021. The following table sets forth our share-based compensation expenses both in absolute amounts and as a percentage of net revenues for the periods indicated:

	Years Ended December 31,						
	2019		2020		2021		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)						
Share options	40,533	1.2	21,837	0.7	18,081	2,837	0.4
Restricted shares	54,364	1.6	37,952	1.1	32,956	5,172	0.8
Total share-based compensation	94,897	2.8	59,789	1.8	51,037	8,009	1.2

Selling Expenses

Our selling expenses primarily include (i) expenses associated with the operations of service centers, such as rental expenses, and (ii) expenses for online and offline marketing activities. We operated service centers in 82, 80 and 84 cities in China as of December 31, 2019, 2020 and 2021, respectively.

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General and Administrative Expenses

Our general and administrative expenses primarily include rental and related expenses of our leased office spaces and professional service fees. The main items include rental expenses for our group and regional headquarters and offices, depreciation expenses and consulting expenses, among others.

Provision for Credit Losses

Provision for credit losses represent net changes of the allowance for loan losses as well as other financial assets. Our provision for credit losses were recorded primarily in connection with the Camsing Incident and loans receivable.

Other Operating Expenses

Our other operating expenses mainly include various expenses incurred directly in relation to our other service fees.

Government Subsidies

Government subsidies are cash subsidies received in the PRC from local governments as incentives for investing and operating in certain local districts. Such subsidies are used by us for general corporate purposes and are reflected as an offset to our operating costs and expenses.

Financial Results

The following table sets forth a summary of our consolidated results of operations for the periods indicated. The information should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this document. The operating results in any period are not necessarily indicative of results that may be expected for any future period.

	Years Ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Revenues				
Revenues from others:				
One-time commissions	690,860	679,014	1,130,894	177,462
Recurring service fees	524,692	700,157	913,700	143,379
Performance-based income	23,437	180,529	391,903	61,498
Other service fees	522,958	196,151	161,982	25,419
Total revenues from others	1,761,947	1,755,851	2,598,479	407,758

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	Years Ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Revenues from funds				
Gopher manages:				
One-time commissions	240,808	129,823	140,522	22,051
Recurring service fees	1,320,773	1,230,042	1,195,309	187,570
Performance-based income	89,648	208,996	392,290	61,559
Total revenues from funds				
Gopher manages	1,651,229	1,568,861	1,728,121	271,180
Total Revenues	3,413,176	3,324,712	4,326,600	678,938
Less: VAT related surcharges	(21,364)	(18,886)	(33,506)	(5,258)
Net Revenues	3,391,812	3,305,826	4,293,094	673,680
Operating costs and expenses:				
Compensation and benefits	(1,610,770)	(1,504,012)	(2,168,880)	(340,345)
Selling expenses	(331,346)	(271,692)	(437,131)	(68,595)
General and administrative expenses	(296,492)	(277,879)	(383,321)	(60,151)
Provision for credit losses	(130,723)	(8,083)	(112,959)	(17,726)
Other operating expenses	(196,793)	(99,040)	(107,844)	(16,923)
Government subsidies	89,278	113,356	115,939	18,193
Total operating costs and expenses	(2,476,846)	(2,047,350)	(3,094,196)	(485,547)
Income from operations:	914,966	1,258,476	1,198,898	188,133
Other income (expenses):				
Interest income	89,099	67,317	71,866	11,277
Interest expenses	(430)	—	—	—
Investment income (loss)	(28,620)	(86,369)	65,426	10,267
Settlement expenses	—	(1,828,907)	(19,908)	(3,124)
Other income (expense)	(7,040)	4,164	(18,240)	(2,862)
Total other income (expense)	53,009	(1,843,795)	99,144	15,558
Income (loss) before taxes and income from equity in affiliates	967,975	(585,319)	1,298,042	203,691
Income tax expense	(220,025)	(258,460)	(293,940)	(46,126)
Income from equity in affiliates	115,809	100,257	301,979	47,387
Net income (loss)	863,759	(743,522)	1,306,081	204,952
Less: net (loss) income attributable to non-controlling interests	34,608	1,703	(8,050)	(1,263)
Net income (loss) attributable to Noah's shareholders	829,151	(745,225)	1,314,131	206,215

FINANCIAL INFORMATION

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Total Revenues. Our total revenues increased by 30.1% from RMB3,324.7 million in 2020 to RMB4,326.6 million (US\$678.9 million) in 2021. The increase in total revenues was primarily due to increases in one-time commissions, recurring service fees and performance-based income.

Operating Costs and Expenses. Operating costs and expenses increased by 51.1% from RMB2,047.4 million in 2020 to RMB3,094.2 million (US\$485.5 million) in 2021. The increase in operating costs and expenses was primarily driven by our investments in talents, technology, investment research capabilities and client services.

Other Income (Expense). We incurred other income of RMB99.1 million (US\$15.6 million) in 2021, as compared with an other expense of RMB1,843.8 million in 2020. The incurrence of other expenses in 2020 was primarily attributable to (i) settlement expenses of RMB1,828.9 million related to the Camsing Incident, and (ii) an investment loss of RMB86.4 million, mainly due to an impairment loss of RMB115.1 million, partially offset by investment income from other investments.

Income Tax Expense. Income tax expense increased by 13.7% from RMB258.5 million in 2020 to RMB293.9 million (US\$46.1 million) in 2021, primarily due to higher taxable income.

Net Income (Loss) Attributable to Noah's Shareholders. Net income attributable to Noah's shareholders was RMB1,314.1 million (US\$206.2 million) in 2021, as compared with net loss attributable to Noah's shareholders of RMB745.2 million in 2020.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Total Revenues. Our total revenues slightly decreased by 2.6% from RMB3,413.2 million in 2019 to RMB3,324.7 million in 2020. The decrease in total revenues was primarily due to the COVID-19 pandemic, which resulted in a decrease in overseas insurance products we distributed in 2020 due to travel bans, as well as a decrease in other service fees for value-added services.

Operating Costs and Expenses. Operating costs and expenses decreased by 17.3% from RMB2,476.8 million in 2019 to RMB2,047.4 million in 2020. The decrease in operating costs and expenses was primarily driven by decreased expenses related to other compensations, as well as provision for credit losses in relation to our wealth management business, partially offset by increased performance fee compensation for our asset management business managed by Gopher.

Other Income (Expense). We incurred other expense of RMB1,843.8 million in 2020, as compared with an other income of RMB53.0 million in 2019. The incurrence of other expenses was primarily attributable to (i) settlement expenses of RMB1,828.9 million related to current and potential future settlement plans for investors of the Camsing Incident, and (ii) an investment loss of RMB86.4 million, mainly due to an impairment loss of RMB115.1 million, partially offset by investment income from other investments. We recorded other income of RMB53.0 million in 2019, primarily attributable to an interest income of RMB89.1 million, partially offset by an investment loss of RMB28.6 million. The investment loss in 2019 was primarily attributable to an impairment loss of RMB104.4 million due to the credit deterioration of certain held-to-maturity investments, partially offset by investment income from other investments.

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Income Tax Expense. Income tax expense increased by 17.5% from RMB220.0 million in 2019 to RMB258.5 million in 2020, primarily due to higher taxable income.

Net Income (Loss) Attributable to Noah's Shareholders. Net loss attributable to Noah's shareholders was RMB745.2 million in 2020, as compared with net income attributable to Noah's shareholders of RMB829.2 million in 2019.

Wealth Management

	Years Ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Revenues				
Revenues from others:				
One-time commissions	688,652	677,726	1,130,653	177,425
Recurring service fees	520,013	697,140	912,506	143,192
Performance-based income	23,333	180,385	391,903	61,498
Other service fees	222,912	123,458	92,352	14,492
Total revenues from others	1,454,910	1,678,709	2,527,414	396,607
Revenues from funds				
Gopher manages:				
One-time commissions	239,409	88,520	50,247	7,885
Recurring service fees ⁽¹⁾	635,437	587,307	557,094	87,420
Performance-based income	97	24,920	77,218	12,117
Total revenues from funds				
Gopher manages	874,943	700,747	684,559	107,422
Total Revenues	2,329,853	2,379,456	3,211,973	504,029
Less: VAT related surcharges	(10,574)	(13,123)	(17,076)	(2,680)
Net Revenues	2,319,279	2,366,333	3,194,897	501,349
Operating costs and expenses:				
Compensation and benefits	(1,232,380)	(1,099,769)	(1,654,289)	(259,594)
Selling expenses	(287,541)	(228,853)	(354,128)	(55,570)
General and administrative expenses	(194,908)	(197,511)	(270,253)	(42,409)
Provision for credit losses	(121,572)	(3,785)	(6,490)	(1,018)
Other operating expenses	(103,846)	(76,983)	(53,616)	(8,414)
Government subsidies	58,704	58,046	65,368	10,258
Total operating costs and expenses	(1,881,543)	(1,548,855)	(2,273,408)	(356,747)
Income from operations:	437,736	817,478	921,489	144,602

Note:

- (1) Pursuant to the agreement Gopher and our wealth management branch entered into for product distribution, Gopher shared with the wealth management business segment recurring service fees of RMB151.8 million, RMB159.0 million and RMB135.1 million (US\$21.2 million) in 2019, 2020 and 2021, respectively. Such intra-group revenue have been deducted from our consolidated statements of operations. For details of the agreement, see "Financial Information — Components of Results of Operations — Revenues — Revenues from the Asset Management Business."

FINANCIAL INFORMATION

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Total Revenue. For the wealth management business, our total revenue increased by 35.0% from RMB2,379.5 million in 2020 to RMB3,212.0 million (US\$504.0 million) in 2021. Our transaction value increased by 2.6% from RMB94.7 billion in 2020 to RMB97.2 billion (US\$15.3 billion) in 2021, primarily due to an increase of RMB2.6 billion transaction value in private secondary products.

- Total revenue from one-time commissions increased by 54.1% from RMB766.2 million in 2020 to RMB1,180.9 million (US\$185.3 million) in 2021, primarily due to more higher fee rate investment products that we distributed in 2021.
- Total revenue from recurring service fees increased by 14.4% from RMB1,284.4 million in 2020 to RMB1,469.6 million (US\$230.6 million) in 2021. The increase was primarily due to the cumulative recurring service fees of long-duration investment products previously distributed by us.
- Total revenue from performance-based income increased by 128.5% from RMB205.3 million in 2020 to RMB469.1 million (US\$73.6 million) in 2021, primarily due to more performance-based income from private secondary products that we received and shared by product providers. The transaction value of private secondary products increased by 7.4% from RMB35.2 billion in 2020 to RMB37.8 billion (US\$5.9 billion) in 2021.
- Total revenue from other service fees decreased by 25.2% from RMB123.5 million in 2020 to RMB92.4 million (US\$14.5 million) in 2021, primarily due to less service fees recorded from lending business since we significantly reduced this business since the second half year of 2019.

Operating Costs and Expenses. For the wealth management business, our operating costs and expenses increased by 46.8% from RMB1,548.9 million in 2020 to RMB2,273.4 million (US\$356.7 million) in 2021, primarily due to our continued strategic investments in our talents and client experiences as well as less expenses incurred in 2020 due to the COVID-19 pandemic.

- Compensation and benefits include compensation for relationship managers and other employees. Compensation and benefits increased by 50.4% from RMB1,099.8 million in 2020 to RMB1,654.3 million (US\$259.6 million) in 2021. In 2021, relationship manager compensation increased by 46.9% from 2020, while other compensation increased by 54.8% from 2020, primarily due to adjustment in compensation structure of our employees, as well as increased transaction value.
- Selling expenses increased by 54.7% from RMB228.9 million in 2020 to RMB354.1 million (US\$55.6 million) in 2021, primarily due to our increased expenditure on client activities and services.
- General and administrative expenses increased by 36.9% from RMB197.5 million in 2020 to RMB270.3 million (US\$42.4 million) in 2021, primarily due to increases in technology related expenses and consulting fees.
- Provision for credit losses increased from RMB3.8 million in 2020 to RMB6.5 million (US\$1.0 million) in 2021, primarily due to accrual of allowance for accounts receivables relating to certain funds.

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- Other operating expenses decreased by 30.4% from RMB77.0 million in 2020 to RMB53.6 million (US\$8.4 million) in 2021, which is in line with decrease in other service fees.
- Government subsidies were RMB58.0 million in 2020 and RMB65.4 million (US\$10.3 million) in 2021, respectively.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Total Revenue. For the wealth management business, our total revenue increased by 2.1% from RMB2,329.9 million in 2019 to RMB2,379.5 million in 2020. Our transaction value increased by 20.6% from RMB78.5 billion in 2019 to RMB94.7 billion in 2020, primarily due to a significant increase in our distribution of public securities products, demonstrating our success in the aforementioned transition.

- Total revenue from one-time commissions decreased by 17.4% from RMB928.1 million in 2019 to RMB766.2 million in 2020, primarily due to less insurance products that we distributed due to the COVID-19 epidemic.
- Total revenue from recurring service fees increased by 11.2% from RMB1,155.5 million in 2019 to RMB1,284.4 million in 2020. The increase was primarily due to the cumulative effect of investment products with recurring service fees previously distributed by us.
- Total revenue from performance-based income increased by 776.2% to RMB205.3 million in 2020 from RMB23.4 million in 2019, primarily due to an increase in performance-based income from public securities products and private equity products.
- Total revenue from other service fees decreased by 44.6% from RMB222.9 million in 2019 to RMB123.5 million in 2020, primarily due to less value-added services we offer to our clients during the COVID-19 pandemic.

Operating Costs and Expenses. For the wealth management business, our operating costs and expenses decreased by 17.7% from RMB1,881.5 million in 2019 to RMB1,548.9 million in 2020.

- Compensation and benefits include compensation for relationship managers and other employees. Compensation and benefits decreased by 10.8% from RMB1,232.4 million in 2019 to RMB1,099.8 million in 2020. In 2020, relationship manager compensation decreased by 1.9% from 2019, while other compensation decreased by 19.9% from 2019 as we streamlined our employees of the wealth management business.
- Selling expenses decreased by 20.4% from RMB287.5 million in 2019 to RMB228.9 million in 2020, primarily due to a decrease in offline marketing initiatives due to the COVID-19 pandemic.
- General and administrative expenses increased by 1.3% from RMB194.9 million in 2019 to RMB197.5 million in 2020, primarily due to our increased investment in research and recruiting.
- Provision for credit losses decreased by 96.9% from RMB121.6 million in 2019 to RMB3.8 million in 2020. The majority of such provision in 2019 were one-time write-off expense of receivables accounts related to certain credit fund products in relation to the Camsing Incident.

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- Other operating expenses decreased by 25.9% from RMB103.8 million in 2019 to RMB77.0 million in 2020, primarily due to reduced expenses related to Enoch Education and distribution of investment products provided by our lending business.
- Government subsidies were RMB58.7 million in 2019 and RMB58.0 million in 2020, respectively.

Asset Management

	Years Ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Revenues				
Revenues from others:				
One-time commissions	2,208	1,288	241	38
Recurring service fees	4,679	3,017	1,194	187
Performance-based income	104	144	—	—
Other service fees	4,274	7,451	1,390	218
Total revenues from others	11,265	11,900	2,825	443
Revenues from funds				
Gopher manages:				
One-time commissions	1,399	41,303	90,275	14,166
Recurring service fees	685,336	642,735	638,215	100,150
Performance-based income	89,551	184,076	315,072	49,442
Total revenues from funds				
Gopher manages	776,286	868,114	1,043,562	163,758
Total Revenues	787,551	880,014	1,046,387	164,201
Less: VAT related surcharges	(3,971)	(4,521)	(4,923)	(773)
Net Revenues	783,580	875,493	1,041,464	163,428
Operating costs and expenses:				
Compensation and benefits	(279,895)	(339,691)	(450,034)	(70,620)
Selling expenses	(26,661)	(34,302)	(55,790)	(8,755)
General and administrative expenses	(71,805)	(59,440)	(70,686)	(11,092)
Provision for credit losses	(3,800)	(251)	(13,275)	(2,083)
Other operating expenses	(25,978)	(6,443)	(4,347)	(682)
Government subsidies	15,878	24,443	37,905	5,948
Total operating costs and expenses	(392,261)	(415,684)	(556,227)	(87,284)
Income from operations:	391,319	459,809	485,237	76,144

FINANCIAL INFORMATION

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Total Revenue. For the asset management business, our total revenue increased by 18.9% from RMB880.0 million in 2020 to RMB1,046.4 million (US\$164.2 million) in 2021. Gopher's AUM increased from RMB152.8 billion as of December 31, 2020 to RMB156.0 billion (US\$24.5 billion) as of December 31, 2021, as a result of continuous growth in private equity products, partially offset by redemption of credit products and real estate products.

- Total revenue from one-time commissions increased by 112.5% from RMB42.6 million in 2020 to RMB90.5 million (US\$14.2 million) in 2021, mainly due to the transfer of distribution of private equity products from wealth management to asset management since the fourth quarter of 2020 to comply with relevant regulation.
- Total revenue from recurring service fees decreased by 1.0% from RMB645.8 million in 2020 to RMB639.4 million (US\$100.3 million) in 2021, mainly due to a decrease in assets under management in credit products and real estate products.
- Total revenue from performance-based income increased by 71.0% from RMB184.2 million in 2020 to RMB315.1 million (US\$49.4 million) in 2021, primarily due to an increase in performance-based income from private equity products.

Operating Costs and Expenses. For the asset management business, our operating costs and expenses increased by 33.8% from RMB415.7 million in 2020 to RMB556.2 million (US\$87.3 million) in 2021, primarily due to our continued investments in our talents as well as less expenses incurred in 2020 due to the COVID-19 pandemic.

- Compensation and benefits include compensation of investment professionals and other employees. Compensation and benefits increased by 32.5% from RMB339.7 million in 2020 to RMB450.0 million (US\$70.6 million) in 2021 due to an increase in performance-based compensation and talent acquisition for enhancing investment research capabilities.
- Selling expenses increased by 62.6% from RMB34.3 million in 2020 to RMB55.8 million (US\$8.8 million) in 2021, primarily due to an increase in client service expense and marketing expense.
- General and administrative expenses increased by 18.9% from RMB59.4 million in 2020 to RMB70.7 million (US\$11.1 million) in 2021, primarily due to an increase in technology related expenses.
- Provision for credit losses increased from RMB0.03 million in 2020 to RMB13.3 million (US\$2.1 million) in 2021. The majority of such provision in 2021 were accrued for receivables accounts related to several private equity products.
- Government subsidies were RMB24.4 million for the year ended December 31, 2020 and RMB37.9 million (US\$5.9 million) in 2021.

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Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Total Revenue. For the asset management business, our total revenue increased by 11.7% from RMB787.6 million in 2019 to RMB880.0 million in 2020. Gopher's AUM decreased from RMB170.2 billion as of December 31, 2019 to RMB152.8 billion as of December 31, 2020, as a result of the voluntary redemptions of outstanding private credit products following the Camsing Incident, which is a one-off event.

- Total revenue from recurring service fees decreased by 6.4% from RMB690.0 million in 2019 to RMB645.8 million in 2020, mainly due a decrease in assets under management in credit products.
- Total revenue from performance-based income increased by 105.5% from RMB89.7 million in 2019 to RMB184.2 million in 2020, primarily due to an increase in performance-based income from private equity products.

Operating Costs and Expenses. For the asset management business, our operating costs and expenses increased by 6.0% from RMB392.3 million in 2019 to RMB415.7 million in 2020.

- Compensation and benefits include compensation of investment professionals and other employees. Compensation and benefits increased by 21.4% from RMB279.9 million in 2019 to RMB339.7 million in 2020 due to increase in the number of employees in our funds investing team.
- Selling expenses increased by 28.7% from RMB26.7 million in 2019 to RMB34.3 million in 2020, primarily due to increased marketing consulting fee in 2020.
- General and administrative expenses decreased by 17.2% from RMB71.8 million in 2019 to RMB59.4 million in 2020, primarily due to our expenses controls implemented in 2020.
- Government subsidies were RMB15.9 million for the year ended December 31, 2019 and RMB24.4 million in 2020.

Other businesses

	Years Ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Revenues				
Revenues from others:				
Other service fees	295,772	65,242	68,240	10,708
Total revenues from others	295,772	65,242	68,240	10,708
Total Revenues	295,772	65,242	68,240	10,708
Less: VAT related surcharges	(6,819)	(1,242)	(11,507)	(1,806)
Net Revenues	288,953	64,000	56,733	8,902

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	Years Ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Operating costs and expenses:				
Compensation and benefits	(98,495)	(64,552)	(64,557)	(10,130)
Selling expenses	(17,144)	(8,537)	(27,213)	(4,270)
General and administrative expenses	(29,779)	(20,928)	(42,382)	(6,651)
Provision for credit losses	(5,351)	(4,047)	(93,194)	(14,625)
Other operating expenses	(66,969)	(15,614)	(49,881)	(7,827)
Government subsidies	14,696	30,867	12,666	1,988
Total operating costs and expenses	(203,042)	(82,811)	(264,561)	(41,515)
Income (loss) from operations:	85,911	(18,811)	(207,828)	(32,613)

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Total Revenue. For other businesses, our total revenue were RMB68.2 million (US\$10.7 million) in 2021, representing a 4.6% increase from RMB65.2 million in 2020.

Operating Costs and Expenses. For other businesses, our operating costs and expenses in 2021 were RMB264.6 million (US\$41.5 million), representing a 219.5% increase from RMB82.8 million in 2020, primarily due to (i) an increase in provision for credit losses of RMB89.1 million (US\$14.0 million), primarily due to the changes in business environment for real estate collateral in 2021 as a result of the tightened regulations on real estate industry and our shift in focus to our core businesses since 2020, (ii) an increase in selling and general and administrative expenses as a result of continuous expenditure on strategy related consulting fees, as compared to less expenses incurred in 2020 due to COVID-19 pandemic, and (iii) an increase in other operating expenses, primarily attributable to an increase in depreciation expense of RMB53.8 million (US\$8.4 million) as we purchased new headquarter premises in 2021.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Total Revenue. For other businesses, our total revenue were RMB65.2 million in 2020, representing a 77.9% decrease from RMB295.8 million in 2019, mainly due to our strategic shift in focus to our core wealth management and asset management businesses since 2020.

Operating Costs and Expenses. For other businesses, our operating costs and expenses in 2020 were RMB82.8 million, representing a 59.2% decrease from RMB203.0 million in 2019, primarily due to (i) a decrease in other operating expenses as a result of a decrease in lending business, and (ii) a decrease in compensation and benefits as a result of the optimization of our employee structure starting from 2019, which led to a decrease in segment headcount from 142 as of December 31, 2019 to 83 as of December 31, 2020, partially offset by an increase in government subsidies in connection with our lending business in 2019.

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DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The following table sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix IA to this document.

	As of December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Cash and cash equivalents	4,387,345	5,005,211	3,404,603	534,257
Restricted cash	6,589	9,993	510	80
Short-term investments (including short-term investments measured at fair value of RMB642,759, nil and RMB63,515 as of December 31, 2019, 2020 and 2021, respectively)	671,259	114,928	92,803	14,563
Accounts receivable, net of allowance for credit losses of nil, nil and RMB458 as of December 31, 2019, 2020 and 2021, respectively	219,566	434,458	808,029	126,797
Amounts due from related parties, net of allowance for credit losses of nil, RMB4,006 and RMB30,128 as of December 31, 2019, 2020 and 2021, respectively	548,704	520,178	451,389	70,833
Loans receivable, net of allowance for credit losses of RMB5,147, RMB5,863 and RMB93,926 as of December 31, 2019, 2020 and 2021, respectively	654,060	418,947	595,766	93,489
Other current assets	243,701	199,447	163,710	25,690
Total current assets	6,731,224	6,703,162	5,516,810	865,709
Long-term investments (including long-term investments measured at fair value of RMB531,359, RMB373,678 and RMB457,284 as of December 31, 2019, 2020 and 2021, respectively)	881,091	536,384	668,572	104,914
Investments in affiliates	1,272,261	1,264,685	1,402,083	220,017
Property and equipment, net	296,320	248,669	2,580,935	405,005
Operating lease right-of-use assets, net	352,186	274,154	223,652	35,096

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	As of December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Deferred tax assets	167,430	224,240	335,905	52,711
Other non-current assets, net of allowance for credit losses of RMB16,912, nil and RMB4,000 as of December 31, 2019, 2020 and 2021, respectively	102,092	148,292	161,832	25,395
Total non-current assets	3,071,380	2,696,424	5,372,979	843,138
Total assets	9,802,604	9,399,586	10,889,789	1,708,847
Accrued payroll and welfare expenses	555,719	705,622	946,547	148,534
Income tax payable	126,743	140,777	190,260	29,856
Deferred revenues	100,693	71,613	63,631	9,985
Other current liabilities	721,898	432,650	649,255	101,882
Contingent liabilities	–	530,433	433,345	68,001
Total current liabilities	1,505,053	1,881,095	2,283,038	358,258
Operating lease liabilities, non-current	362,757	194,384	130,956	20,550
Deferred tax liabilities	56,401	45,881	234,134	36,741
Other non-current liabilities	3,433	855	100,020	15,695
Total liabilities	1,927,644	2,122,215	2,748,148	431,244
Net current assets	5,226,171	4,822,067	3,233,772	507,451
Net assets	7,874,960	7,277,371	8,141,641	1,277,603
Non-controlling interests	861,493	91,860	100,866	15,829
Total Liabilities and Equity	9,802,604	9,399,586	10,889,789	1,708,847

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Accounts Receivables

Accounts receivables represent amounts invoiced or we have the right to invoice. As we are entitled to unconditional right to consideration in exchange for services transferred to customers, we therefore do not recognize any contract asset. The balances of our accounts receivables were substantially within one year as of December 31, 2019, 2020 and 2021. Our accounts receivables, net of allowance for credit losses of nil, nil and RMB0.5 million as of December 31, 2019, 2020 and 2021, respectively, amounted to RMB219.6 million, RMB434.5 million, and RMB808.0 million (US\$126.8 million) as of December 31, 2019, 2020 and 2021, respectively. The increase in our accounts receivables, net of allowance for credit losses, during the Track Record Period was due to the growth of our wealth management and asset management businesses. As of April 30, 2022, approximately 82.0%, which amounted to RMB662.6 million, of our accounts receivables as of December 31, 2021 was subsequently collected.

Loans Receivable

Loans receivable represents loans offered to our individual clients as value-added services in our other business. As of December 31, 2019, 2020, and 2021, our loans receivable amounted to RMB659.2 million, RMB424.8 million, and RMB689.7 million (US\$108.2 million), respectively. RMB508.6 million, RMB370.4 million and RMB620.8 million (US\$97.4 million) of the loans was secured by collateral as of December 31, 2019, 2020 and 2021, respectively.

Loans receivable is initially recognized at fair value which is the cash disbursed to originate loans, measured subsequently at amortized cost using the effective interest method, net of allowance that reflects our best estimate of the amounts that will not be collected. As of December 31, 2019, 2020, and 2021, we recorded allowance for credit losses as RMB5.1 million, RMB5.9 million, and RMB93.9 million (US\$14.7 million), respectively. The increase in allowance for credit losses on loans receivable in 2021 was primarily due to the changes in business environment for real estate collateral in 2021 as a result of the tightened regulations on real estate industry and our shift in focus to our core businesses since 2020. As of April 30, 2022, approximately 20.6%, which amounted to RMB122.5 million, of our loans receivable as of December 31, 2021 was subsequently collected. During the Track Record Period and up to the Latest Practicable Date, there is no material recoverability issue for past due loans receivable and we consider our provision for loans receivable sufficient.

The following table sets forth a breakdown of loans receivable as of the indicated dates.

	As of December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
	(in thousands)			
Loans receivable:				
– Within credit term	554,178	261,434	536,758	84,229
– Past due	105,029	163,376	152,934	23,999
Total loans receivable	659,207	424,810	689,692	108,228
Allowance for credit losses	(5,147)	(5,863)	(93,926)	(14,739)
Loans receivable, net	654,060	418,947	595,766	93,489

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Investments

Our investments made for ourselves, based on the nature of the products invested, primarily consist of (i) held-to-maturity investments that have stated maturity and normally pay a prospective fixed or floating rate of return, carried at amortized cost, (ii) trading debt securities that were bought and held by us principally for the purpose of selling in the near term, (iii) available-for-sale investments that do not meet the criteria of held-to-maturity or trading debt securities and are reported at fair value with changes in fair value deferred in other comprehensive income, (iv) investments held by consolidated investment funds measured at fair value that reflect investments by investment companies at fair value for U.S. GAAP purposes, and (v) other long-term investments that include investments in several private equity funds we served as a limited partner with insignificant equity interest and equity investments of common shares of several companies with less than 20% interest. We have further classified above investments into short-term investments and long-term investments, in terms of contractual maturity date of less than one year or more than one year.

The following table sets forth a breakdown of our investments by the nature of the products invested and their respective balances as of the dates indicated.

	As of December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
	(in thousands)			
Short-term investments				
Held-to-maturity investments	28,500	114,928	29,288	4,596
Available-for-sale investments	–	–	13,805	2,166
Trading debt securities	–	–	14,804	2,323
Equity securities measured at fair value	–	–	7,925	1,244
Investments held by consolidated investment funds measured at fair value	642,759	–	26,981	4,234
Total short-term investments	671,259	114,928	92,803	14,563
Long-term investments				
Other long-term investments				
– Investments measured at fair value	255,967	285,045	376,957	59,153
– Investments measured at cost less impairment				
– Private equity funds products	105,614	100,295	96,302	15,112
– Other investments measured at cost less impairment	207,302	62,411	114,986	18,044
Total Other long-term investments	568,883	447,751	588,245	92,309
Held-to-maturity investments	36,816	–	–	–
Available-for-sale investments	15,081	14,135	–	–
Investments held by consolidated investment funds measured at fair value	260,311	74,498	80,327	12,605
Total long-term investments	881,091	536,384	668,572	104,914
Total investments	1,552,350	651,312	761,375	119,477

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Our balance of short-term investments decreased from RMB671.3 million as of December 31, 2019 to RMB114.9 million as of December 31, 2020, primarily due to the decrease in investments held by consolidated investment funds measured at fair value, and further decreased to RMB92.8 million (US\$14.6 million) as of December 31, 2021, primarily due to the decrease in held-to-maturity investments. Our balance of long-term investments decreased from RMB881.1 million as of December 31, 2019 to RMB536.4 million as of December 31, 2020, primarily due to the decrease in other long-term investments and investments held by consolidated investment funds measured at fair value, and increased by 24.6% to RMB668.6 million (US\$104.9 million) as of December 31, 2021, primarily due to the increase in other long-term investments.

During the Track Record Period, we assessed the performance of our investments based on fair value measurement on a recurring basis for each accounting period subsequent to their initial recognitions. We earned fair value gains of RMB50.9 million, RMB17.8 million and RMB69.9 million (US\$11.0 million) from investments funds and equity investments for the years ended December 31, 2019, 2020 and 2021, respectively. For further details on fair value measurement of our investments, see Note 5 to the Accountant's Report set out in Appendix IA to this document. For investments not measured at fair value, we performed full impairment analysis for each investment at the end of each accounting period and would record impairment loss if impairment is needed. We recognized an impairment loss of RMB104.4 million due to the credit deterioration of certain held-to-maturity investments for the year ended December 31, 2019. We also recognized impairment losses of RMB115.1 million and RMB10.0 million (US\$1.6 million) for the years ended December 31, 2020 and 2021, respectively, primarily due to the deteriorating operation of a single investment.

Investments in Affiliates

Our investments in affiliates primarily consist of (i) investments in affiliated companies, over which we had significant influence generally through an ownership interest of 20% or higher, but not considered as control, and (ii) investments in funds that we served as general partner or fund manager, including real estate funds and real estate funds of funds, private equity funds of funds, and other public securities funds of funds.

The following table sets forth a breakdown of our investments in affiliates as of the dates indicated.

	As of December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
	(in thousands)			
Investment in affiliated companies	121,140	111,393	112,483	17,652
Investment in funds	1,151,121	1,153,292	1,289,600	202,365
Total investments in affiliates	<u>1,272,261</u>	<u>1,264,685</u>	<u>1,402,083</u>	<u>220,017</u>

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Our investments in affiliates decreased by a narrow margin from RMB1,272.3 million as of December 31, 2019 to RMB1,264.7 million as of December 31, 2020, primarily due to a decrease of investments in one real estate fund. Our investments in affiliates increased by 10.9% from RMB1,264.7 million as of December 31, 2020 to RMB1,402.1 million (US\$220.0 million) as of December 31, 2021, primarily due to fair value increase of the underlying investments of the funds.

The following table sets forth the summarized financial information relating to our consolidated balance sheets for our investments in affiliates assuming 100% ownership as of December 31, 2019, 2020 and 2021, respectively.

	As of December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
	(in thousands)			
Current assets	3,727,537	3,586,516	5,356,698	840,583
Non-current assets	32,074,801	33,138,315	32,633,598	5,120,924
Current liabilities	990,696	1,439,746	1,788,077	280,588
Non-current liabilities	1,668,928	–	376,544	59,088

The following table sets forth summarized financial information relating to our consolidated results of operations for our investments in affiliates assuming 100% ownership for the years ended December 31, 2019, 2020 and 2021, respectively.

	Year ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
	(in thousands)			
Revenue	2,177,056	670,878	225,559	35,395
Income (loss) from operations	470,278	72,683	(554,579)	(87,025)
Net realized and unrealized gains	632,934	3,582,239	5,107,283	801,444
Net income	1,109,261	3,654,922	4,505,646	707,034

Amounts Due from Related Parties

During the years ended December 31, 2019, 2020 and 2021, we had certain related party transactions. For details relating to our related party transactions, see “Related Party Transactions” and Note 19 to the Accountant’s Report set out in Appendix IA to this document.

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As of December 31, 2019, 2020 and 2021, amounts due from related parties associated with trading transactions were comprised of the following:

	As of December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
	(in thousands)			
Investee funds of Gopher Assets	428,724	433,936	303,280	47,591
Investee funds of Gopher Capital GP Ltd.	70,247	46,039	97,378	15,281
Total	498,971	479,975	400,658	62,872

As of December 31, 2019, 2020 and 2021, amounts due from related parties associated with loan distributed were comprised of the following:

	As of December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
	(in thousands)			
Investee funds of Gopher Assets	42,170	27,226	18,850	2,958
Investee funds of Gopher Capital GP Ltd.	7,563	12,977	31,881	5,003
Total	49,733	40,203	50,731	7,961

These non-trade loans are due on demand and expected to be matured within one year, most of which are interest free. As of April 30, 2022, approximately RMB2.7 million or 5.4% related to the loan balances as of December 31, 2021 were subsequently settled. The Group estimates that the remaining loan balances of RMB48.0 million will be fully settled on or before December 31, 2022.

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Expected Credit losses

The following table sets forth the expected credit loss rates applied on accounts receivables, amounts due from related parties and loans receivable as of December 31, 2020 and 2021:

	As of December 31, 2020			As of December 31, 2021		
	Gross carrying amount	Allowance	Expected credit loss rate	Gross carrying amount	Allowance	Expected credit loss rate
	(RMB, in thousands, except for percentages)			(RMB, in thousands, except for percentages)		
Loans receivable						
Within due	261,434	(2,262)	0.9%	536,758	(16,368)	3.1%
Past due	163,376	(3,601)	2.2%	152,934	(77,558)	51.1%
Accounts receivables						
Pool basis	434,458	–	N/A	807,571	–	N/A
Individual basis	–	–	N/A	458	(458)	100.0%
Amount due from related parties						
Pool basis	516,172	–	N/A	410,131	–	N/A
Individual basis	4,006	(4,006)	100.0%	41,258	(30,128)	73.0%

In addition to those illustrated in the table above, we also held certain categories of financial assets measured at amortized cost as of December 31, 2020 and 2021, such as cash and cash equivalents, restricted cash, held-to-maturity investments, other current assets and other non-current assets. The management has assessed that the credit risk on these financial assets is low due to their nature and significance.

LIQUIDITY AND CAPITAL RESOURCES

We finance our operations primarily through cash generated from our operating activities. Our principal use of cash in 2019, 2020, and 2021 were for operating and investing activities. In addition, we used nil, RMB281.6 million and RMB372.4 million (US\$58.4 million) to repurchase our ADSs in 2019, 2020 and 2021, respectively. As of December 31, 2021, we had RMB3,404.6 million (US\$534.3 million) in cash and cash equivalents, consisting of cash on hand, demand deposits, money market funds and mutual funds which are unrestricted as to withdrawal and use. As of December 31, 2021, cash and cash equivalents of RMB24.8 million (US\$3.9 million) was held by the consolidated funds, which although not legally restricted, is not available to our general liquidity needs as the use of such funds is generally limited to the investment activities of the consolidated funds. We believe that our current cash and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including our cash needs for at least the next 12 months. We may, however, need additional capital in the future due to unanticipated business condition or other future development, including any investments or acquisitions we may pursue.

In February 2015, we issued five-year convertible notes with US\$80 million in aggregate principal at a rate of 3.5% per annum. The notes were convertible at the holders' option with an initial conversion price of US\$23.03 per ADS. As of December 31, 2019, all notes have been exchanged for 3,473,730 ADSs.

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The following table sets forth the movements of our cash, cash equivalents and restricted cash for the periods presented:

	Years Ended December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Net cash provided by operating activities	1,288,233	796,353	1,521,838	238,809
Net cash (used in) provided by investing activities	(182,012)	352,584	(2,572,094)	(403,619)
Net cash provided by (used in) financing activities	543,311	(371,422)	(513,121)	(80,519)
Effect of exchange rate changes	37,811	(148,745)	(46,714)	(7,330)
Net increases (decrease) in cash and cash equivalents	1,687,343	628,770	(1,610,091)	(252,659)
Cash, cash equivalents and restricted cash at the beginning of the year	2,706,591	4,393,934	5,022,704	788,172
Cash, cash equivalents and restricted cash at the end of the year	4,393,934	5,022,704	3,412,613	535,513

Operating Activities

Net cash provided by operating activities in 2021 was RMB1,521.8 million (US\$238.8 million), primarily as a result of net income of RMB1,306.1 million (US\$205.0 million), adjusted by (i) certain non-cash charges of RMB143.9 million (US\$22.6 million), which was primarily attributable to depreciation and amortization of RMB146.6 million (US\$23.0 million), provision for credit losses of RMB113.0 million (US\$17.7 million) and non-cash lease expenses of RMB85.7 million (US\$13.4 million), partially offset by income from equity in affiliates, net of dividends of RMB206.2 million (US\$32.4 million), (ii) a decrease in net working capital of RMB191.4 million (US\$30.0 million), which was primarily attributable to an increase in accrued payroll and welfare expenses of RMB240.9 million (US\$37.8 million) and an increase in other current liabilities of RMB191.4 million (US\$30.0 million), partially offset by an increase in accounts receivables of RMB363.0 million (US\$57.0 million) and (iii) an offset by changes in deferred tax assets and liabilities of RMB119.6 million (US\$18.8 million).

Net cash provided by operating activities in 2020 was RMB796.4 million, primarily as a result of net loss of RMB743.5 million, adjusted by certain non-cash charges of RMB1,578.1 million, which was primarily attributable to share-based settlement expense in the amount of RMB1,290.8 million related to the Camsing Incident, impairment of long-term investments of RMB115.1 million, depreciation expenses of RMB98.5 million and noncash lease expenses of RMB84.7 million, partially offset by income from equity in affiliates, net of dividends, of RMB60.4 million and changes in deferred tax assets and liabilities of RMB67.3 million, and decrease in net working capital of RMB29.1 million, which was primarily attributable to an increase of contingent liability of RMB530.4 million, partially offset by an increase in accounts receivables of RMB219.3 million and a decrease of other current liabilities of RMB361.2 million. The increase in our contingent liabilities was due to the Offer made for clients affected

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by Camsing Incident. The increase in our accounts receivables was due to the growth of our business. The decrease in our other current liabilities was primarily due to the decrease of payable to individual for trust services.

Net cash provided by operating activities in 2019 was RMB1,288.2 million, primarily as a result of net income of RMB863.8 million, adjusted by certain non-cash charges of RMB389.2 million, which primarily included provision for credit losses of RMB130.7 million, depreciation expenses of RMB105.4 million, impairment of long-term investments of RMB104.4 million, share-based compensation expenses of RMB94.9 million and noncash lease expenses of RMB85.4 million, partially offset by income from equity in affiliates, net of dividends, of RMB40.0 million, changes in deferred tax assets and liabilities of RMB62.4 million, and changes in working capital of RMB97.7 million, which was primarily attributable to cash inflow of RMB162.2 million from acquisitions and sales of investment products, a decrease in accounts receivable of RMB47.8 million and a decrease in other current assets of RMB70.0 million, partially offset by a decrease in accrued payroll and welfare expenses of RMB114.5 million.

Investing Activities

Net cash used in investing activities in 2021 was RMB2,572.1 million (US\$403.6 million), primarily attributable to purchase of property and equipment of RMB2,271.2 million (US\$356.4 million), which was principally for acquiring our new headquarter premises in Shanghai, net loan disbursement of RMB331.9 million (US\$52.1 million) and purchase of long-term investment of RMB91.3 million (US\$14.3 million), which was partially offset by proceeds from redemption of held-to-maturity investments of RMB101.6 million (US\$15.9 million).

Net cash provided by investing activities in 2020 was RMB352.6 million, primarily attributable to net cash inflow from collection of loans originated to third parties of RMB221.6 million, net capital return from investment in affiliates of RMB100.5 million and proceeds of investments held by our consolidated funds of RMB72.6 million, which was partially offset by purchase of property and equipment of RMB51.6 million and net purchase of held-to-maturity investments of RMB48.6 million.

Net cash used in investing activities in 2019 was RMB182.0 million, primarily attributable to net purchase of investments held by our consolidated funds in the amount of RMB346.9 million, net loans disbursement to third parties in the amount of RMB93.0 million, purchase of held-to-maturity investments in the amount of RMB74.5 million and RMB65.3 million of purchases of property and equipment, which was partially offset by RMB231.2 million proceeds from sale of other long-term investments, RMB115.2 million proceeds from disposal of subsidiaries and RMB57.6 million cash inflow for capital return from investments in affiliates.

Financing Activities

Net cash used in financing activities was RMB513.1 million (US\$80.5 million) in 2021 due to repurchasing of our ordinary shares of RMB372.4 million (US\$58.4 million) and payment to acquire non-controlling interests in subsidiaries of RMB178.8 million (US\$28.1 million), partially offset by contribution from non-controlling interests of RMB43.4 million (US\$6.8 million).

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Net cash used in financing activities was RMB371.4 million in 2020 due to repurchasing of our ordinary shares of RMB281.6 million and divestment of non-controlling interests of RMB90.8 million, partially offset by proceeds from issuance of ordinary shares upon exercise of stock options of RMB33.4 million.

Net cash provided by financing activities was RMB543.3 million in 2019 due to the net contributions from non-controlling interests of subsidiaries of RMB518.6 million, and proceeds from the issuance of ordinary shares upon the exercise of stock options of RMB31.7 million.

CAPITAL EXPENDITURES

Our capital expenditures were RMB65.3 million, RMB51.6 million and RMB2,271.2 million (US\$356.4 million) in 2019, 2020 and 2021, respectively. We currently do not have any commitment for capital expenditures or other cash requirements outside of our ordinary course of business. As of the date of this document, we expect that our capital expenditures in 2022 to be approximately RMB162.3 million (US\$25.5 million), primarily on the renovation and upgrade of our newly purchased headquarter premises, and we intend to fund our planned capital expenditures with existing cash balance.

HOLDING COMPANY STRUCTURE

We are a holding company, and we conduct businesses through our subsidiaries and our Consolidated Affiliated Entities. As a result, we may rely significantly on dividends and other distributions by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and pay any debt we may incur. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the Contractual Arrangements which would materially and adversely affect its ability to pay dividends and other distributions to us.

Our PRC subsidiaries are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC laws, each of our PRC subsidiaries and our Consolidated Affiliated Entities are required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. As a result of these PRC laws and regulations, our PRC subsidiaries are restricted in their ability to transfer a portion of their net assets, including general reserve and registered capital, either in the form of dividends, loans or advances. Such restricted portion amounted to RMB1,765.1 million, RMB2,040.5 million and RMB2,950.5 million (US\$463.0 million) as of December 31, 2019, 2020 and 2021, respectively.

Furthermore, cash transfers from our PRC subsidiaries to our subsidiaries outside of China are subject to PRC government control of currency conversion. Restrictions on the availability of foreign currency may affect the ability of our PRC subsidiaries and Consolidated Affiliated Entities to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. See “Risk Factors — Risks Related to Doing Business in China — PRC foreign exchange control regulations restricting the conversion of Renminbi into foreign currencies may limit our ability to utilize our revenues effectively and affect the value of your investment.”

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TAXATION

The Cayman Islands

We are an exempted company incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, we are not subject to income or capital gains tax. In addition, payments of capital or dividends in respect of our shares are not subject to withholding tax in the Cayman Islands. Gains derived from the disposal of our shares are not subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within the jurisdiction of the Cayman Islands.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the first HK\$2 million of profits earned by the qualifying group entities incorporated in Hong Kong will be taxed at half the current tax rate (i.e. 8.25%) while the remaining profits will continue to be taxed at the existing 16.5% tax rate. The profits of group entities incorporated in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. In addition, payments of dividends from Hong Kong subsidiaries to their shareholders are not subject to any Hong Kong withholding tax.

PRC

On March 23, 2016, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular on the Pilot Program for Overall Implementation of the Collection of Value Added Tax Instead of Business Tax (the “**Circular 36**”), which took effect on May 1, 2016. Pursuant to Circular 36, all companies operating in construction industry, real estate industry, finance industry, modern service industry or other industries which were required to pay business tax are required to pay value-added tax (“VAT”), in lieu of business tax.

Our PRC subsidiaries and our Consolidated Affiliated Entities are subject to VAT and related surcharges including urban maintenance and construction tax (with 1%, 5%, or 7% of VAT based on different locations), education surtax (3% of VAT), local education surtax (2% of VAT) and river-way management fee (1% of VAT) on the services provided in the PRC. As VAT liability is excluded when calculating net revenues, our net revenues are total revenues, net only of VAT related surcharges, which range from 7% to 13% of VAT liabilities. The VAT and related surcharges in the amounts of RMB21.4 million, RMB18.9 million and RMB33.5 million (US\$5.3 million) were deducted from our total revenues in 2019, 2020 and 2021, respectively.

According to Circular 36, applicable VAT rates include 3%, 6%, 11%, and 17%, and the applicable value-added rate for our PRC subsidiaries and our Consolidated Affiliated Entities is 6%. The VAT tax rates of 11% and 17% were reduced to 10% and 16%, respectively, from May 1, 2018 and to 9% and 13% from April 1, 2019.

In addition, our PRC subsidiaries and our Consolidated Affiliated Entities are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws with a uniform 25% enterprise income tax rate to both foreign-invested enterprises and domestic enterprises since January 1, 2008, except where a special preferential rate applies.

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Under the EIT Law, enterprises that are established under the laws of foreign countries or regions and whose “de facto management bodies” are located within the PRC territory are considered PRC resident enterprises, and will be subject to the PRC enterprise income tax at the rate of 25% on their worldwide income. Under the EIT Implementation Rules, “de facto management bodies” are defined as the bodies that have full and substantial control and overall management over the manufacturing and business operations, personnel and human resources, finances and treasury, and acquisition and disposition of properties and other assets of an enterprise. See “Risk Factors — Risks Related to Doing Business in China — The dividends we receive from our PRC subsidiaries may be subject to PRC tax under the PRC Enterprise Income Tax Law, which would have a material adverse effect on our financial condition and results of operations. In addition, if we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.”

For more information on PRC tax regulations, see “Regulations — PRC Regulations — Regulations on Tax.”

CONTRACTUAL OBLIGATIONS

The following table sets forth our contractual obligations as of December 31, 2021:

	Payment Due by Period				
	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
	RMB	RMB	RMB	RMB	RMB
	(in thousands)				
Operating Lease	233,556	95,288	75,197	63,071	–

INDEBTEDNESS AND CONTINGENT LIABILITIES

Other than as disclosed in the Unaudited Interim Condensed Consolidated Financial Statements set forth in Appendix IB as of March 31, 2022, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, loans, liabilities under acceptance or other similar indebtedness, hire purchase and finance lease commitments, any guarantees or other material contingent liabilities or any covenant in connection therewith as of March 31, 2022, being the latest practicable date for the purpose of the indebtedness statement.

We recognized total lease liabilities of RMB374.4 million, RMB280.9 million and RMB222.2 million (US\$34.9 million) as of December 31, 2019, 2020 and 2021, respectively. As of March 31, 2022, we recognized total lease liabilities of RMB210.6 million (US\$33.2 million), certain of which were secured by the rental deposits and all of which were unguaranteed.

As of March 31, 2022, we had contingent liabilities of RMB431.1 million (US\$68.0 million) in relation to the unsettled Camsing Incident.

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Save as disclosed above, since March 31, 2022 and up to the date of this document, there has not been any material and adverse change in our indebtedness and contingent liabilities. Our Directors do not foresee any potential difficulty in obtaining bank facilities should the need arise. In connection with the financial data as of March 31, 2022 in this section, translations of RMB into U.S. dollars were made at a rate of RMB6.3393 to US\$1.00, the effective noon buying rate for March 31, 2022 as set forth in the H.10 statistical release of the Federal Reserve Board.

WORKING CAPITAL

We recorded net current assets of RMB5,226.2 million, RMB4,822.1 million and RMB3,233.8 million (US\$507.5 million), respectively, as of December 31, 2019, 2020 and 2021. As of March 31, 2022, we recorded net current assets of RMB3,496.4 million (US\$551.5 million). In connection with the financial data as of March 31, 2022 in this paragraph, translation of RMB into U.S. dollars was made at a rate of RMB6.3393 to US\$1.00, the effective noon buying rate for March 31, 2022 as set forth in the H.10 statistical release of the Federal Reserve Board. The following table sets forth a breakdown of our current assets and liabilities as of the dates indicated.

	As of December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Current assets:				
Cash and cash equivalents	4,387,345	5,005,211	3,404,603	534,257
Restricted cash	6,589	9,993	510	80
Short-term investments (including short-term investments measured at fair value of RMB642,759, nil and RMB63,515 as of December 31, 2019, 2020 and 2021, respectively)	671,259	114,928	92,803	14,563
Accounts receivable, net of allowance for credit losses of nil, nil and RMB458 as of December 31, 2019, 2020 and 2021	219,566	434,458	808,029	126,797
Amounts due from related parties, net of allowance for credit losses of nil, RMB4,006 and RMB30,128 as of December 31, 2019 and 2020 and 2021, respectively	548,704	520,178	451,389	70,833

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	As of December 31,			
	2019	2020	2021	
	RMB	RMB	RMB	US\$
	(in thousands)			
Loans receivable, net of allowance for credit losses of RMB5,147, RMB5,863 and RMB93,926 as of December 31, 2019, 2020 and 2021, respectively	654,060	418,947	595,766	93,489
Other current assets	243,701	199,447	163,710	25,690
Total current assets	6,731,224	6,703,162	5,516,810	865,709
Current liabilities:				
Accrued payroll and welfare expenses	555,719	705,622	946,547	148,534
Income tax payable	126,743	140,777	190,260	29,856
Deferred revenues	100,693	71,613	63,631	9,985
Other current liabilities	721,898	432,650	649,255	101,882
Contingent liabilities	–	530,433	433,345	68,001
Total current liabilities	1,505,053	1,881,095	2,283,038	358,258
Net current assets	5,226,171	4,822,067	3,233,772	507,451

For a detailed discussion of our cash position, the balance sheet item that has a material impact on our liquidity, as well as material changes in the various working capital items, see “—Liquidity and Capital Resources.”

Taking into account cash and cash equivalents on hand, our operating cash flows, the available revolving lines of bank facilities, and the estimated net proceeds available to us from the Global Offering, our Directors believe that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this document.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our own shares and classified as equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

RELATED PARTY TRANSACTIONS

For details relating to our related party transactions, see “Related Party Transactions” and Note 19 to the Accountant’s Report set out in Appendix IA to this document. Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

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QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

Our financial statements are expressed in Renminbi, which is our reporting currency. We earn the majority of our revenues and incur the majority of our expenses in Renminbi, and the majority of our sales contracts are denominated in Renminbi. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge our exposure to such risk. Although in general, our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the exchange rate between the U.S. dollar and the Renminbi because the value of our business is effectively denominated in Renminbi, while the ADSs will be traded in U.S. dollars.

The value of the Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. In July 2005, the PRC government changed its decades-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. After June 2010, the Renminbi began to appreciate against the U.S. dollar again, although starting from June 2015, the trend of appreciation changed and the Renminbi started to depreciate against the U.S. dollar gradually. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future. There still remains significant international pressure on the Chinese government to adopt a substantial liberalization of its currency policy, which could result in further appreciation in the value of the Renminbi against the U.S. dollar.

To the extent that we need to convert U.S. dollars we received from overseas offering into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we receive from the conversion. As of December 31, 2021, we had an Renminbi or Hong Kong dollar or other non-U.S. dollar denominated cash balance of US\$424.7 million and a U.S. dollar denominated cash balance of US\$109.6 million. Assuming we had converted the U.S. dollar denominated cash balance of US\$109.6 million as of December 31, 2021 into RMB at the exchange rate of US\$1.00 for RMB6.3726 as of December 31, 2021, this cash balance would have been RMB698.2 million. Conversely, if we decide to convert our 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 amount available to us. We have not used any forward contracts or currency borrowings to hedge our exposure to foreign currency exchange risk.

Interest Rate Risk

Our exposure to interest rate risk primarily relates to interest income generated by excess cash, which is mostly held in interest bearing bank deposits.

As of December 31, 2021, we had RMB57.9 million (US\$9.1 million) invested in debt products with a weighted average duration of approximately 0.1 years.

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We have not used derivative financial instruments in our investment portfolio. Interest earning instruments carry a degree of interest rate risk. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in market interest rates. However, our future interest income may fall short of expectations due to changes in market interest rates.

Inflation

Inflation in China has not materially impacted our results of operations in recent years. According to the National Bureau of Statistics of China, the year-over-year increase in the consumer price index in 2019, 2020 and 2021 was 2.9%, 2.5% and 0.9%, respectively. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected in the future by higher inflation rates in China.

CRITICAL ACCOUNTING ESTIMATES

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

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

Consolidation of investment funds

We consolidate entities based on either a variable interest model or voting interest model. U.S.GAAP provides guidance that requires an analysis to determine (i) whether an entity in which we hold a variable interest is a variable interest entity (“VIE”) and (ii) whether our involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests, would give it a controlling financial interest. We first consider whether an entity is considered a VIE and therefore whether to apply the consolidation guidance under the VIE model. Entities that do not qualify as VIEs are assessed for consolidation as voting interest entities under the voting interest model. As such, for (i) investment funds in the legal form of limited partnership we manages as general partner, and (ii) contractual funds we manage as fund manager that are determined to be VIEs, we consolidate those entities when we are the primary beneficiary where we have both the power to direct the activities that most significantly affects the economic performance of the VIEs and receives the economic benefits of the VIEs that could be significant to the VIEs. Our consolidated VIEs are deemed part of the Consolidated Affiliated Entities in this document.

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Significant judgements are involved to assess whether the funds should be consolidated, which include but not limited to,

- Making judgments as to whether a simple majority or lower threshold of limited partnership interests, excluding interests held by the general partner, parties under common control of the general partner, or parties acting on behalf of the general partner, have substantive rights to either dissolve the fund or remove the general partner or the fund manager — To make the judgments, we evaluate whether barriers to exercise these rights exist.
- Determining whether our management fees and performance-based income represent variable interests — Judgments are made as to whether the fees we earn are commensurate with the level of effort required for those fees and at market rates. In making this judgment, we consider, among other things, the extent of third party investment in the entity and the terms of any other interests we hold in the VIE.
- Concluding whether we have an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE — Quantitative and qualitative factors are evaluated to determine whether the threshold of “potentially significant” is met.

In our Consolidated Balance Sheets, we present 100% of the assets and liabilities of consolidated VIEs along with a non-controlling interest which represents the portion of the consolidated vehicle’s interests held by third party investors in the funds. We recognize 100% of the consolidated fund’s investment income (loss) and allocate the portion of that income (loss) attributable to third party ownership to non-controlling interests in arriving at our net income (loss). We determine whether we are the primary beneficiary of a VIE when we initially involve with a VIE and reconsider that conclusion when facts and circumstances change. Our conclusion of whether the funds deemed as VIEs shall be consolidated may have a material impact on our consolidated financial statements.

Allowance for loan losses

We maintain an allowance for credit losses in the loan portfolio, which represents management’s estimate of lifetime expected losses based on all available relevant information, relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. In establishing the allowance for credit losses, statistical models are applied to outstanding loans with different risk characteristics.

For loans secured by investment products we issue, the expected loss is estimated using a probability of default and loss given assumption derived from a statistical model which incorporates the estimated value of collaterals, term of the loan and historical loss information. For loans secured by real estate properties, the expected loss is derived using discounted cash flow methodology. The projection of cash flows is determined by a combination of factors including the value of collaterals, historical collection experience, industry recovery rates of loans with similar risk characteristics and other available relevant information about the collectability of cash flows. Qualitative adjustments can be made for risk factors that are not considered within the models, which are relevant in assessing the expected credit losses within the loan balances.

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As of December 31, 2021, the allowance is estimated as RMB93.9 million based on information known at the time of the review, which represents management's best estimate of losses inherent in the loans receivable of RMB595.8 million. Our allowance for credit losses is sensitive to certain inputs, most notably the reasonable and supportable forecasts that are incorporated in our estimate of credit losses. Because future events affecting borrowers and collateral cannot be predicted with certainty, there can be no assurance that the existing allowance for credit losses is adequate. Changes in factors underlying the assessment could have a material impact on the amount of the allowance that is necessary and the amount of provision to be charged against earnings.

Level 3 Fair Value Measurement

Our management has carefully reviewed the valuation related policies, the financial statements prepared in accordance with the U.S. GAAP, and other supporting documents, and has had sufficient understanding of the valuation model, methodologies, and techniques. With respect to the private equity funds within Level 3 measurement, we generally use a market comparable analysis. The valuation methodology requires a subjective process in determining significant inputs and making assumptions and judgments, for which we consider and evaluate including but not limited to, (i) comparable data wherever possible to quantify or adjust the fair value; (ii) quantitative information about significant unobservable inputs used by the third party; and (iii) prevailing market conditions. The uncertainty of the fair value measurement due to the use of these unobservable inputs and assumptions could have resulted in higher or lower determination of fair value. Accordingly, an increase (a decrease) in valuation multiple (e.g. Enterprise Value/EBITDA Multiple and Enterprise Value/Sales Multiple) in isolation would have resulted in a significantly higher (lower) fair value and an increase (a decrease) in illiquidity discount in isolation would have resulted in a significantly lower (higher) fair value of these private equity funds within Level 3 measurement. There is inherent uncertainty involved in the valuation of level 3 investments and therefore there is no assurance that, upon liquidation or sale, we could realize the values reflected in the valuations. Based on the foregoing, our management is of the view that the valuation analysis performed during the Track Record Period is fair and reasonable. Our management is satisfied with the valuation work for the level 3 fair value measurement on financial assets performed during the Track Record Period. During the Track Record Period, none of our Group's financial liabilities was measured at fair value.

Details of the fair value measurement of financial assets, particularly the fair value hierarchy and key inputs including significant unobservable inputs and the relationship of unobservable inputs to fair value are disclosed in Note 5 to the Accountant's Report in Appendix IA to this document.

Having considered the work done by the management and the Reporting Accountants and based on the independent due diligence work conducted by the Sponsor, including but not limited to (i) review of the relevant notes in the Accountant's Report in Appendix IA to this prospectus; (ii) discussions with the Management on the primary factors taken into account by the management, key assumptions and methodologies adopted for the valuation of the level 3 financial assets; and (iii) discussion with the Reporting Accountants in respect of the work performed in relation to the valuation of the level 3 financial assets for the purpose of reporting on the historical financial information of our Group for the Track Record Period as a whole, nothing has come to the Sponsor's attention that would reasonably cause the Sponsor to cast doubt on the valuation analysis performed in respect of financial assets categorized within level 3 of fair value measurement.

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RECENT ACCOUNTING PRONOUNCEMENTS

In August 2020, the Financial Accounting Standards Board (the “FASB”) issued ASU 2020-06, Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity, which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. We have adopted this guidance since January 1, 2022 and the adoption does not have a material impact on its consolidated financial statements.

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832) — Disclosures by Business Entities about Government Assistance. The amendments in this ASU require disclosures about transactions with a government that have been accounted for by analogizing to a grant or contribution accounting model to increase transparency about (1) the types of transactions, (2) the accounting for the transactions, and (3) the effect of the transactions on an entity’s financial statements. The amendments in this ASU are effective for all entities within their scope for financial statements issued for annual periods beginning after December 15, 2021. We have adopted this guidance since January 1, 2022 and the adoption does not have a material impact on its consolidated financial statements.

DIVIDEND POLICY

Our Board of Directors has complete discretion as to whether to distribute dividends, subject to our articles of association and Cayman Islands law. In addition, our shareholders by ordinary resolution may declare a dividend, but no dividend may exceed the amount recommended by our Board of Directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend on its shares out of either profit or share premium amount, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our Board of Directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board of Directors may deem relevant. If we pay any dividends, our ADS holders will be paid 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.

As of December 31, 2021, we have distributable reserves of RMB4,779.8 million (US\$750.1 million).

PROPERTY INTERESTS AND PROPERTY VALUATION

Savills Valuation and Professional Services Limited, an independent property valuer, has valued one of our owned properties as of March 31, 2022. In May 2021, we purchased new headquarter premises with a gross floor area of approximately 72,000 square meters in Shanghai, and the carrying amount of its property interest (which all form part of non-property activities) is approximately RMB2,349.7 million (US\$370.7 million), accounting for 21.3% of our total assets as of March 31, 2022. In connection with the financial data as of March 31, 2022 in this paragraph, translation of RMB into U.S. dollars was made at a rate of RMB6.3393 to US\$1.00, the effective noon buying rate for March 31, 2022 as set forth in the H.10 statistical release of the Federal Reserve Board. For the valuation report of our newly purchased headquarter premises, please refer to “Appendix III — Valuation Report.”

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A reconciliation of the book value of our newly purchased headquarter premises as of December 31, 2021 as set out in the Accountants' Report in Appendix IA to their fair value as of March 31, 2022 as set out in the Valuation Report in Appendix III is set forth below:

	<u>RMB</u> <u>(in thousands)</u>
Net book value of buildings included in property and equipment as set out in the Accountants' Report in Appendix IA to this document	2,369,825
Additions of buildings included in property and equipment for the three months ended March 31, 2022:	–
Less: Depreciation for the three months ended March 31, 2022	<u>20,160</u>
	2,349,665
Valuation surplus	<u>160,335</u>
Valuation of property interests as of March 31, 2022 as set out in the Valuation Report in Appendix III to this document	<u><u>2,510,000</u></u>

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this document, there has not been any material adverse change in our financial or trading position or prospects since December 31, 2021, and there is no event since December 31, 2021 which would materially affect the information shown in the Accountants' Report in Appendix IA to this document.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions, and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately HK\$73.6 million, representing approximately 21.5% of the gross proceeds from the Global Offering (assuming that the Global Offering is conducted at the indicative offer price per Offer Share of HK\$307.00 for both Hong Kong Public Offering and International Offering and the Over-allotment Option is not exercised), among which (a) underwriting-related expenses, including underwriting commissions and other expenses, are expected to be approximately HK\$16.9 million, and (b) non-underwriting-related expenses are expected to be approximately HK\$56.7 million, comprising (1) fees and expenses of legal advisers and accountants of approximately HK\$45.9 million and (2) other fees and expenses of approximately HK\$10.8 million. Approximately HK\$21.6 million (RMB17.7 million) of the listing expenses have been charged to our consolidated results of operations and we estimate that approximately HK\$52.0 million (RMB44.5 million) of the listing expenses will be recorded as a deduction in equity directly upon completion of the Global Offering.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to ordinary shareholders of our Company prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules are set out to illustrate the effect of the Global Offering on the audited consolidated net tangible assets attributable to ordinary shareholders of our Company as of December 31, 2021 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to ordinary shareholders of our Company have been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group, had the Global Offering been completed as of December 31, 2021 or at any future dates. It is prepared based on the audited consolidated net tangible assets attributable to ordinary shareholders of our Company as of December 31, 2021 as derived from the Accountants' Report, the text of which is set out in Appendix IA to this document, and adjusted as described below.

Audited consolidated net tangible assets of our Group attributable to ordinary shareholders of our Company as of December 31, 2021	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets of our Group attributable to ordinary shareholders of our Company as of December 31, 2021	Unaudited pro forma adjusted net tangible assets of our Group attributable to ordinary shareholders of our Company per Share	Unaudited pro forma adjusted net tangible assets of our Group attributable to ordinary shareholders of our Company per ADS	Unaudited pro forma adjusted net tangible assets of our Group attributable to ordinary shareholders of our Company per Share	Unaudited pro forma adjusted net tangible assets of our Group attributable to ordinary shareholders of our Company per ADS
(in RMB thousands)	(in RMB thousands)	(in RMB thousands)	RMB	RMB	HK\$	HK\$
(Note 1)	(Note 2)		(Note 3)	(Note 4)	(Note 5)	(Note 5)

Based on indicative offer price of HK\$307.00 per Offer Share

8,040,775	244,443	8,285,218	265.74	132.87	310.60	155.30
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Notes:

- (1) The audited consolidated net tangible assets of our Group attributable to ordinary shareholders of our Company as of December 31, 2021 is derived from the Accountants' Report set out in Appendix IA to this document, which is based on the audited consolidated net assets of our Group attributable to ordinary shareholders of our Company as of December 31, 2021 of RMB8,040,775,000.
- (2) The estimated net proceeds from the Global Offering are based on 1,100,000 Offer Shares at the indicative offer share price of HK\$307.00 per Offer Share after deduction of the estimated listing expenses and share issue costs (including underwriting fees and other related expenses) expected to be incurred by our Company subsequent to December 31, 2021 and without taking into account any allotment and issuance of any Shares upon the exercise of the Over-allotment Option, the vesting of restricted share units ("RSUs") under the Settlement Plan, the Shares to be issued pursuant to the Share Incentive Plan, including pursuant to the exercise

FINANCIAL INFORMATION

of options or the vesting of restricted shares or other awards that have been or may be granted from time to time and any issuance or repurchase of Shares and/or ADSs by our Company. For the purpose of calculating the estimated net proceeds from the Global Offering, the translation of Hong Kong dollars into Renminbi was made at the exchange rate of HK\$1.00 to RMB0.8556, which is derived from the respective exchange rate of Hong Kong dollars and Renminbi against U.S. Dollars on June 17, 2022 set forth in the H.10 statistical release of the Federal Reserve Board as disclosed in the Exchange Rate Conversion section of this document. No representation is made that Hong Kong dollars have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

- (3) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to ordinary shareholders of our Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 31,179,455 Shares are in issue assuming that the Global Offering had been completed on December 31, 2021, without taking into account any allotment and issuance of any Shares upon the exercise of the Over-allotment Option, the vesting of RSUs under the Settlement Plan, the Shares to be issued pursuant to the Share Incentive Plan, including pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time and any issuance or repurchase of Shares and/or ADSs by our Company.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to ordinary shareholders of our Company per ADS is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that two ADSs represents one Share.
- (5) For the purpose of this unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to ordinary shareholders of our Company, the balances stated in Renminbi are converted into Hong Kong dollars at the exchange rate of RMB1.00 to HK\$1.1688, which is derived from the respective exchange rate of Hong Kong dollars and Renminbi against U.S. Dollars on June 17, 2022 set forth in the H.10 statistical release of the Federal Reserve Board as disclosed in the Exchange Rate Conversion section of this document. No representation is made that Hong Kong dollars have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.
- (6) As of March 31, 2022, one of our Group's property interests were valued by Savills Valuation and Professional Services Limited, an independent valuer, whose valuation report is set out in Appendix III to this document. Based on the valuation report, the property interests of our Group attributable to ordinary shareholders of our Company had a revaluation surplus up to December 31, 2021 of approximately RMB140.2 million, which represents the excess of market value over the carrying amount of the property interests as of December 31, 2021. The valuation surplus has not been included in this unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to ordinary shareholders of our Company as of December 31, 2021, and will not be incorporated in our Group's consolidated financial statements in the future. If the valuation surplus were to be included in the consolidated financial statements, an additional annual amortization charge of approximately RMB4.7 million would be incurred.
- (7) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to ordinary shareholders of our Company to reflect any trading result or other transactions of our Group entered into subsequent to December 31, 2021. Accordingly, the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to shareholders of our Company per Share/ADS does not take into account the 9,778 treasury shares reissued for vesting of restricted shares and stock options exercise during the period from January 1, 2022 to the Latest Practicable Date as disclosed in the reconciliation statement "Share Capital immediately following the completion of the Global Offering" under the section headed Share Capital in this document, which would have increased the total shares in issue to 31,189,233 as of the Latest Practicable Date. Also, the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to ordinary shareholders of our Company per Share/ADS have not been adjusted to illustrate the effect of the vesting of RSUs under the Settlement Plan. The vesting of RSUs under the Settlement Plan would have increased the total shares in issue by 3,533,420 shares, which together with the 9,778 treasury shares reissued during the period from January 1, 2022 to the Latest Practicable Date would have increased the total shares in issue to 34,722,653 shares. After the vesting of RSUs under the Settlement Plan subsequent to December 31, 2021 and reissuance of the 9,778 treasury shares during the period from January 1, 2022 to the Latest Practicable Date being taken into account, based on the indicative offer price of HK\$307.00 per Offer Share, the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to ordinary shareholders of our Company per Share/ADS would be RMB238.62 or HK\$278.90 per Share, and RMB119.31 or HK\$139.45 per ADS, respectively.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

The following table sets forth information regarding the Directors and senior management:

Name	Age	Position/Title	Date of appointment	Year of joining our Group
<i>Directors⁽¹⁾</i>				
Ms. Jingbo Wang (汪靜波)	50	Co-founder, chairwoman of the Board, and chief executive officer of our Group	June 29, 2007	2005
Mr. Zhe Yin (殷哲)	47	Co-founder and Director of our Group, and chairman of Gopher Asset Management	June 29, 2007	2005
Ms. Chia-Yue Chang (章嘉玉)	61	Director	August 29, 2007	2007
Mr. Neil Nanpeng Shen (沈南鵬)	54	Non-executive Director	January 14, 2016	2016
Mr. Boquan He (何伯權)	61	Non-executive Director ⁽²⁾	August 29, 2007	2007
Ms. May Yihong Wu (吳亦泓)	54	Independent Director ⁽³⁾	November 9, 2010	2010
Mr. Tze-Kaing Yang (楊子江)	67	Independent Director ⁽³⁾	May 1, 2015	2015
Mr. Jinbo Yao (姚勁波)	45	Independent Director ⁽³⁾	November 7, 2014	2014
Dr. Zhiwu Chen (陳志武)	59	Independent Director ⁽³⁾	January 24, 2014	2014
<i>Senior Management</i>				
Mr. Qing Pan (潘青)	48	Chief financial officer	November 30, 2019	2017
Mr. Jun Lu (盧峻)	51	Chief technology officer	September 23, 2020	2020
Mr. Ligao Zhou (周理高)	46	Chief risk management officer	October 9, 2017	2017
Mr. Jin Chen (陳勁)	54	Chief executive officer of Noah Digital International	March 1, 2021	2020

Notes:

- (1) The Board consists of nine Directors, including four independent Directors. Please refer to the paragraph headed “— Board Practices” in this section for the functions and duties of the Board. The Board is responsible for exercising other powers, functions and duties in accordance with the Articles, and all applicable laws, including the Hong Kong Listing Rules.
- (2) Mr. Boquan He is our Company’s independent Director under applicable U.S. regulations, but does not meet all of the independence criteria set out in Rule 3.13 of the Hong Kong Listing Rules and, accordingly, is considered a non-executive Director under the Hong Kong Listing Rules.
- (3) Save for Mr. Boquan He as noted in note 2 above, the independent Directors under applicable U.S. regulations are also independent non-executive Directors for the purpose of the Hong Kong Listing Rules. Each of Mr. Tze-Kaing Yang, Dr. Zhiwu Chen and Ms. May Yihong Wu, a member of the audit committee, qualifies as an “audit committee financial expert” under the applicable rules of the SEC and has the appropriate professional accounting or financial management experience.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed below, none of the Directors held any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this document and there are no family relationships among any of the Directors or senior management of our Company. Please refer to the section headed “Major Shareholders” for disclosure of interests of the Directors and senior management. There is no material matter relating to the Directors that needs to be brought to the attention of the Shareholders and the information of the Directors disclosed in this document comply with the requirements under Rule 13.51(2) of the Hong Kong Listing Rules in all material respects.

BIOGRAPHIES

Directors

Ms. Jingbo Wang (汪靜波), aged 50, is one of the Founders and has been the chairwoman and chief executive officer of our Group since its inception in August 2005. Ms. Wang has over 20 years of experience in wealth management and asset management industries. Prior to co-founding our Company, from May 2000 to September 2005, Ms. Wang worked in several departments and affiliates of Xiangcai Securities Co., Ltd. (湘財證券有限責任公司, currently known as 湘財證券股份有限公司) (“**Xiangcai Securities**”), a securities firm in China. Ms. Wang served as the general manager of private banking department at Xiangcai Securities from August 2003 to September 2005, during which she established the securities firm’s wealth management business. Prior to that, she served as a deputy general manager of ABN AMRO Xiangcai Fund Management Co., Ltd. (湘財荷銀基金管理有限公司) (currently known as Manulife Teda Fund Management Co., Ltd. (泰達宏利基金管理有限公司)), an affiliate of Xiangcai Securities, from February 2002 to August 2003, and as the head of the asset management department at Xiangcai Securities from May 2000 to February 2002.

Ms. Wang was recognized as one of Top 30 Most Influential Business Woman in China in 2019 (2019年度中國最具影響力的30位商界女性) by China Entrepreneur (《中國企業家》雜誌社). In 2017, she was listed on Forbes’ China Top 100 Businesswomen in 2017 (福布斯2017年中國傑出商界女性百強榜). In the same year, she was also recognized as an Outstanding Leader of the Year by Wealth APAC, and received International Women’s Entrepreneurial Challenge Award from the International Women’s Entrepreneurial Challenge (IWEC) Foundation.

Ms. Wang graduated from Global CEO Program of China Europe International Business School (中歐國際工商學院) in Shanghai, China, in September 2009. Ms. Wang received her master’s degree in management in December 1999 from Sichuan University (四川大學) in Sichuan, China.

Mr. Zhe Yin (殷哲), aged 47, is one of the Founders and has been a Director since June 2007. Mr. Yin has over 20 years of professional experience in wealth management and asset management industries. He has been serving as the chairman of Gopher Asset Management since March 2021, and served as the chief executive officer of Gopher Asset Management from April 2014 to March 2021 and as the chairman of asset sector of Gopher Asset Management from February 2010 to April 2014. Prior to co-founding our Company, Mr. Yin worked at Xiangcai Securities from November 2003 to September 2005 as a deputy general manager of the private banking department. From July 1997 to October 2003, Mr. Yin served as various positions at Bank of Communications Co., Ltd. Shanghai Branch, with his last position as the foreign exchange product manager of private finance division. Since August 2021, Mr. Yin has been serving as a director of Dalian Zeus Entertainment Co., Ltd. (大連天神娛樂股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002354). From November 2017 to June 2021, Mr. Yin served as an independent director of Guizhou Xintang Pharmaceutical Co., Ltd. (貴州信邦製藥股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002390).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yin served as a co-chairman of the Fund of Funds Professional Committee* of Asset Management Associate of China (中國證券投資基金業協會母基金專業委員會) from 2017 to August 2021. He was named as one of the Top 20 China's Best Private Equity Investors in 2017 and as one of the Top 50 China's Best Private Equity Investors in 2019, respectively, by ChinaVenture Investment Consulting., Ltd. (上海投中信息諮詢股份有限公司), a leading financial services technology enterprise in China's private equity investment industry.

Mr. Yin received his MBA degree from China Europe International Business School in Shanghai, China, in September 2010 and his bachelor's degree in economics from Shanghai University of Finance and Economics (上海財經大學) in Shanghai, China, in July 1997.

Ms. Chia-Yue Chang (章嘉玉), aged 61, has been a Director since August 2007. She served as the chief marketing officer from January 2017 to February 2021, and served as the general manager of Noah Upright from July 2011 to March 2018 and from March 2019 to December 2020. From March 2021, she has also been serving as the director of the ethics compliance committee (including discipline supervision and compliance), the fairness committee and the sustainable development committee, respectively, of our Company.

Ms. Chang received her master's degree in library science from University of California, Los Angeles in California, the U.S., in March 1987, and her bachelor's degree in library science from National Taiwan University (國立台灣大學) in Taiwan, in June 1983.

Mr. Neil Nanpeng Shen (沈南鵬), aged 54, has been a Director since January 2016. Mr. Shen has been the founding managing partner of Sequoia Capital China, since September 2005. Prior to founding Sequoia Capital China, in 1999, Mr. Shen co-founded Trip.com Group Limited, a leading travel service provider in China, the shares of which are listed on the Nasdaq Stock Market (ticker symbol: TCOM) (previously known as Ctrip.com International, Ltd. (ticker symbol: CTRP)) and the Hong Kong Stock Exchange (stock code: 09961) ("Ctrip"). Mr. Shen served as the president of Ctrip from August 2003 to October 2005 and as the chief financial officer from 2000 to October 2005. Mr. Shen also co-founded and served as non-executive co-chairman of Homeinns Hotel Group, a leading economy hotel chain company in China, which commenced operations in July 2002 and the shares of which were listed on the Nasdaq Stock Market (ticker symbol: HMIN) from October 2006 to April 2016.

Mr. Shen previously held or currently holds directorship in the following listed companies during the three years immediately preceding the date of this document:

<u>Name of company</u>	<u>Position</u>	<u>Period of service</u>
Pinduoduo Inc., the shares of which are listed on the Nasdaq Stock Market (ticker symbol: PDD)	Independent non-executive director	Since April 2018
BTG Hotels (Group) Co., Ltd. (北京首旅酒店(集團)股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600258)	Non-executive director	Since January 2017
Meituan, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 03690)	Non-executive director	Since October 2015

DIRECTORS AND SENIOR MANAGEMENT

Name of company	Position	Period of service
Ninebot Limited (九號有限公司), the shares of which are listed on the Shanghai Stock Exchange STAR Market (stock code: 689009)	Non-executive director	Since July 2015
Ctrip, the shares of which are listed on the Nasdaq Stock Market (ticker symbol: TCOM) and the Hong Kong Stock Exchange (stock code: 09961)	Independent non-executive director	Since October 2008
China Renaissance Holdings Limited, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 01911)	Non-executive director	From June 2018 to June 2020
360 Security Technology Inc. (三六零安全科技股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 601360)	Non-executive director	From February 2018 to May 2020

Mr. Shen received his bachelor's degree in applied mathematics from Shanghai Jiao Tong University (上海交通大學) in Shanghai, China, in July 1988 and his master's degree from Yale University in November 1992.

Mr. Boquan He (何伯權), aged 61, has been a Director since August 2007 and has served as an independent Director since October 2011 under applicable U.S. regulations. Mr. He is the founder and has been serving as the chairman of the board of directors of Guangdong Nowadays Investment Co., Ltd.* (廣東今日投資有限公司) since August 2000, a private investment company specializing in greenfield investments in retail and service industries in China. In 1989, he founded and, until 2000, served as the chief executive officer of Guangdong Robust Group (廣東樂百氏集團), a then renowned food and beverage company which was acquired by Danone Group in 2000. He also serves as the chairman or vice chairman of the board of directors of several privately owned companies in China. Mr. He served as a director of iKang Healthcare Group Inc., the shares of which were previously listed on the Nasdaq Stock Market (ticker symbol: KANG) till its delisting in January 2019, from July 2007 to January 2019.

Mr. He received his two-year college graduation certificate from Guangdong Television Public University (廣東廣播電視大學) (currently known as Guangdong Open University (廣東開放大學)) in Guangdong, China, in July 1986.

Ms. May Yihong Wu (吳亦泓), formerly named as Ning Wu (吳寧), aged 54, has been serving as an independent Director since November 2010. Since July 2019, Ms. Wu has been serving as the board adviser of Homeinns Hotel Group, a leading economy hotel chain company in China, the shares of which were listed on the Nasdaq Stock Market (ticker symbol: HMIN) from October 2006 to April 2016, where she also served as the chief strategy officer from May 2010 to June 2019 and chief financial officer from July 2006 to April 2010. Since May 2017, Ms. Wu has been serving as an independent non-executive director, and chairwoman of the audit committee of Swire Properties Limited, a leading real estate developer and manager based in Hong Kong, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 01972).

DIRECTORS AND SENIOR MANAGEMENT

Ms. Wu obtained her MBA degree from the J.L. Kellogg Graduate School of Management (currently known as Kellogg School of Management) at Northwestern University in Illinois, the U.S., in June 1998, her master's degree of arts in economics from Brooklyn College of the City University of New York in New York, the U.S., in June 1993 and her bachelor's degree in biochemistry from Fudan University (復旦大學) in Shanghai, China in July 1989.

Mr. Tze-Kaing Yang (楊子江), aged 67, has served as an independent Director and the chairman of the audit committee of our Company since May 2015. Since January 2015, Mr. Yang has been serving as the chairman and chief executive officer of Yangtze Associates* (匯宏顧問股份有限公司), a venture capital and private equity fund management company in Taiwan. He has been serving as the director of (i) ASUSTeK Computer Inc., the shares of which are listed on the Taiwan Stock Exchange (stock code: 2357), since July 2016, (ii) Pegatron Corporation, the shares of which are listed on the Taiwan Stock Exchange (stock code: 4938), since June 2016, and (iii) TTY Biopharm Company Limited, the shares of which are listed on the Taipei Stock Exchange (stock code: 4105), since June 2016. Mr. Yang served as the deputy minister of finance in Taiwan from July 2003 to May 2004, and as acting chairman of Bank of Taiwan from July 2003 to July 2004. He also served as the managing director of Bank of Taiwan, the president of China Development Industrial Bank and also the executive secretary of National Development Fund in Taiwan.

Mr. Yang was appointed an adjunct associate professor of the School of Business Management at National Chengchi University (國立政治大學) from February 2017 to July 2017, and as an adjunct professor of the Guanghua School of Management at Peking University (北京大學) from September 2001 to August 2003.

Mr. Yang received his Ph.D. in business administration from National Chengchi University in Taiwan, in June 1987 and his MBA degree from the University of Illinois at Urbana-Champaign in Illinois, the U.S., in August 1982.

Mr. Jinbo Yao (姚勁波), aged 45, has been an independent Director since November 2014. Mr. Yao is a pioneer in China's internet industry. He is the founder and has been serving as the chairman of the board of directors and chief executive officer of 58.com Inc., the shares of which were listed on the New York Stock Exchange (ticker symbol: WUBA) until September 2020, since 2013. Since April 2015, Mr. Yao has been serving as the chief executive officer of Ganjiwang (Tianjin) Technology Co., Ltd.* (趕集網(天津)科技有限公司), the company which owned Ganji.com, a leading online classifieds platform in China. Prior to founding 58.com Inc., in 2000, Mr. Yao founded domain.cn (域名城), a domain name transaction and value-added service website in China. After domain.cn was acquired by net.cn in September 2000, Mr. Yao served in various managerial roles at net.cn with his last position as a vice president of sales until May 2001. In September 2001, Mr. Yao co-founded the education company Xueda Education Group, the shares of which were listed on the New York Stock Exchange (ticker symbol: XUE) in November 2010 until its delisting in September 2016.

Mr. Yao received his bachelor's degrees in marine chemistry and computer application from Ocean University of Qingdao (青島海洋大學) (currently known as Ocean University of China (中國海洋大學)) in Shandong, China in July 1999.

Dr. Zhiwu Chen (陳志武), aged 59, has served as an independent Director since January 2014. Dr. Chen has been a faculty member at the University of Hong Kong since July 2016, and is currently serving as a director of the Asia Global Institute, the chair professor of Finance and Victor and William Fung Professor in Economics at the University of Hong Kong. Dr. Chen is a former professor of finance at Yale University from 1999 to 2017. He was also a special-term visiting professor at School of Economics of Peking University (北京大學) and at School of Social Science and School of Economics and Management of Tsinghua University (清華大學). In 2001, Dr. Chen also co-founded Zebra Capital Management, L.L.C. and remained with the company with the position as chief investment manager until March 2011.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Chen received research awards including the Graham and Dodd Award in 2013 by Financial Analysts Journal, the Pacesetter Research Award in 1999 by Genetic Metabolic Dietitians International, and the Chicago Board Options Exchange Competitive Research Award in 1994 by Pacific-Basin Finance Journal. Dr. Chen was listed as one of the top ten political influencers in China by Burson-Marsteller's 2012 "G20 Influencers" report. Dr. Chen was also one of members of the International Advisory Board of the CSRC from August 2012 to November 2019.

Since March 2021, Dr. Chen has been serving as an independent non-executive director at Bairong Inc., the shares of which are listed on the Hong Kong Stock Exchange (stock code: 06608). From July 2015 to October 2018, he served as an independent non-executive Director of IDG Energy Investment Limited (previously known as Shun Cheong Holdings Limited), the shares of which are listed on the Hong Kong Stock Exchange (stock code: 00650). From May 2011 to June 2017, he served as an independent non-executive director at PetroChina Company Limited, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 00857), the Shanghai Stock Exchange (stock code: 601857) and the New York Stock Exchange (ticker symbol: PTR). From November 2010 to August 2018, he served as an independent non-executive director of Bank of Communications Co., Ltd., the shares of which are listed on the Hong Kong Stock Exchange (stock code: 03328) and the Shanghai Stock Exchange (stock code: 601328).

Dr. Chen received his Ph.D. in financial economics from Yale University in December 1990, his master's degree in systems engineering from Changsha Institute of Technology (長沙工學院) (currently known as National University of Defense Technology (國防科技大學)) in Hunan, China, in January 1986 and his bachelor's degree in computer science from Central South University (中南大學) in Hunan, China, in July 1983.

Senior Management

Mr. Qing Pan (潘青), aged 48, has been the chief financial officer of our Company since November 2019. Prior to taking this role, he served as the chief operating officer of Gopher Asset Management from April 2017 to November 2019, primarily responsible for overseeing fund operations, and leading several specialized teams including finance, due diligence, credit rating and valuation. As a veteran in the investment and finance community, prior to joining our Group, Mr. Pan worked at Deloitte for 17 years, including at its Boston office from September 1999 to May 2007, its U.S. headquarter from June 2007 to September 2009, and at its Shanghai office from October 2009 to July 2016 with his last position as an audit partner. During his employment at Deloitte, Mr. Pan was a former member of the accounting research division at U.S. headquarters, and led projects in relation to several Chinese companies' U.S. listings across various industries. Mr. Pan is a certified public accountant in the U.S., mainland China, and Hong Kong. Since August 2017, Mr. Pan has been serving as an independent director of JCET Co., Ltd. (江蘇長電科技股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600584).

Mr. Pan obtained his master degree of science/MBA in professional accounting from Northeastern University in Massachusetts, the U.S., in September 1999 and his bachelor's degree in teaching Chinese as a foreign language from Beijing Foreign Studies University (北京外國語大學) in Beijing, China, in July 1997.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Jun Lu (盧峻), aged 51, is the chief technology officer of our Company, primarily responsible for the strategic digital transformation, FinTech platform development, technology architecture optimization, as well as artificial intelligence, data intelligence application and innovation.

Mr. Lu is an internet software veteran with over 20 years of experience in leading development of large-scale software platforms and exploration of cutting-edge technologies in the e-commerce and finance sectors, both in the U.S. and China. Prior to joining our Group, from 2018 to 2020, Mr. Lu was the chief technology officer of Lu International (Singapore) Ltd., a subsidiary of Lufax Holding Ltd, the shares of which are listed on the New York Stock Exchange (ticker symbol: LU), where he also served as the head of technology center of Lufax Holding Ltd from November 2016 to July 2020 and an executive member in attendance of Lufax Holding Ltd from 2016 to 2020, primarily in charge of all product research and development activities. From February 1, 2014 to November 4, 2016, Mr. Lu served as the chief technology officer at Vipshop US Inc., the shares of which are listed on the New York Stock Exchange (ticker symbol: VIPS), where he also served as a senior director of the technology center, responsible for artificial intelligence and artificial reality/virtual reality technologies in e-commerce, as well as mobile applications development. Prior to that, Mr. Lu also worked at eBay Inc., the shares of which are listed on NASDAQ (ticker symbol: EBAY) in its Silicon Valley headquarters in various roles. He was one of the founders of eBay Inc.'s first application programming interface (API) platform.

Mr. Lu obtained his master's degrees in computer sciences and electronic engineering, respectively, from University of New Mexico, in New Mexico, the U.S., in July 2020 and his bachelor's degree in scientific device engineering from Zhejiang University (浙江大學) in Zhejiang, China, in July 1992.

Mr. Ligao Zhou (周理高), aged 46, has been serving as the chief risk management officer of our Company since October 2017. Mr. Zhou has 20 years of experience in financial risk management. Prior to joining our Group, he worked at JIC Trust Co., Ltd. (中建投信託股份有限公司) and served as the head of the Shanghai financial market department (outbound investment division) from September 2016 to September 2017, and the head of risk management department from December 2013 to September 2016. He also served as a risk manager at Ping An Trust Co., Ltd.* (平安信託有限責任公司), a subsidiary of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), the shares of which are listed on the Hong Kong Stock Exchange (stock code: 02318) and the Shanghai Stock Exchange (stock code: 601318), from July 2002 to August 2013. In each of these prior positions above, Mr. Zhou was primarily responsible for risk management. Mr. Zhou has also been certified as a financial risk manager (FRM) by Global Association of Risk Management in April 2010 and a chartered financial analyst (CFA) by the CFA Institute in March 2015.

Since December 2017, Mr. Zhou has been serving as independent director of Shenzhen LEDMY CO., Ltd (深圳市樂的美廣電股份有限公司), a light emitting diode service provider in China, and Nirvana Technology (Guangzhou) Co., Ltd. (涅生科技(廣州)股份有限公司), an omni-channel e-commerce operator in China.

Mr. Zhou received his MBA degree from China Europe International Business School in Shanghai, China, in August 2017. He also received his master's degree in safety technology and engineering in March 2002 and his bachelor's degree in safety engineering in July 1999, respectively, from Northeastern University (東北大學) in Liaoning, China.

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Mr. Jin Chen (陳勁), aged 54, is the chief executive officer of Noah Digital International. Prior to joining our Group, Mr. Chen worked at ZhongAn Online P&C Insurance Co., Ltd. (眾安在線財產保險股份有限公司), the first online insurance company in China, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 06060), where he served as an executive director and the chairman of the investment decision committee from November 2019 to January 2021, and as the general manager and co-chief executive officer from July 2014 to July 2019. From July 2005 to May 2014, he served as the president of the credit card center at China CITIC Bank Corporation Limited, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 00998) and the Shanghai Stock Exchange (stock code: 601998). From July 2002 to July 2005, Mr. Chen served as a deputy manager of China Merchants Fund Management Co., Ltd. (招商基金管理有限公司). From March 2001 to July 2002, Mr. Chen served as an assistant to the chief executive officer of China Merchants Securities Co., Ltd., the shares of which are listed on the Hong Kong Stock Exchange (stock code: 06099) and the Shanghai Stock Exchange (stock code: 600999). From May 1999 to March 2001, Mr. Chen served as a deputy director of the office of board of directors at China Merchants Bank Co., Ltd., the shares of which are listed on the Hong Kong Stock Exchange (stock code: 03968) and the Shanghai Stock Exchange (stock code: 600036). Since May 2020, Mr. Chen has been serving as an independent director of Shanghai Fuiou Pay Service Co., Ltd. (上海富友支付服務股份有限公司), a technology-driven international payment solution provider.

Mr. Chen is an academic entrepreneur with a deep theoretical foundation and rich practical experience. His areas of expertise include financial technology and industrial Internet. He was appointed as an adjunct professor at the Chinese University of Hong Kong in February 2014, and he currently serves as the executive director of Shanghai Advanced Institute for Financial Research (上海高金金融研究院). In addition, Mr. Chen currently serves as a director of the Shanghai Adream Foundation (上海真愛夢想公益基金會). He was also a representative of the 5th Shenzhen's People's Congress (深圳市第五屆人民代表大會代表) and a representative of the 2nd People's Congress of Huangpu District, Shanghai (上海黃浦區第二屆人民代表大會代表). He was awarded as the Shenzhen Model Worker (深圳市勞動模範), the 4th Shenzhen Top 10 Outstanding Young Entrepreneur (第四屆“深圳十大傑出青年企業家”) and Shanghai Financial Innovation Figure in 2015 (2015年滬上金融創新人物).

Mr. Chen received his EMBA degree from Cheung Kong Graduate School of Business (長江商學院) in Beijing, China, in October 2012 and his master's degree and bachelor's degree in engineering from Huazhong University of Science and Technology (華中理工大學) (currently known as Huazhong University of Science and Technology (華中科技大學)) in Hubei, China, in June 1994 and July 1991, respectively.

COMPENSATION

Employment Agreements

We have entered into employment agreements with each of the senior management. We may terminate an senior management's employment for cause at any time without remuneration for certain acts of the officer, such as a crime resulting in a criminal conviction, willful misconduct or gross negligence to our detriment, a material breach of the employment agreement or of the corporate and business policies and procedures, or providing services for other entities without our consent. We may also terminate a senior management's employment by giving one month's notice or by paying a one-time compensation fee equal to one month's salary in lieu of such notice under certain circumstances, such as a failure by such officer to perform agreed-upon duties or the impracticability of the performance caused by a material change of circumstances. A member of senior management may terminate his or her employment at any time by giving one month's notice or immediately if we delay the payment of remuneration, fails to pay social security fees, or fails to provide the necessary working conditions for such officer.

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Each member of senior management, under his or her employment agreement with us, has agreed to hold any trade secrets, proprietary information, inventions or technical secrets of our Company in strict confidence during and after his or her employment. Each officer also agrees that we shall own all the intellectual property developed by such officer during his or her employment. If an officer breaches the above contractual obligations in relation to confidentiality and intellectual property, we are entitled to collect damages from such officer equal to two months' salary for such officer as well as to seek compensation of its actual losses.

Each officer also agrees to refrain from competing with our Company, directly or indirectly, for two years after his or her termination of employment.

Compensation of Directors and Senior Management

For the years ended December 31, 2019, 2020 and 2021, our Company paid an aggregate of approximately RMB31.1 million, RMB16.2 million and RMB40.2 million, respectively, in cash to the Directors and senior management. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to the senior management and Directors. Our PRC subsidiaries and Consolidated Affiliated Entities are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. For equity-based grants to the Directors and senior management, please refer to the paragraph headed "— Share Incentive Plans" in this section.

Share Incentive Plans

We currently grant share incentive awards pursuant to the 2017 Share Incentive Plan. It previously granted awards under the 2008 Share Incentive Plan and the 2010 Share Incentive Plan, until those plans were terminated upon the adoption of the 2017 Share Incentive Plan. The purpose of the Share Incentive Plans is to attract and retain the best available personnel by linking the personal interests of the Directors, and the officers, employees, consultants and advisers of our Group to our Company's success and by providing such individuals with an incentive for outstanding performance to generate superior returns for Shareholders.

2017 Share Incentive Plan

Under the 2017 Share Incentive Plan, the maximum number of shares in respect of which options, restricted shares, or restricted share units and other forms of share awards may be granted is 2,800,000 Class A ordinary shares. As of December 31, 2021, there were 361,853 options to purchase Class A ordinary shares outstanding, and 138,834 restricted Shares had been issued and were outstanding under the 2017 Share Incentive Plan.

Types of Awards. The following briefly describes the principal features of the various awards that may be granted under the 2017 Share Incentive Plan.

- ***Options.*** Options provide for the right to purchase a specified number of Class A ordinary shares at a specified price and usually will become exercisable at the discretion of the plan administrator in installments after the grant date. The option exercise price shall be paid in cash.
- ***Restricted Shares.*** A restricted share award is the grant of Class A ordinary shares which are subject to certain restrictions and may be subject to risk of forfeiture. Unless otherwise determined by the plan administrator, a restricted share is nontransferable and

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may be forfeited or repurchased by our Company upon termination of employment or service during a restricted period. The plan administrator may also impose other restrictions on the restricted shares, such as limitations on the right to vote or the right to receive dividends.

- ***Restricted Share Units.*** A restricted share unit is a grant valued in terms of Class A ordinary shares, but shares are not issued at the time of the grant. After the recipient of a unit satisfies the vesting requirement, we will distribute shares or the cash equivalent of the number of shares used to value the unit, depending on the terms of the award. Vesting requirements are determined by the plan administrator.
- ***Share Appreciation Right.*** A share appreciation right is a right granted to receive a payment equal to the excess of the fair market value of a specified number of Class A ordinary shares on the date the award is exercised over the fair market value on the date the award was granted as set forth in the applicable award agreement. Vesting requirements are determined by the plan administrator.

Plan Administration. The plan administrator is the Board, or a committee designated by the Board. The plan administrator will determine the provisions and terms and conditions of each grant.

Offer Letter. Options or restricted shares granted under the plan are evidenced by an offer letter that sets forth the terms, conditions, and limitations for each grant.

Option Exercise Price. The exercise price subject to an option shall be determined by the plan administrator and set forth in the offer letter.

Eligibility. We may grant awards to the Directors, officers, employees, consultants and advisers.

Term of the Awards. The term of each grant of option or restricted shares shall be determined by the plan administrator.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is set forth in the offer letter.

Transfer Restrictions. Awards for options may not be transferred to any third party in any manner by the award holders and may be exercised only by such holders.

Termination. Unless terminated earlier, the 2017 Share Incentive Plan will be terminated automatically on December 29, 2027. The Board has the authority to amend or terminate the plan. However, no such action may adversely affect in any material way any awards previously granted unless agreed by the recipient.

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Grant under the 2017 Share Incentive Plan. The following table summarizes, as of December 31, 2021, the outstanding options granted to the senior management, Directors, and other individuals as a group under the 2017 Share Incentive Plan.

Name	Class A Ordinary Shares Underlying Options Awarded	Exercise Price- (US\$/ ADS)	Date of Grant	Date of Expiration
Ms. Jingbo Wang	Note 1	37.63	September 1, 2018	September 1, 2028
Mr. Zhe Yin	Note 1	37.63	September 1, 2018	September 1, 2028
Ms. Chia-Yue Chang	Note 1	37.63	September 1, 2018	September 1, 2028
Mr. Qing Pan	Note 1	37.63	September 1, 2018	September 1, 2028
Other Individuals as a Group	Note 1	37.63	September 1, 2018	September 1, 2028
Other Individuals as a Group	Note 1	23.68	December 1, 2020	December 1, 2034
Other Individuals as a Group	Note 1	35.52	April 6, 2021	April 6, 2035
Other Individuals as a Group	Note 1	35.52	April 12, 2021	April 12, 2031
Other Individuals as a Group	Note 1	35.52	April 26, 2021	April 26, 2035
Other Individuals as a Group	Note 1	35.24	May 6, 2021	May 6, 2031
Other Individuals as a Group	Note 1	30.88	August 23, 2021	August 23, 2031
Other Individuals as a Group	Note 1	30.88	August 25, 2021	August 25, 2031
Other Individuals as a Group	Note 1	29.70	October 25, 2021	October 25, 2036

Note:

(1) Less than 1% of the total outstanding share capital.

DIRECTORS AND SENIOR MANAGEMENT

The following table summarizes, as of December 31, 2021, the outstanding restricted shares issued to the senior management, Directors, and other individuals as a group under the 2017 Share Incentive Plan.

Name	Restricted Shares	Date of Issuance
Ms. Jingbo Wang	Note 1	September 1, 2018
Mr. Zhe Yin	Note 1	September 1, 2018
Ms. Chia-Yue Chang	Note 1	September 1, 2018
Mr. Qing Pan	Note 1	September 1, 2018
Mr. Ligao Zhou	Note 1	September 1, 2018
Other Individuals as a Group	Note 1	September 1, 2018
Ms. May Yihong Wu	Note 1	November 16, 2020
Mr. Jun Lu	Note 1	August 10, 2020
Mr. Jin Chen	Note 1	November 10, 2020
Other Individuals as a Group	Note 1	December 10, 2020
Mr. Tze Kaing Yang	Note 1	August 29, 2021
Mr. Jinbo Yao	Note 1	October 11, 2021
Dr. Zhiwu Chen	Note 1	December 14, 2021

Note:

(1) Less than 1% of our Company's total outstanding share capital.

The 2010 Share Incentive Plan

Although the 2010 Share Incentive Plan has been terminated, the outstanding awards previously granted under that plan remain effective and will continue to be governed by the terms and conditions of the 2010 Share Incentive Plan. As of December 31, 2021, options to purchase an aggregate of 62,114 Class A ordinary shares had been granted and were outstanding and no restricted shares had been issued and were outstanding under the 2010 Share Incentive Plan.

The following table summarizes, as of December 31, 2021, the outstanding options granted to the senior management, Directors, and other individuals as a group under the 2010 Share Incentive Plan.

Name	Class A Ordinary Shares Underlying Options Awarded	Exercise Price (US\$/ADS)	Date of Grant	Date of Expiration
Ms. Jingbo Wang	Note 1	13.91	April 15, 2014	April 15, 2024
	Note 1	17.37	May 5, 2015	May 5, 2025
	Note 1	19.36	July 1, 2016	July 1, 2026
	Note 1	22.92	July 1, 2017	July 1, 2027
Mr. Zhe Yin	Note 1	13.91	April 15, 2014	April 15, 2024
	Note 1	17.37	May 5, 2015	May 5, 2025
	Note 1	19.36	July 1, 2016	July 1, 2026
	Note 1	22.92	July 1, 2017	July 1, 2027

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Name	Class A Ordinary Shares Underlying Options Awarded	Exercise Price (US\$/ADS)	Date of Grant	Date of Expiration
Ms. Chia-Yue	Note 1	19.36	July 1, 2016	July 1, 2026
Chang	Note 1	22.92	July 1, 2017	July 1, 2027
Mr. Qing Pan	Note 1	22.92	April 20, 2017	April 20, 2027
Other individuals as a Group	Note 1	13.91~22.92	April 15, 2014 to July 1, 2017	April 15, 2024 to July 1, 2027

Note:

(1) Less than 1% of our Company's total outstanding share capital.

BOARD PRACTICES

Nomination of Directors

The Board of Directors consists of nine Directors. A Director is not required to hold any shares in our Company to qualify to serve as a Director. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with our Company is required to declare the nature of his interest at a meeting of the Directors and may vote with respect to any contract, proposed contract or arrangement notwithstanding that he is 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 such contract or proposed contract or arrangement is considered. The Board of Directors may exercise all the powers of our Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, and to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of our Company or of any third party. The remuneration to be paid to the Directors is determined by the Board. There is no age limit requirement for Directors.

Committees of the Board

We established an audit committee, a compensation committee and a corporate governance and nominating committee under the Board in November 2010. We adopted a charter for each of the three committees. Each committee's members and functions are described below.

DIRECTORS AND SENIOR MANAGEMENT

Audit Committee

The audit committee consists of Mr. Tze-Kaing Yang, Dr. Zhiwu Chen and Ms. May Yihong Wu, and is chaired by Mr. Tze-Kaing Yang. Each member of the audit committee satisfies the “independence” requirements of Section 303A of the Corporate Governance Rules of the NYSE and meets the independence standards under Rule 10A-3 under the U.S. Exchange Act. We determined that each member of the audit committee possesses appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Hong Kong Listing Rule and qualifies as an “audit committee financial expert”. The audit committee oversees the accounting and financial reporting processes and the audit of the financial statements of us. The audit committee is responsible for, among other things:

- selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management’s response;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing major issues as to the adequacy of 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;
- reporting regularly to the Board; and
- reviewing and approving certain proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act.

Compensation Committee

The compensation committee consists of Ms. May Yihong Wu, Mr. Tze-Kaing Yang and Mr. Boquan He, and is chaired by Ms. May Yihong Wu. Each member of the compensation committee satisfies the “independence” requirements of Section 303A of the Corporate Governance Rules of the NYSE. The compensation committee assists the Board in reviewing and approving the compensation structure, including all forms of compensation, relating to the Directors and senior management. The Chief Executive Officer may not be present at any committee meeting during which her compensation is deliberated upon. The compensation committee is responsible for, among other things:

- reviewing the total compensation package for the most senior executives and making recommendations to the Board with respect to it;
- approving and overseeing the total compensation package for the executives other than the three most senior executives;

DIRECTORS AND SENIOR MANAGEMENT

- reviewing the compensation of the Directors and making recommendations to the Board with respect to it; and
- periodically reviewing and approving any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, and employee pension and welfare benefit plans.

Corporate Governance and Nominating Committee

The corporate governance and nominating committee consists of Ms. May Yihong Wu, Mr. Jinbo Yao and Dr. Zhiwu Chen, and is chaired by Dr. Zhiwu Chen. Each member of the corporate governance and nominating committee satisfies the “independence” requirements of Section 303A of the Corporate Governance Rules of the NYSE. The corporate governance and nominating committee assists the Board in identifying individuals qualified to become Directors and in determining the composition of the Board and its committees. The corporate governance and nominating committee is responsible for, among other things:

- identifying and recommending to the Board nominees for election or re-election to the Board, or for appointment to fill any vacancy;
- reviewing annually with the Board the current composition in light of the characteristics of independence, age, skills, experience and availability of service to us;
- identifying and recommending to the Board to serve as members of the Board’s committees;
- advising the Board periodically with respect to significant developments in the law and practice of corporate governance as well as our Group’s compliance with applicable laws and regulations, and making recommendations to the Board on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our Company’s code of business conduct and ethics, including reviewing the adequacy and effectiveness of its procedures to ensure proper compliance.

Duties of Directors

Under Cayman Islands law, the Directors owe to our Company fiduciary duties, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our Company’s best interests. The Directors must also exercise their powers only for a proper purpose. The Directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to our Company, the Directors must ensure compliance with the Memorandum and Articles. We have the right to seek damages if a duty owed by the Directors is breached.

DIRECTORS AND SENIOR MANAGEMENT

Terms of Directors and Officers

The officers are appointed by and serve at the discretion of the Board of Directors. The Directors are not subject to a term of office and hold office until their resignation, death or incapacity or until their respective successors have been elected and qualified in accordance with the Articles. A Director may be removed from office at any time by an ordinary resolution of Shareholders. A Director's office will be vacated if such Director (i) dies, becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing to our Company; or (iv) is removed from office pursuant to the Memorandum and Articles or the laws of the Cayman Islands.

We have no service contracts with any of the Directors that provide benefits to them upon termination.

MAJOR SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership and voting power of our Company's Shares as of the Latest Practicable Date by:

- each of the Directors and senior management; and
- each person known to our Company to beneficially own more than 5.0% of Shares.

As of the Latest Practicable Date, we had 30,089,233 Shares outstanding on an as-converted basis, assuming all issued and outstanding Class B ordinary shares are converted into the same number of Class A ordinary shares. Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of Shares beneficially owned by a person and the percentage ownership of that person, we have included Shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These Shares, however, are not included in the computation of the percentage ownership of any other person.

	Shares Beneficially Owned					
	Class A ordinary shares**	Class B ordinary shares**	Total Shares on an as- converted basis**	Percentage of total ordinary Shares**	Percentage of aggregate voting power**	Percentage of aggregate voting power immediately after the Listing***
Directors and Senior Management						
Ms. Jingbo Wang ⁽¹⁾	107,456	6,730,000	6,837,456	22.7%	49.1%	21.9%
Mr. Zhe Yin ⁽²⁾	116,600	1,585,000	1,701,600	5.7%	11.7%	5.5%
Mr. Boquan He ⁽³⁾	1,639,872	–	1,639,872	5.5%	3.0%	5.3%
Ms. Chia-Yue Chang ⁽⁴⁾	2,064,451	–	2,064,451	6.9%	3.8%	6.6%
Mr. Neil Nanpeng Shen ⁽⁵⁾	1,852,261	–	1,852,261	6.2%	3.4%	5.9%
Ms. May Yihong Wu	*	–	*	*	*	*
Mr. Tze-Kaing Yang	*	–	*	*	*	*
Mr. Jinbo Yao	*	–	*	*	*	*
Dr. Zhiwu Chen	*	–	*	*	*	*
Mr. Qing Pan	*	–	*	*	*	*
Mr. Jun Lu	*	–	*	*	*	*
Mr. Ligao Zhou	*	–	*	*	*	*
Mr. Jin Chen	*	–	*	*	*	*
All Directors and Senior Management as a group	5,898,481	8,315,000	14,213,481	47.2%	71.1%	45.6%
Principal Shareholders						
Yiheng Capital Partners, L.P. ⁽⁶⁾	3,323,461	–	3,323,461	11.0%	6.0%	10.7%
FIL Limited ⁽⁷⁾	2,176,445	–	2,176,445	7.2%	4.0%	7.0%
Tiger Pacific Master Fund LP ⁽⁸⁾	1,514,732	–	1,514,732	5.0%	2.8%	4.9%

Notes:

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

** As of the Latest Practicable Date.

MAJOR SHAREHOLDERS

*** Assuming the Offer Shares are issued pursuant to the Global Offering, all Class B ordinary shares have been converted into Class A ordinary shares on the Listing Date, the percentage of issued share capital held by each of the shareholders remain unchanged after the Latest Practicable Date and before the Listing, the Over-allotment Option is not exercised, and no additional Shares are issued under the Share Incentive Plans.

1. The relevant Class A ordinary shares and Class B ordinary shares were wholly-owned and controlled by Jing Investors Co., Ltd. (“**Jing Investors**”), a BVI company wholly owned by Ark Trust (Hong Kong) Limited (“**Ark Trust**”) in its capacity as trustee of the Jing Family Trust (the “**Trust**”) constituted under the laws of Hong Kong, with Ms. Jingbo Wang as the settlor and Ms. Jingbo Wang and her family members as the beneficiaries. The Trust was established for the purposes of Ms. Jingbo Wang’s wealth management and family succession planning. Jing Investors is directly wholly owned by Magic Beams Enterprises Ltd., a BVI company, which is in turn wholly owned by Art Trust, a professional trustee company. Ark Trust as trustee of the Trust has no power to dispose of the Shares held by Jing Investors except upon written instruction by Ms. Jingbo Wang, or to avoid adverse impact on the reputation of Ark Trust or any of its associates. Ms. Jingbo Wang is the sole director of Jing Investors and as such has power to vote and dispose of the Shares held by Jing Investors.
2. The relevant Class A ordinary shares and Class B ordinary shares were held by a BVI company wholly-owned and controlled by Mr. Zhe Yin, namely Yin Investment Co., Ltd.
3. The relevant Class A ordinary shares were held by a BVI company wholly-owned and controlled by Mr. Boquan He, namely Quan Investment Co., Ltd.
4. The relevant Class A ordinary shares were held by a BVI company wholly-owned and controlled by Ms. Chia-Yue Chang, namely Jia Investment Co., Ltd.
5. The relevant Class A ordinary shares were held by (i) Sequoia Capital China I, L.P., (ii) Sequoia Capital China Partners Fund I, L.P., (iii) Sequoia Capital China Principals Fund I, L.P. and (iv) Mr. Neil Nanpeng Shen. The general partner of each of the three Sequoia Capital China funds is Sequoia Capital China Management I, L.P., whose general partner is SC China Holding Limited, a company incorporated in the Cayman Islands. SC China Holding Limited is wholly owned by SNP China Enterprises Limited, a company wholly owned by Mr. Neil Nanpeng Shen. Mr. Shen is a managing partner of Sequoia Capital China, an affiliate of the Sequoia Capital China funds.
6. Represents the number of Shares and/or voting power of Yiheng Capital Partners, L.P. as of March 31, 2022. The relevant Class A ordinary shares were held by Yiheng Capital Partners, L.P., a Delaware limited partnership managed by Yiheng Capital Management, LP, a Delaware limited partnership. Mr. Yuanshan Guo is the managing member of Yiheng Capital Management, LP.
7. The relevant Class A ordinary shares were held by FIL Limited and its direct and indirect subsidiaries as of May 10, 2022.
8. Represents the number of Shares and/or voting power of Tiger Pacific Master Fund LP as of April 27, 2022. The relevant Class A ordinary shares were held by Tiger Pacific Master Fund LP, a Cayman Islands limited partnership managed by Tiger Pacific Capital LP, a Delaware limited partnership. Mr. Run Ye is the managing member of Tiger Pacific Capital LP.

To our knowledge, as of the Latest Practicable Date, 18,381,850 of the Class A ordinary shares were held by one record holder in the United States including 909,737 treasury stock that it repurchased, which is Citibank, N.A., the depository of our Company’s ADS program. The number of beneficial owners of the ADSs in the United States is much larger than the number of record holders of the Class A ordinary shares in the United States.

Our Board has approved a share repurchase program (the “**Share Repurchase Program**”) in November 2020, under which our Company is authorized to repurchase up to US\$100 million worth of its issued and outstanding ADSs, two of which represent one Class A ordinary share, over the course of two years. The Share Repurchase Program was effective from December 1, 2020 and completed on February 25, 2021. Pursuant to the Share Repurchase Program, our Company may make share repurchases from time to time on the open market, in open-market transactions in compliance with Rule 10b5-1 of the U.S. Exchange Act and/or through other

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legally permissible means, depending on market conditions and in accordance with the applicable rules and regulations. The timing and conditions of the share repurchases will be subject to market conditions, share price, corporate and regulatory requirements and other factors.

The main reason that our Board has approved the Share Repurchase Program is that our Board considered that the then trading price of our Shares on NYSE did not reflect their intrinsic value and the actual business prospects, so that it presented a good opportunity for our Company to repurchase Shares. Our Board believed the repurchase of Shares under the Share Repurchase Program could enhance the value of the Shares thereby improving the return to Shareholders. In addition, the Share Repurchase Program reflected our Company's recognition of its own value and its confidence in the long-term prospects of the wealth management industry. Furthermore, our Company also intended to repurchase Shares and hold them as treasury stocks for the purpose of reissuing such Share to the Directors, officers, employees, consultants and advisers of our Group upon the settlement of their vested restricted shares, restricted share units or other forms of share awards, or the exercise of share options pursuant to the Share Incentive Plans. Since 2021, our Company has issued Shares to relevant eligible persons pursuant to the Share Incentive Plans utilizing a part of treasury stocks of our Company.

RELATED PARTY TRANSACTIONS

We are seeking a listing on the Hong Kong Stock Exchange pursuant to Chapter 19C of the Hong Kong Listing Rules. Under Rule 19C.11, Chapter 14A of the Hong Kong Listing Rules governing connected transactions does not apply to our Company. The following discussion on related party transactions has been prepared pursuant to the requirements of Form 20-F of the SEC, and is included in this document for disclosure purposes only.

The table below sets forth major related parties, and their relationships with our Group:

Company Name	Relationship with our Group
Sequoia Capital Investment Management (Tianjin) Co., Ltd.	An affiliated entity of a shareholder of our Group
Wanjia Win-Win Assets Management Co., Ltd (“ Wanjia Win-Win ”)	Investee of Gopher Asset Management
Zhejiang Vanke-Noah Asset Management Co., Ltd (“ Zhejiang Vanke ”)	Investee of Gopher Asset Management
Shanghai Dingnuo Technology Co., Ltd (“ Dingnuo ”)	An affiliated entity of a shareholder of our Group
Investee funds of Gopher Assets Management	Investees of Gopher Asset Management, one of the Consolidated Affiliated Entities
Investee funds of Gopher Capital GP Ltd.	Investees of Gopher Capital GP Ltd., a subsidiary of our Group
Shanghai Noah Charity Fund (“ Noah Charity Fund ”)	A charity fund established by our Group

CONTRACTUAL ARRANGEMENTS

We rely on the Contractual Arrangements with Noah Investment for a portion of its operations in the PRC. Please refer to “History and Corporate Structure — Contractual Arrangements” for a summary of the Contractual Arrangements with Noah Investment and its shareholders.

TRANSACTIONS WITH SHAREHOLDERS AND AFFILIATES

In May 2010, we started its fund of fund business by forming funds of private equity funds under its management. In the second half of 2012, we began raising and managing real estate fund products. We serve as the general partner for these funds. For all the funds where it serves as general partners, we are required by the limited partnership agreements to also hold equity interests in those funds. We manage contractual funds as fund manager and has earned management fee and/or performance-based income from the second half of 2014. For the funds for which Gopher Assets Management and Gopher Capital GP Ltd serve as general partners and/or fund managers, we are entitled to receive recurring service fees and performance-based income. Gopher Assets Management is also entitled to receive one-time commissions for fund raising services when distributing the relevant funds to HNW clients.

RELATED PARTY TRANSACTIONS

During the years ended December 31, 2019, 2020 and 2021, related party transactions were as follows:

	Year Ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
	(Amount in Thousands)			
<i>One-time commissions</i>				
Investee funds of Gopher Assets Management	240,808	129,823	140,522	22,051
<i>Recurring service fees</i>				
Investee funds of Gopher Assets Management	1,009,568	927,611	871,618	136,776
Wanjia Win-Win	688	—	463	73
Sequoia Capital Investment Management (Tianjin) Co., Ltd.	15,759	12,411	26,488	4,157
Investee funds of Gopher Capital GP Ltd.	313,612	302,431	323,691	50,794
Total recurring service fees	1,339,627	1,242,453	1,222,260	191,800
<i>Performance-based income</i>				
Investee funds of Gopher Assets Management	34,248	140,050	166,580	26,140
Investee funds of Gopher Capital GP Ltd.	36,800	68,946	225,710	35,419
Zhejiang Vanke	18,600	—	—	—
Total performance-based income	89,648	208,996	392,290	61,559
<i>Other service fees</i>				
Investee funds of Gopher Assets	3,899	3,425	5,945	933
Investee funds of Gopher Capital GP Ltd.	—	86	—	—
Total other service fees	3,899	3,511	5,945	933
Total	1,673,982	1,584,783	1,761,017	276,343

RELATED PARTY TRANSACTIONS

As of December 31, 2020 and 2021, amounts due from related parties associated with the above trading transactions comprised the following:

	As of December 31,		
	2020	2021	2021
	RMB	RMB	US\$
(Amount in Thousands)			
Investee funds of Gopher Assets			
Management	433,936	303,280	47,591
Investee funds of Gopher Capital GP Ltd. . . .	46,039	97,378	15,281
Total	479,975	400,658	62,872

As of December 31, 2020 and 2021, amounts due from related parties associated with loan distributed comprised the following:

	As of December 31,		
	2020	2021	2021
	RMB	RMB	US\$
(Amount in Thousands)			
Investee funds of Gopher Assets			
Management	27,226	18,850	2,958
Investee funds of Gopher Capital GP Ltd. . . .	12,977	31,881	5,003
Total	40,203	50,731	7,961

These non-trade loans are due on demand and expected to be matured within one year, most of which are interest free. As of April 30, 2022, approximately RMB2.7 million or 5.4% related to the loan balances as of December 31, 2021 were subsequently settled. The Group estimates that the remaining loan balances of RMB48.0 million will be fully settled on or before December 31, 2022.

As of December 31, 2020 and 2021, deferred revenues related to the recurring management fee received in advance from related parties were consisted of the following:

	As of December 31,		
	2020	2021	2021
	RMB	RMB	US\$
(Amount in Thousands)			
Investee funds of Gopher Assets			
Management	35,820	16,373	2,569
Investee funds of Gopher Capital GP Ltd. . . .	1,653	738	116
Total	37,473	17,111	2,685

RELATED PARTY TRANSACTIONS

Donations

Background of Noah Charity Fund

Noah Charity Fund was established in 2014 in Shanghai, the PRC as a nonprofit social organization. It is an authorized charitable institution approved by and registered as an independent legal entity with the Department of Civil Affairs of Shanghai and supervised by its Division of Fund. Noah Charity Fund is subject to the supervision of the Regulations on the Management of Foundations (《基金會管理條例》) and engages in public welfare and charitable activities in accordance with the purpose stipulated in its bylaws and within its scope of operation.

Although Noah Charity Fund was established by our Group to advance its community and charitable initiatives, it is independent from our Group from legal and financial perspectives. For the donations made by our Group, we adopted several measures to track the use of the funds, including: (i) reviewing its auditor's reports and annual reports; (ii) monitoring the use of funds for each charitable projects; and (iii) assigning certain Directors to sit on its board of directors and supervisory board.

Donations to Noah Charity Fund

During the years ended December 31, 2019, 2020 and 2021, donation made to Noah Charity Fund were RMB1.2 million, RMB2.8 million and RMB3.5 million, respectively. The reasons for the continuous and increasing donations to Noah Charity Fund were primarily due to, on top of the regular donations in relation to our corporate social responsibility projects, (i) the donation we made to help hospitals to combat the COVID-19 pandemic for the year ended December 31, 2020, and (ii) the donation we made to Henan and Shanxi provinces to promote social welfare and facilitate reconstructions after heavy rainstorms for the year ended December 31, 2021, respectively. For details, see “Business — Environment, Social and Corporate Governance” in this document.

Our Group made donations mainly through Noah Charity Fund, and the donation amounts are determined based on our annual budget and the purpose and merit of each project and all duly approved internally.

Development of a Mutual Fund Work Station by Dingnuo

During the years ended December 31, 2019, 2020 and 2021, our Group paid nil, RMB6.0 million and RMB9.2 million, respectively, as service fees to Dingnuo for development of an online mutual fund work station for our Group's relationship managers and one-stop service platform for private equity fund managers, respectively.

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Regulations on Foreign Investment

Investment activities in the PRC by foreign investors were principally governed by the Catalogue for the Guidance of Foreign Investment Industry (《外商投資產業指導目錄》), or the Guidance Catalogue, which was promulgated and is amended from time to time by the MOFCOM and the NDRC, the Wholly Foreign-Invested Enterprises Law (《中華人民共和國外資企業法》), the Sino-Foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法》), or collectively the Old FIE Laws, and their respective implementation rules and ancillary regulations. The Guidance Catalogue laid out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: “encouraged,” “restricted” and “prohibited”. Industries not listed in the Guidance Catalogue are generally deemed as falling into a fourth category “permitted” unless specifically restricted by other PRC laws. Under the Guidance Catalogue, certain ownership requirements, requirements for senior executives and other special management measures shall apply to foreign investors with regard to the access of foreign investments in certain restricted categories, and foreign investors shall not engage in any business that falls into the prohibited categories.

On June 30, 2019, the MOFCOM and the NDRC released the Catalogue of Industries for Encouraging Foreign Investment (2019 Version) (《鼓勵外商投資產業目錄(2019年版)》), or the 2019 Encouraging Catalogue and the Special Management Measures (Negative List) for the Access of Foreign Investment (2019) (《外商投資准入特別管理措施(負面清單)(2019年版)》), or the 2019 Negative List, which became effective on July 30, 2019, to amend and supplement the Guidance Catalogue and replace the previous negative list thereunder. Under the 2019 Negative List, foreign investment in companies providing value-added telecommunications services, excluding e-commerce, domestic multi-party communications, data collection and transmission services and call centers, should not exceed 50% of the total equity interests.

On December 27, 2020, the MOFCOM and the NDRC released the Catalogue of Industries for Encouraging Foreign Investment (2020 Version) (《鼓勵外商投資產業目錄(2020年版)》), which became effective on January 27, 2021, to replace the 2019 Encouraging Catalogue. On December 27, 2021, the MOFCOM and the NDRC released the Special Management Measures (Negative List) for the Access of Foreign Investment (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》), or the 2021 Negative List, which became effective on January 1, 2022, to further reduce restrictions on the foreign investment and replace the previous negative list.

On March 15, 2019, the National People’s Congress promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), or the Foreign Investment Law, which came into effect on January 1, 2020 and replaced the Old FIE Laws. The Foreign Investment Law, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition. According to the Foreign Investment Law, a foreign invested entity shall be treated no different than a domestic company, except for those foreign invested entities that operate in industries deemed to be either “restricted” or “prohibited” in the “negative list”. The Foreign Investment Law provides that foreign invested entities operating in the “restricted” industries will be required to conform to relevant investment conditions before they can operate in such industries and foreign invested entities shall not invest in any “prohibited” industry. The Foreign Investment Law also provides several protective rules and principles for foreign investors and their investments in the PRC, including, among others, that foreign investors’

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funds can be freely transferred out and into the territory of PRC, which run through the entire life cycle from the entry to the exit of foreign investment, and that a comprehensive system to guarantee fair competition among foreign-invested enterprises and domestic enterprises is to be established. If these protective rules and principles are so implemented via specific rules and regulations, it could mean that the restrictions on the injection of our Company's funds into its PRC subsidiary and the distribution of the PRC subsidiary's profits and dividends to our Company may further loosen. In addition, foreign investors and foreign-invested enterprises are subject to legal liabilities for failing to report their investment information in accordance with the requirements of the information reporting system to be further established. Furthermore, the Foreign Investment Law provides that foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementation of the Foreign Investment Law, which means that after the five-year grace period, foreign invested enterprises may be required to adjust their structure and corporate governance in accordance with the then current PRC Company Law and other laws and regulations governing the corporate governance.

On December 26, 2019, the State Council promulgated the Implementation Rules to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which became effective on January 1, 2020. The implementation rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation, or the SAMR, jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

On December 19, 2020, the MOFCOM and the NDRC, jointly promulgated the Measures for the Security Review of Foreign Investments (《外商投資安全審查辦法》), or the Security Review Measures, which took effect on January 18, 2021. Pursuant to the Security Review Measures, for foreign investments which affect or may affect national security, security review shall be conducted in accordance with the provisions of the Security Review Measures. The State establishes a working mechanism for the security review of foreign investments (the "Working Mechanism") and be responsible for organizing, coordinating and guiding the security review of foreign investments. For foreign investments related to important financial services, important information technology and internet products and services, etc., the foreign investors who obtains the actual controlling stake in the investee enterprise or relevant parties in the PRC shall declare to the office of the Working Mechanism prior to implementation of the investments.

Regulations on Private Funds

On August 21, 2014, the CSRC promulgated Interim Measures for the Supervision and Administration of Private Investment Funds (《私募投資基金監督管理暫行辦法》), or the Interim Measures, which became effective on the same date. According to the Interim Measures, private funds refer to the investment funds established by way of raising capitals from qualified investors in a non-public manner within the territory of the PRC. The qualified investors shall invest a single private fund in amount no less than RMB1 million and be

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equipped with the capability of risk identification and risk tolerance, and shall be (i) institutional investors with net assets of not less than RMB10 million, (ii) individual investors with financial assets of not less than RMB3 million or the average annual income of not less than RMB500,000 for the past three years, and (iii) other types of investors that have been prescribed in the Interim Measures. The Interim Measures mainly cover the following five aspects, specifying the registration of fund manager and record-filing of private funds of all types, setting up a qualified investor system, specifying the fund raising regulations of private funds, presenting the investment operations and introducing industry self-regulation and supervision and administration measures for private funds. Apart from the Interim Measures, other laws or regulations applying to private funds shall still apply, including the Company Law of the PRC (《中華人民共和國公司法》), or the PRC Company Law, which applies to fund managers or private funds taking the form of limited liability company or company limited by shares and the Partnership Law of the PRC (《中華人民共和國合夥企業法》), which applies to fund managers or private funds taking the form of limited liability partnership or general partnership. Unlike general partnerships, limited partnerships allow investors to join as partners with their liability for the partnership's debts limited by the amount of their capital commitment. A limited partnership must consist of not more than 49 limited partners and at least one general partner, who will be responsible for the operation of the partnership and bear unlimited liability for the partnership's debts.

According to the Interim Measures, the establishment of management institutions of private funds and the formation of private funds are not subject to administrative examination or approvals. All types of fund managers are allowed to set up private funds to a cumulative number of investors not exceeding the number specified by laws. Managers of private funds of all types are, however, required to register with the AMAC and apply with the AMAC for record filing after the fund raising of a private fund of any type is completed. Accordingly, the AMAC formulated the Measures for the Registration of Private Investment Fund Managers and Filing of Private Investment Funds (for Trial Implementation) (《私募投資基金管理人登記和基金備案辦法(試行)》) which became effective as of February 7, 2014, setting forth the procedures and requirements for the registration of private fund managers and record filing of private funds to perform self-regulatory administration of private funds.

Since late 2015, the AMAC promulgated a series of detailed measures and guidance to enhance the supervision in the private fund industry, including the Administration of Information Disclosure of Private Investment Funds (《私募投資基金信息披露管理辦法》), the Notice to Further Regulate Several Issues on the Registration of Private Funds Managers (《關於進一步規範私募基金管理人登記若干事項的公告》), Rules on the Management of Private Asset Management Plan Filing by Securities and Futures Institutions No. 1-3 (《證券期貨經營機構私募資產管理計畫備案管理規範第1-3號》) and Rules on the Management of Private Asset Management Plan Filing by Securities and Futures Institutions No. 4 (《證券期貨經營機構私募資產管理計畫備案管理規範第4號》). These regulations have the effect of (i) expanding the self-discipline rules regarding the private fund industry, (ii) intensifying the registration of private fund manager and record-filing of private funds, (iii) establishing the qualification censorship of fund manager by attorney and (iv) strengthening the practice qualifications of management.

In December 2018, the AMAC updated the Asset Management Association of China Notice for Private Fund Manager Registration (《私募基金管理人登記須知》), or the Private Fund Manager Registration New Notice, which set further requirements for the registration and ongoing compliance matters for private fund managers. Among others, the Private Fund Manager Registration New Notice mentioned that: (i) if a new entity under the common control with a private fund manager intends to file a new application for private fund manager registration with the AMAC, it shall state in its application the purpose and rationale of setting

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up multiple private fund managers, the difference in the business of such private fund managers, and how horizontal competition among such private fund managers can be avoided; the de facto control person and the registered related private fund manager under its control shall undertake in writing that it shall bear the joint and several liability for any violations of such private fund manages during their operations; and (ii) except for its legal representative, other senior officers of a private fund manager shall not have any other part-time jobs, and in the event that such senior officers have any part-time job in addition to the position in such private fund manager, the fund manager shall provide relevant documentations for the rationale for such additional part-time job; the number of the senior officers who have such additional part-time jobs shall not exceed 50% of the total number of the senior officers of the private fund manager.

On November 9, 2017, the State Council promulgated the Notice of Implementation Measures to Transfer a Portion of State-owned Capital to Social Security Fund (《劃轉部分國有資本充實社保基金實施方案》), or the State-owned Capital Transfer Notice, which amended the previous mechanism of state-owned capital transfer. In the past, if the portion of state-owned capital of an entity is more than 50% or otherwise considered as significant by competent authorities (State-owned Assets Supervision and Administration Committee, Ministry of Finance or CSRC in different occasions), the entity shall voluntarily transfer a portion of shares to the Social Security Fund in its initial public offering. In practice, before the State-owned Capital Transfer Notice, the limited partners with state-owned capital had the liberty to determine the portion and status of state-owned capital in its own shareholding/equity structure, which will eventually impact the state-owned capital percentage of the private fund the limited partner invested in. In addition, before the State-owned Capital Transfer Notice, when a private fund, or its invested enterprise, is considered to be in fact controlled by state-owned capital, the invested enterprise will likely have to transfer the relevant shares in its first public offering. Pursuant to the State-owned Capital Transfer Notice, only the prescribed type of entities shall transfer the shares to Social Security Fund and unless otherwise clarified by the State Council, a private fund is not a prescribed type entity.

On April 27, 2018, the PBOC, CBIRC, CSRC and SAFE jointly released the Guidance Opinions on Regulating the Asset Management Business of Financial Institutions (《關於規範金融機構資產管理業務的指導意見》), or the Guidance Opinions, which impose several new requirements on the issuance of asset management product, including but not limited to, avoiding multilayer nesting arrangement, enhancing the management of duration, prohibiting any form of maturity mismatch arrangement or any direct or indirect, explicit or implicit guarantee, repurchase or other risk-bearing commitments to non-standard credit investments or equity investments underlying the asset management products offered, and requiring relevant institutions to follow detailed guidance with regards to the maximum volume of private credit products issued and minimum liquidity thresholds. In addition, the Guidance Opinions provide that private investment funds are subject to special laws and regulations of the private investment funds, where there is no such laws or regulations addressing particular issues required by the Guidance Opinions, the Guidance Opinions will apply. On July 20, 2018, PBOC issued the Circular on Further Clarifying Matters concerning the Guidance Opinions on Regulating the Asset Management Business of Financial Institutions (《關於進一步明確規範金融機構資產管理業務指導意見有關事項的通知》), which further make clarifications and interpretations to some controversial points occurred in the market upon the issuance of the Guidance Opinions, including that the publicly-raised asset management product can appropriately invest in non-standard credit assets. On October 22, 2018, CSRC issued the Administrative Measures on Private Asset Management Business of Securities and Futures Institutions (《證券期貨經營機構私募資產管理業務管理辦法》), and also time to time issued specific implementation rules in the industries subject to its regulation, which stipulate specific requirements for carrying out private asset management business by securities and futures

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institutions, such as securities companies, managers of the mutual fund, future companies as well as their subsidiaries engaging in the private asset management. On October 19, 2019, NDRC, PBOC, the Ministry of Finance, CBIRC, CSRC and SAFE jointly released the Notice on Further Clarifying the Matters Concerning Regulating Asset Management Products for Financial Institutions to Invest in Venture Capital Funds and Government-funded Industry Investment Funds (《關於進一步明確規範金融機構資產管理產品投資創業投資基金和政府出資產業投資基金有關事項的通知》), specifying how Guidance Opinions applies to venture capital funds and government-funded industry investment funds. On December 23, 2019, AMAC updated the Instructions for the Filing of Privately-Raised Investment Funds (2019 Version) (《私募投資基金備案須知(2019版)》), or the Filing Instructions, which reflects certain provisions set forth in the Guidance Opinions, such as the prohibition of the establishment of multiple private funds in disguised forms in order to contravene restrictions on the number of investors or other regulatory requirements and the requirement for leverage ratios in respect of the private funds, besides, according to the Filing Instructions, the AMAC does not accept the filing application of private funds engaging in regular and operational private lending activities in form of entrustment loans, trust loans or other means. Please see “Risk Factors — Risks Related to Our Business — Because the laws and regulations governing the industries of wealth management, asset management and other businesses in China are developing and subject to further change, any failure to obtain or maintain requisite approvals, licenses or permits necessary to conduct our operations or any failure to comply with laws and regulations applicable to our business and services could harm our business.” and “Industry Overview — Regulatory Trends in the PRC HNW Wealth Management Services Industry.”.

On February 14, 2020, the CSRC released the Decision on the Revision to the Administrative Measures for the Offering of Securities by Listed Companies (《關於修改<上市公司證券發行管理辦法>的決定》), the Decision on the Revision to the Implementing Rules for Private Placement of Shares by Listed Companies (《關於修改<上市公司非公開發行股票實施細則>的決定》) and the Supervision Q&A for Offering – Supervision Requirements for Guiding and Regulating Financing Acts of List Companies (《發行監管問答—關於引導規範上市公司融資行為的監管要求》) (the abovementioned rules, collectively, the “New Refinancing Rules”), relaxing the supervision requirements for refinancing by PRC listed companies and participation in private placement by investors. According to the New Refinancing Rules, the CSRC (i) shortens the lock period for transfer of the newly subscribed shares held by the subscribers; and (ii) increases the offering price discount and the maximum number of shares for private placement etc.

On December 30, 2020, the CSRC promulgated the Several Provisions on Strengthening the Regulation of Private Investment Funds (《關於加強私募投資基金監管的若干規定》), or the Private Investment Funds Regulation Provisions, putting forward a series of prohibitive requirements for private fund managers and their practitioners. The Private Investment Funds Regulation Provisions mainly covers the following six aspects: (i) regulating the name and business scope of private fund managers; (ii) optimizing the regulation of group private fund managers; (iii) restating that private funds shall be offered to qualified investors in a non-public manner; (iv) clarifying the property investment requirements for private equity funds; (v) strengthening the normative requirements for private equity fund managers, practitioners and other subjects, and standardizing related-party transactions; (vi) clarifying legal liability and grace period arrangements.

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Regulations on Fund Distribution

According to the Administrative Measures on Securities Investment Fund Distribution (《證券投資基金銷售管理辦法》) issued by the CSRC on March 15, 2013, or the Fund Distribution Administrative Measures, fund distribution institutions refer to the fund managers and other institutions registered with the CSRC or its branches. Other institutions, including commercial banks, securities companies, futures companies, insurance institutions, securities investment consulting institutions and independent institutions, are required to register with the local CSRC branch and obtain the relevant fund distribution license, in order to carry out fund distribution service. Distribution services regulated under the Fund Distribution Administrative Measures refer to marketing and promotion, sales and distribution, subscription and redemption services of mutual funds in particular.

The AMAC issued the Measures for the Administration of the Fund Raising Conducts of the Private Investment Funds (《私募投資基金募集行為管理辦法》), or the Fund Raising Measures, on April 15, 2016 and the Securities Association of China issued the Implementation Guidance of the Management of Investor Suitability for Fund Raising Institutions (for Trial Implementation) (《證券經營機構投資者適當性管理實施指引(試行)》), or the Investor Suitability Management Guidance, on June 28, 2017 in consistent with the Administrative Measures of the Securities and Futures Investor Suitability (《證券期貨投資者適當性管理辦法》), or the Investor Suitability Measures, issued by the CSRC on December 12, 2016 and amended on October 30, 2020, which both made significant changes to the fund raising procedures and fund distribution institutions. According to the Fund Raising Measures, only two kinds of institutions are qualified to conduct the fund raising of private investment funds: (a) private fund managers which have registered with the AMAC (only applicable when raising fund for the funds established and managed by themselves); and (b) the fund distributors which have obtained the fund distribution license and also become members of the AMAC. In addition, the Fund Raising Measures set forth detailed procedures for conducting fund raising business and introduced new processes, such as the “cooling-off period” and the “re-visit.”

The Investor Suitability Management Guidance categorized fund investors into two types: common investors and sophisticated investors. According to the Investor Suitability Measures, Sophisticated investors include (i) financial institutions approved by relevant financial bureaus and the products they distribute, (ii) entities with net asset of not less than RMB20 million as of the end of the previous year or financial asset of not less than RMB10 million as of the end of the previous year, and (iii) individuals with financial asset of not less than RMB5 million or average annual income of not less than RMB500,000 for the past three years. The investors other than the sophisticated investors are common investors, who are further divided into 5 categories according to their risk tolerance level. The Investor Suitability Management Guidance listed the requirements and steps for identifying the risk tolerance and category of each investor, which shall be the first step to take in a fund-raising process when determining the product with corresponding risk level that such investor can subscribe to.

On November 8, 2019, the Supreme People’s Court of the PRC issued the Notice by the Supreme People’s Court of Issuing the Minutes of the National Courts’ Civil and Commercial Trial Work Conference (《最高人民法院關於印發〈全國法院民商事審判工作會議紀要〉的通知》), or the Conference Minutes, which identifies the liability of sellers of financial products in respect of the trial of cases relating to disputes over protection of the rights and interests of financial consumers. According to the Conference Minutes, where an issuer or seller of a financial product fails to perform its suitability obligations, causing damages to any financial consumer in the course of purchasing the financial product, the financial consumer is entitled to compensations from either the issuer or the seller of the financial product, or, in accordance with Article 167 of the General Provisions of the Civil Law (《民法總則》) (the predecessor

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of the General Provisions of the Civil Code of the PRC), from both the issuer and the seller. Further, the Conference Minutes also clearly states that if a financial service provider fails to follow the suitability principle, that is, to sell suitable products to suitable customers, causing damages to any financial consumer participating in high-risk investment activities after providing its financial services, the financial consumer may request the financial service provider to assume its liability for compensations.

On August 28, 2020, the CSRC issued the Supervision Measures on Distribution Institutions of Publicly-Raised Securities Investment Fund (《公開募集證券投資基金銷售機構監督管理辦法》), or the Supervision Measures, which came into effect on October 1, 2020 and replaced the Fund Distribution Administrative Measures. The Supervision Measures set out various requirements on fund distribution institutions distributing publicly-raised securities investment funds as well as privately-raised securities investment funds, including registration, operational standards, internal control and risk management. Fund distribution institutions distributing publicly-raised securities investment funds are required to obtain a fund distribution license and are prohibited from commingling settlement proceeds from distributing funds with their own assets. Additionally, fund distribution institutions should establish comprehensive compliance and risk management systems, including centralized management systems for screening products before distribution, account management systems with respect to investors' funds trading accounts and cash accounts, internal review mechanisms, business scope control systems, record-keeping management systems and other internal control and risk management systems. The Supervision Measures provide that independent fund distribution institutions shall specialize in the distribution of publicly-raised funds and privately-raised securities investment funds, and no other business shall be engaged, except as otherwise prescribed by the CSRC. Please see “Risk Factors — Risks Related to Our Business — Because the laws and regulations governing the industries of wealth management, asset management and other businesses in China are developing and subject to further change, any failure to obtain or maintain requisite approvals, licenses or permits necessary to conduct our operations or any failure to comply with laws and regulations applicable to our business and services could harm our business.”, “Industry Overview — Regulatory Trends in the PRC HNW Wealth Management Services Industry” and “Business — Our Business Model”. In addition, pursuant to the Provisions on the Implementation of the Supervision Measures on Distribution Institutions of Publicly-Raised Securities Investment Fund (《關於實施〈公開募集證券投資基金銷售機構監督管理辦法〉的規定》) issued by the CSRC on August 28, 2020 and effective from October 1, 2020, an independent fund distribution institution engaging in the distribution of products other than publicly-raised funds and privately-raised securities investment funds shall, within two years from the implementation date of the Supervision Measures, complete the rectification, and during the rectification period, cut the scale of holdings of relevant products under distribution in an orderly manner and after the expiration of the rectification period, only provide services for existing shares held by relevant stock product investors.

Regulations on Microloan Business

The Guidance on the Pilot Establishment of Microloan Companies (《關於小額貸款公司試點的指導意見》), jointly promulgated by the CBRC and the PBOC on May 4, 2008, allows provincial governments to approve the establishment of microloan companies on a trial basis. This guidance set the basic principles and requirements to set up a microloan company, which requires that the registered capital shall be fully paid in and that the capital from one individual, entity or other association (including the capital from affiliates) shall not exceed 10% of the total registered capital.

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On October 10, 2008, the People's Government of Anhui Province promulgated the Pilot Administrative Measures (for Trial implementation) on Microloan Company in Anhui (《安徽省小額貸款公司試點管理辦法(試行)》), and on May 18, 2009, the Anhui Government promulgated the Interim Regulations on the Supervision and Administration of Microloan Business of Anhui Province (《安徽省小額貸款公司監管暫行規定》). According to the such measures and regulations, a microloan company is not allowed to accept public deposits. The major sources of funds of a microloan company shall be the capital paid in by shareholders, donated capital and the capital borrowed from a maximum of two banking financial institutions. The balance of the capital borrowed from banking financial institutions shall not exceed 50% of the net capital. When applying for the establishment of a microloan company, the shareholding percentage of the founding shareholder shall not exceed 20% in principle, and the capital contribution from one individual, entity or other association (including the capital from affiliates) to a company in this business may not exceed 10% of the company's total registered capital. In addition, the total amount of loans of the same borrower shall not exceed 5% of the registered capital of the microloan company. On October 24, 2011, the government of Anhui Province published the Opinions of Finance Office of Anhui Province on Promoting the Standardized Development of Microloan Companies across Anhui Province (《省政府金融辦關於進一步推進全省小額貸款公司規範發展意見的通知》), or the Anhui Microloan Company Development Notice, which explicitly states that microloan companies cannot raise money through authorized loans, and cannot receives public deposits. The Anhui Microloan Company Development Notice relaxes the restrictions on the equity proportion of microloan companies, according to which, when applying for the establishment of a microloan company, the shareholding percentage of the founding shareholder shall not exceed 35% in principle, the shareholding percentage of the founding shareholder and its affiliated shareholder shall not exceed 50% and the capital contribution from the other affiliated shareholders of the company may not exceed 30% of the company's total registered capital. On December 1, 2017, the Notice on Regulation and Renovation of the Cash Loan Business (《關於規範整頓“現金貸”業務的通知》) was promulgated and on December 8, 2017, the Implementation Plan for Renovation of the Risk of Online Microloan Business for Microloan Company (《小額貸款公司網絡小額貸款業務風險專項整治實施方案》) was issued. The Notice on Regulation and Renovation of the Cash Loan Business and the Implementation Plan for Renovation of the Risk of Online Microloan Business for Microloan Company (collectively, the “Microloan Renovation Plan”) set forth the requirements for cash loan or online loan making. The previous practice such as loan without prescribed usage, extensive borrowing from third parties or public deposits to carry out lending business, transfer or sell of the credit assets through online platform or local exchange is expressly prohibited. In addition, the Notice on Regulation and Renovation of the Cash Loan Business prescribed that engaging credit asset transfer or ABS business through Internet finance is prohibited. Further, it provides that the capital from credit asset transfer or ABS business shall be counted together with capital from other financing methods of microloan company, and the total amount of capital shall not exceed the prescribed percentage of a microloan company's net asset in the Microloan Renovation Plan. On July 23, 2019, the Opinions on Illegal Lending (《關於辦理非法放貸刑事案件若干問題的意見》), jointly promulgated by the Supreme People's Court, the Supreme People's Procuratorate, the Ministry of Public Security, and the Ministry of Justice, provides rules on the supervision of and punishment for illegal lending, including (i) regularly granting loans to the public for profits in violation of the provisions issued by the state, without the approval of the regulatory authorities, or beyond the scope of business, (ii) granting illegal loans as stipulated in (i) under circumstances where the annual interest rate of the loan exceeds 36%; and (iii) debt-collection by means of violence.

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On September 7, 2020, the CBIRC issued the Notice of the General Office of the CBIRC on Strengthening Regulation on Microloan Companies (《中國銀保監會辦公廳關於加強小額貸款公司監督管理的通知》), or the Microloan Companies Notice. The Microloan Companies Notice requires microloan companies to primarily engage in loan business and limits the amount of debt they can borrow. Specifically, the balance of funds borrowed from banks, shareholders and through other non-standard financings should not exceed microloan companies' net assets and the balance of debt raised via issuance of bonds, asset-backed securities and other standard debt instruments should not exceed four times the microloan companies' net assets. The Microloan Companies Notice also sets out requirements on various aspects of microloan companies' business operations, including credit concentration, use of loan proceeds, territorial scope, interests rate and prohibited activities. In particular, microloan companies should strengthen funds management and improve credit process, including pre-loan approval check, loan approval review and post-loan monitoring, separation of loan application investigation and approval, and loan classification. Additionally, microloan companies are required to improve various practices, such as loan collection process, information disclosure, and customer data safekeeping and cooperate in regulatory reviews.

Regulations on Internet Financial Services

Due to the relatively short history of the Internet financial service industry in China, the PRC government has not adopted a clear regulatory framework governing the industry. There are ad hoc laws and regulations applicable to elements of Internet financial service-related businesses, such as laws and regulations governing value-added telecommunication services.

On July 18, 2015, the PBOC together with nine other PRC regulatory agencies jointly issued a series of policy measures applicable to Internet financial services titled the Guidelines on Promoting the Healthy Development of Internet Finance (《關於促進互聯網金融健康發展的指導意見》), or the Guidelines. On April 12, 2016, the General Office of the PRC State Council issued the Implementation Plan for Special Rectification of Internet Financial Risks (《互聯網金融風險專項整治工作實施方案》), or the Rectification Implementation Plan. The Guidelines introduced formally for the first time the regulatory framework and basic principles for Internet financial services industry in China as “law-abiding regulation, appropriate regulation, classified regulation, collaborative regulation and innovative regulation.” The Guidelines further stated the definitions and basic principles for Internet financial services in the areas of Internet payment, Internet fund distribution and others.

The Guidelines also specified several basic rules for Internet financial services industry administration, such as: (i) any organization or individual that intends to set up a website to provide Internet financial services shall, in addition to going through relevant financial regulatory procedures as required, also undergo website record-filing procedures with telecommunications authorities pursuant to the law; (ii) unless otherwise specified, an industry player shall select qualified banking financial institutions as fund depository institutions to manage and oversee client funds, and manage client funds and its proprietary funds under separate accounts; and (iii) such industry player shall comply with basic rules of information disclosure, risk reminder and qualified investors, information security and anti-money laundering. The Rectification Implementation Plan further provides that: (i) the regulators will adopt the see-through way of supervision; and (ii) the non-financial institutions, or the enterprises which do not carry out financial business, shall not use the wordings, such as “exchange,” “finance,” “asset management,” “wealth management,” “fund,” “fund management,” “investment management,” “equity investment fund,” “online lending,” “peer-to-peer,” “equity crowd-funding,” “Internet insurance,” “payment” or the like, as their enterprise name or registered business. If the enterprise chooses to use the aforementioned word/words, the Administration of Industry and Commerce will inform the financial regulators.

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Regulations Relating to Cybersecurity

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), or the Cybersecurity Law, effective June 1, 2017, to protect cyberspace security and order. Pursuant to the Cybersecurity Law, any individual or organization using the network must comply with the PRC constitution and the applicable laws, follow the public order, respect social ethics, and must not endanger cybersecurity, or engage in activities by making use of the network that endanger the national security, honor or interests, or infringe on the fame, privacy, intellectual property or other legitimate rights and interests of others. The Cybersecurity Law sets forth various security protection obligations for network operators, which are defined as “owners and administrators of networks and network service providers,” including, among other obligations, complying with a series of requirements of tiered cyber protection systems, verifying users' real identities, localizing the personal information and important data gathered and produced by key information infrastructure operators during operations within the PRC and providing assistance and support to government authorities where necessary for protecting national security and investigating crimes.

On September 22, 2020, the Ministry of Public Security issued the Guiding Opinions on Implementing the Multi-Level Protection System (the “MLPS”) for Cybersecurity and the Security Protection System for Critical Information Infrastructure (《貫徹落實網絡安全等級保護制度和關鍵信息基礎設施安全保護制度的指導意見》), which took effect on the same date. The work objectives of the above-mentioned Guiding Opinions include: (i) implementing the cybersecurity MLPS; (ii) establishing and implementing the critical information infrastructure security protection system; (iii) markedly increasing cybersecurity monitoring, early warning and emergency response capabilities; and (iv) creating a comprehensive cybersecurity protection and control system.

On July 30, 2021, the State Council issued the Regulations for the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), or the CII Regulations, which came into effect on 1 September 2021. Pursuant to the CII Regulations, “critical information infrastructures” refers to important network facilities and information systems of important industries and sectors such as public communications and information services, energy, transport, water conservation, finance, public services, e-government, and science and technology industry for national defense, as well as other important network facilities and information systems that may seriously endanger national security, national economy and citizen's livelihood and public interests if they are damaged or suffer from malfunctions, or if any leakage of data in relation thereto occurs. Competent authorities as well as the supervision and administrative authorities of the above-mentioned important industries and sectors are responsible for the security protection of critical information infrastructures (the “Protection Authorities”). The Protection Authorities will establish the rules for the identification of critical information infrastructures based on the particular situations of the industry and report such rules to the public security department of the State Council for record. The following factors must be considered when establishing identification rules: (i) the importance of network facilities and information systems to the core businesses of the industry and the sector; (ii) the harm that may be brought by the damage, malfunction or data leakage of, the network facilities and information systems; and (iii) the associated impact on other industries and sectors. The Protection Authorities are responsible for organizing the identification of critical information infrastructures in their own industries and sectors in accordance with the identification rules, promptly notifying the operators of the identification results and reporting to the public security department of the State Council.

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The Administrative Provisions on Security Vulnerability of Network Products (《網絡產品安全漏洞管理規定》) (the “Provisions”) was jointly promulgated by the Ministry of Industry and Information Technology, the Cyberspace Administration for China and the Ministry of Public Security on July 12, 2021 and came into effect on September 1, 2021. Network product providers, network operators as well as organizations or individuals engaging in the discovery, collection, release and other activities of network product security vulnerability are subject to the Provisions and shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. In response to the Cybersecurity Law, network product providers are required to report relevant information of security vulnerability of network products with the Ministry of Industry and Information Technology within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or acknowledging that their networks, information systems or equipment have security loopholes. According to the Provisions, the breaching parties may be subject to monetary fine as regulated in accordance with the Cybersecurity Law. Since the Provisions is relatively new, uncertainties still exist in relation to its interpretation and implementation.

On December 28, 2021, the CAC, NDRC, MIIT and other ten PRC regulatory authorities jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》), effective on February 15, 2022. The Cybersecurity Review Measures require that, (i) any procurement of network products and services by critical information infrastructure operators, which affects or may affect national security, (ii) any data processing activities by network platform operators, which affects or may affect national security, or (iii) any network platform operators which has personal information of more than one million users and is going to be listed abroad, shall be subject to cybersecurity review. In addition, according to Article 16 of the Measures for Cybersecurity Review, member organizations of the cybersecurity review working mechanism (the “Working Members”) may initiate cybersecurity review towards network products, network services, and data processing activities ex officio, which means we may be also subject to cybersecurity review when the Working Members initiate such cybersecurity review ex officio. Since the measures were recently promulgated, there exists uncertainties with respect to their interpretation and implementation. For the regulatory impact of the Cybersecurity Review Measures (《網絡安全審查辦法》) to our business, please see “Risk Factors — Risks Related to Doing Business in China — Our business is subject to various evolving PRC laws and regulations regarding data privacy and cybersecurity. Failure of cybersecurity and data privacy concerns could subject us to penalties, damage our reputation and brand, and harm our business and results of operations.”

Regulations Relating to Data Security

The PRC Data Security Law (《中華人民共和國數據安全法》) was released by the SCNPC on June 10, 2021 and became effective on September 1, 2021. The PRC Data Security Law stipulates the measures to support and promote data security and development, to establish and optimize the national data security management system, and to clarify organizations’ and individuals’ responsibilities in data security. According to the PRC Data Security Law, data processing activities shall be carried out in accordance with PRC laws and regulations, establishing and improving the data security management system of the whole process, organizing and carrying out data security education and training, and taking corresponding technical measures and other necessary measures to guarantee data security. Where data processing activities are carried out through the Internet and other information networks, the above-mentioned data security protection obligations shall be fulfilled on the basis of the hierarchical network security protection system. In carrying out data processing activities, risk monitoring shall be strengthened, and remedial measures shall be taken immediately when data

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security defects, loopholes and other risks are found. In the event of a data security incident, the processors of data shall take immediate measures to deal with it, inform the user in time and report to the competent authorities in accordance with relevant provisions. The processors of important data shall, in accordance with relevant provisions, carry out regular risk assessments of their data processing activities and submit risk assessment reports to the competent authorities. The PRC Data Security Law provides a national data security review system, under which data processing activities that affect or may affect national security shall be reviewed. Any organization or individual carrying out data processing activities that violates the PRC Data Security Law shall bear the corresponding civil, administrative or criminal liability depending on the specific circumstances.

On 29 October 2021, the CAC has publicly solicited opinions on the Measures for the Security Assessment of Data Cross-border Transfer (Draft for Comments) (《數據出境安全評估辦法(徵求意見稿)》), which requires that any data processor providing important data collected and generated during operations within the territory of the PRC or personal information that should be subject to security assessment according to law to an overseas recipient shall conduct security assessment. The Measures for the Security Assessment of Data Cross-border Transfer (Draft for Comments) provides five circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of data cross-border transfer. These circumstances include: (i) where the data to be transferred to an overseas recipient are personal information or important data collected and generated by operators of critical information infrastructure; (ii) where the data to be transferred to an overseas recipient contain important data; (iii) where a personal information processor that has processed personal information of more than one million people provides personal information overseas; (iv) where the personal information of more than 100,000 people or sensitive personal information of more than 10,000 people are transferred overseas accumulatively; or (v) other circumstances under which security assessment of data cross-border transfer is required as prescribed by the national cyberspace administration. As of the Latest Practicable Date, the Measures for the Security Assessment of Data Cross-border Transfer (Draft for Comments) has not been formally adopted.

On 14 November 2021, the CAC publicly solicited opinions on the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》), or the Draft Data Security Regulations. According to the Draft Data Security Regulations, data processors shall, in accordance with relevant state provisions, apply for cybersecurity review when carrying out the following activities: (i) the merger, reorganization or separation of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or may affect national security; (ii) data processors that handle the personal information of more than one million people intends to be listed abroad; (iii) the data processor intends to be listed in Hong Kong, which affects or may affect national security; (iv) other data processing activities that affect or may affect national security.

Regulations Relating to Internet Privacy and Personal Information Protection

On May 28, 2020, the NPC issued the PRC Civil Code (《中華人民共和國民法典》), which took effect on January 1, 2021. In accordance with the PRC Civil Code, natural person's personal information shall be protected by law, and the processing of personal information shall be subject to the principle of legitimacy, rightfulness and necessity, with no excessive processing.

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The Personal Information Protection Law (《中華人民共和國個人信息保護法》), or the PIPL, was released by the SCNPC on August 20, 2021 and became effective on November 1, 2021. The PIPL stipulates the scope of personal information and the ways of processing personal information, establishes rules for processing personal information and for transferring personal information offshore, and clarifies the individual's rights and the processor's obligations in the process of personal information. The PIPL specifically provides rules for processing sensitive personal information. Sensitive personal information refers to personal information that, once leaked or illegally used, could easily lead to the infringement of human dignity or harm to the personal or property safety of an individual, including biometric recognition, religious belief, specific identity, medical and health, financial account, personal whereabouts and other information of an individual, as well as any personal information of a minor under the age of 14. Only where there is a specific purpose and sufficient necessity, and under circumstances where strict protection measures are taken, may personal information processors process sensitive personal information. A personal information processor shall inform the individual of the necessity of processing such sensitive personal information and the impact thereof on the individual's rights and interests. For measures we took to ensure our compliance of Personal Information Protection Law, please refer to "Business — Privacy and Data Security".

In recent years, PRC government authorities have enacted laws and regulations on Internet use to protect personal information from any unauthorized disclosure. The Administrative Measures on Internet Information Services prohibit ICP service operators from insulting or slandering a third party or infringing upon the lawful rights and interests of a third party. Under the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), issued by the MIIT on December 29, 2011, an ICP service operator may not collect any user's personal information or provide any such information to third parties without the consent of the user. An ICP service operator must expressly inform the users of the method, content and purpose of the collection and processing of such user's personal information and may only collect such information necessary for the provision of its services. An ICP service operator is also required to properly keep the users' personal information, and in the case of any leak or potential leak of the user's 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 (《關於加強網絡信息保護的決定》) issued by the SCNPC on December 28, 2012 and the Order for the Protection of Telecommunication and Internet Users' Personal Information (《電信和互聯網用戶個人信息保護規定》) issued by the MIIT on July 16, 2013, any collection and use of users' personal information must be subject to the consent of the users, 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. Any violation of the above decision or order may subject the ICP service operator to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities. Furthermore, in June 2016, the State Internet Information Office issued the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》), which became effective on August 1, 2016, to further strengthen the regulation of the mobile application information services. Pursuant to these provisions, owners or operators of mobile Internet applications that provide information services are required to be responsible for information security management, establish and improve the protective mechanism for user information, observe the principles of legality, rightfulness and necessity, and expressly state the purpose, method and scope of, and obtain user consent to, the collection and use of users' personal information. In addition, the new Cybersecurity Law also requires network operators to strictly keep users' personal information that they have collected

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confidential and to establish and improve their user information protective mechanisms. On November 28, 2019, the Secretary Bureau of the Cyberspace Administration of China (the “CAC”), the General Office of the MIIT, the General Office of the Ministry of Public Security and the General Office of the SAMR promulgated the Identification Method of Illegal Collection and Use of Personal Information Through App (《App違法違規收集使用個人信息行為認定方法》), which provides guidance for the regulatory authorities to identify the illegal collection and use of personal information through mobile apps, and for the app operators to conduct self-examination and self-correction and for other participants to voluntarily monitor compliance. On February 13, 2020, the PBOC issued Personal Financial Information Protection Technical Specification (《個人金融信息保護技術規範》), which sets forth the security protection requirements, including the security technology requirements and security management requirements, for the collection, transmission, storage, use, deletion, destroying and other aspects of the personal financial information. On July 22, 2020, the MIIT issued the Notice on Carrying out Special Rectification Actions in Depth against the Infringement upon Users’ Rights and Interests by Apps (《關於開展縱深推進APP侵害用戶權益專項整治行動的通知》), the tasks of which includes rectification of (i) illegally collection and use of personal information of users by the APP and the SDK; (ii) conduct of setting up obstacles and frequently harassing users; (iii) cheating and misleading users; (iv) inadequate fulfillment of application distribution platforms’ responsibilities. In addition, the SAMR and Standardization Administration issued the Standard of Information Security Technology-Personal Information Security Specification (2020 edition) (《信息安全技術-個人信息安全規範(2020年版)》), which took effect on October 1, 2020. Pursuant to the standard, any entity or person who has the authority or right to determine the purposes for and methods of using or processing personal information are seen as a personal information controller. Such personal information controller is required to collect information in accordance with applicable laws, and except in certain specific events that are expressly exempted in the standard, to obtain the information provider’s consent prior to collection of such data.

Regulations on Labor Protection

On June 29, 2007, the SCNPC promulgated the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), as amended on December 28, 2012, which formalizes employees’ rights concerning employment contracts, overtime hours, layoffs and the role of trade unions and provides for specific standards and procedures for the termination of an employment contract. In addition, the Labor Contract Law requires the payment of a statutory severance pay upon the termination of an employment contract in most cases, including in cases of the expiration of a fixed-term employment contract. In addition, under the Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》) and its implementation rules, which became effective on January 1, 2008 and on September 18, 2008 respectively, employees are entitled to a paid vacation ranging from 5 to 15 days, depending on their length of service and to enjoy compensation of three times their regular salaries for each such vacation day in case such employees are deprived of such vacation time by employers, unless the employees waive such vacation days in writing.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated deadline and

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be subject to a late fee of 0.05% of the amount overdue per day from the original due date by the relevant authority. If the employer still fails to rectify the failure to make social insurance contributions by such stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to the Regulations on Management of Housing Fund (《住房公積金管理條例》) issued by the State Council on March 24, 2019, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement.

Regulations on Tax

PRC Enterprise Income Tax

The PRC enterprise income tax is calculated based on the taxable income determined under the PRC laws and accounting standards. On March 16, 2007, the National People's Congress of China enacted Law of the PRC on Enterprise Income Tax (《中華人民共和國企業所得稅法》), or the EIT Law, which became effective on January 1, 2008 and was revised on February 24, 2017 and December 29, 2018. On December 6, 2007, the State Council promulgated the Implementing Regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the EIT Implementation Rules, which also became effective on January 1, 2008 and was further amended on April 23, 2019. The EIT Law imposes a uniform enterprise income tax rate of 25% on all domestic enterprises, including FIEs unless they qualify for certain exceptions, and terminates most of the tax exemptions, reductions and preferential treatments available under previous tax laws and regulations.

Moreover, under the EIT Law, enterprises organized under the laws of jurisdictions outside China with their “de facto management bodies” located within China may be considered PRC resident enterprises and therefore subject to PRC enterprise income tax at the rate of 25% of their worldwide income. The EIT Implementation Rules define the term “de facto management body” as the management body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In addition, the Circular Related to Relevant Issues on the Identification of a Chinese-Holding Enterprise Incorporated Overseas as a Resident Enterprise in accordance with the Actual Standards of Organizational Management (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) issued by the SAT on April 22, 2009 provides that a foreign enterprise controlled by a PRC enterprise or a PRC enterprise group will be classified as a “resident enterprise” with its “de facto management bodies” located within China if the following requirements are satisfied: (i) the senior management and core management departments in charge of its daily operations function mainly in the PRC; (ii) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) 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 (iv) not less than half of the enterprise's directors or senior management with voting rights reside in the PRC. Although the circular only applies to offshore enterprises controlled by PRC enterprises and not those controlled by PRC individuals or foreigners, the determining criteria set forth in the circular 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 offshore enterprises, regardless of whether they are controlled by PRC enterprises, individuals or foreigners.

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Value-added Tax

On March 23, 2016, the Ministry of Finance and the SAT jointly issued the Circular on the Pilot Program for Overall Implementation of the Collection of Value Added Tax Instead of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》), or the Circular 36, which took effect on May 1, 2016. Pursuant to the Circular 36, all companies operating in construction industry, real estate industry, finance industry, modern service industry or other industries which were required to pay business tax are required to pay VAT, in lieu of business tax. The applicable VAT tax rates are 3%, 6%, 11%, and 17%, according to the Circular 36.

On December 21, 2016, the Notice on Clarification of Value-Added Tax Policies for Finance, Real Estate Development, Education Support Services (《關於明確金融房地產開發教育輔助服務等增值稅政策的通知》), or the Notice No. 140, was issued to explain the application of the Circular 36. According to Notice No. 140, for activities subject to value-added tax occurring in the course of asset management services, the manager of the asset management investment shall be the taxpayer. On December 30, the Tax Policy Division of the Ministry of Finance and the Goods and Services Tax Division of the SAT further explained several provisions in the Notice No. 140, stating that the asset management investments refer to the fund products, trust plans, and financial products managed by asset management service provider.

On June 30, 2017, the Ministry of Finance and the SAT jointly issued the Notice on Relevant Issues Regarding the Value Added Tax of the Asset Management Products (《關於資管產品增值稅有關問題的通知》), or the Notice No. 56, which clarifies the rate that shall apply to the asset management products. Notice No.56 further states that the tax for the taxable act before January 1, 2018 shall not be required to be paid and the notice itself has become effective since January 1, 2018. The Circular 36, Notice No.140 and Notice No.56 will influence the investment return of the investors of the asset management products. But the regulator has not clarified the detailed operation for the structured products and the influence on these products is hard to value at current stage.

In addition, on November 19, 2017, the State Council promulgated the Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax (《國務院關於廢止<中華人民共和國營業稅暫行條例>和修改<中華人民共和國增值稅暫行條例>的決定》), or the Order 691. According to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) and Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property and the importation of goods within the territory of the PRC are the taxpayers of VAT. The VAT tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%. On April 4, 2018, the Ministry of Finance and the SAT jointly issued the Notice of the Ministry of Finance and the SAT on the Adjustment to VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) and the Circular on Unifying the Criteria for Small-scale Value-added Tax Payers (《財政部、稅務總局關於統一增值稅小規模納稅人標準的通知》), which became effective on May 1, 2018. Pursuant to these circulars, the deduction rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods were adjusted to 16% and 10%, respectively. In addition, the small-scale VAT taxpayer are now defined as those whose annual sales are not more than RMB5 million.

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On November 7, 2018, the Ministry of Finance and the SAT jointly issued the Circular on Policies on Enterprise Income Tax and Value-added Tax for Overseas Institutions Investing in the Domestic Bond Market (《關於境外機構投資境內債券市場企業所得稅增值稅政策的通知》), or the Circular 108. Pursuant to the Circular 108, effective from November 7, 2018 to November 6, 2021, enterprise income tax and VAT shall be temporarily exempted on income from bond interests derived by overseas institutions from investments in domestic bond market. The scope of the aforesaid temporary exemption of enterprise income tax shall exclude bond interests derived by the institutions or establishments that are set up within China by overseas institutions if such income has an actual connection with the institutions or establishments. On March 20, 2019, the Ministry of Finance, SAT and General Administration of Customs issued the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) or the Circular 39, which became effective on April 1, 2019. Under the Circular 39, among others, (i) the applicable VAT rate of 16% for taxable sales or imported goods of a VAT general taxpayer, is adjusted to 13%, and the applicable VAT rate of 10% is adjusted to 9%; and (ii) the range for VAT input deduction is expanded by adding the domestic transport services; the applicable deduction rate for airline and railway tickets is 9% of ticket value, and 3% for the waterway and highway tickets; (iii) taxpayers of manufacturing and living service industries shall be allowed to add an extra 10% based on the offsetable input VAT for the current period for deduction of the tax payable from April 1, 2019 to December 31, 2021.

Dividend Withholding Tax

Pursuant to the EIT Law and the EIT Implementation Rules, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign investors are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. We are a Cayman Islands holding company and the majority of its income may come from dividends our Company receives from its PRC subsidiaries directly or indirectly. Since there is no such tax treaty between China and the Cayman Islands, dividends our Company receives from its PRC subsidiaries will generally be subject to a 10% withholding tax.

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 (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Tax Arrangement, where a Hong Kong resident enterprise which is considered a non-PRC tax resident enterprise directly holds at least 25% equity interests in a PRC enterprise, the withholding tax rate in respect of the payment of dividends by such PRC enterprise to such Hong Kong resident enterprise is reduced to 5% from a standard rate of 10%, subject to approval of the PRC local tax authority. Pursuant to the Notice of the SAT on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), or the SAT Circular 81, issued on February 20, 2009 a resident enterprise of the counter-party to such Tax Arrangement should meet the following conditions, among others, in order to enjoy the reduced withholding tax under the Tax Arrangement: (i) it must directly own the required percentage of equity interests and voting rights in such PRC resident enterprise; and (ii) it should directly own such percentage in the PRC resident enterprise anytime in the 12 months prior to receiving the dividends. There are also other conditions for enjoying such reduced withholding tax rate according to other relevant tax rules and regulations. Pursuant to the Administrative Measures for Non-Resident Taxpayer to Enjoy Treatments under Tax Treaties issued by the SAT (《非居民納稅人享受稅收協定待遇管理辦法》), or the SAT Circular 60, on August 27, 2015, which became effective on November 1, 2015, any non-resident taxpayer may be entitled to such reduced withholding tax rate automatically if such non-resident taxpayer satisfies the conditions prescribed in the

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relevant tax rules and regulations, and obtains the approvals required under the administrative measures described in the preceding sentence. The SAT issued the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》), or the SAT Circular 35, on October 14, 2019, which became effective on January 1, 2020. The SAT Circular 35 further simplified the procedures for enjoying treaty benefits and replaced the SAT Circular 60. According to the SAT Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities. However, according to the SAT Circular 81, if the relevant tax authorities consider the transactions or arrangements our Group has are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future.

On February 3, 2018, the SAT issued the Announcement of the SAT on Issues concerning the “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》), which clarifies the interpretation of the beneficial ownership requirement in the dividends, interest and royalty articles of Chinese double tax agreements and provides a more flexible guidance to determine whether the applicant engages in substantive business activities.

On September 29, 2018, the Ministry of Finance, SAT, NDRC and MOFCOM jointly released the Notice on Expanding the Application Scope of Withholding Tax Deferral Treatment on Direct Reinvestments Made by Foreign Investors (《關於擴大境外投資者以分配利潤直接投資暫不徵收預提所得稅政策適用範圍的通知》), or the Circular 102, to further encourage foreign investments in China. According to the Circular 102, when certain conditions are met, increase of paid-in capital/capital reserve in the existing investee company by its foreign investor using its attributable/distributable profits is considered a direct equity investment and withholding tax deferral treatment may apply.

U.S. Foreign Account Tax Compliance Act

Under Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended, commonly referred to as the Foreign Account Tax Compliance Act (“FATCA”), withholding at a rate of 30% will generally be required on certain U.S.-source payments made to certain non-U.S. entities (including investment funds and non-U.S. entities acting as intermediaries). In general, the 30% withholding tax applies to certain payments made to a non-U.S. entity unless (i) the non-U.S. entity is a “foreign financial institution” and the non-U.S. entity undertakes certain due diligence, reporting, withholding, and certification obligations, (ii) the non-U.S. entity is a “non-financial foreign entity” and the non-U.S. entity identifies certain of its U.S. investors or provides certification that it does not have any such investors, or (iii) the non-U.S. entity is otherwise exempt from FATCA. An intergovernmental agreement between the United States and another country may also modify these requirements. The Cayman Islands has entered into a Model 1 intergovernmental agreement with the United States, which gives effect to the automatic tax information exchange requirements of FATCA, and a similar intergovernmental agreement with the United Kingdom. We will be required to comply with the Cayman Islands Tax Information Authority Law (2014 Revision) (as amended) together with regulations and guidance notes made pursuant to such law that give effect to the intergovernmental agreements with the United States and the United Kingdom. We do not believe FATCA will have a material impact on its business or operations, but because FATCA

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is particularly complex and the intergovernmental agreement with the PRC, though agreed to in substance, has not been published, and PRC regulations or guidance notes have not been published, we cannot assure you that it will not be adversely affected by this legislation in the future.

Common Reporting Standard

Similarly, the OECD has developed the CRS and modeled competent authority agreement to enable the multilateral and automatic exchange of financial account information, which has been adopted by many jurisdictions. CRS and its implementing legislations in China and Hong Kong require financial institutions to identify and report the tax residency and account details of non-resident customers to the relevant authorities in jurisdictions adhering to CRS.

On May 9, 2017, the SAT, Ministry of Finance, PBOC, CBRC, CSRC, and CIRC promulgated the Administrative Measures on Due Diligence Checks on Tax-related Information of Non-residents' Financial Accounts (《非居民金融賬戶涉稅信息盡職調查管理辦法》), or the CRS Due Diligence Measures, which requires that financial institutions shall register with the SAT official website and report the information in a timely manner. As the CRS Due Diligence Measures requires, the private fund in the form of limited partnership or limited liability company and its fund manager are defined as qualified financial institutions; the foregoing private funds and fund managers and other qualified financial institutions prescribed in the CRS Due Diligence Measures shall comply with their obligations thereunder. Several subsidiaries of our Company, as well as the private funds under its management, have complied with the CRS Due Diligence Measures and reported to the SAT as required. On September 6, 2018, the arrangements for the multilateral and automatic exchange of financial account information between China and Hong Kong became effective. Hong Kong and China conducted the first automatic exchange of financial account information in September 2018, and many jurisdictions (including Hong Kong) have promised to implement the multilateral and automatic exchange of financial account information.

Regulations on Foreign Exchange

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

- Foreign Exchange Administration Rules (1996) (《外匯管理條例(1996年版)》), as amended (the “Exchange Rules”); and
- Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (1996) (《結匯、售匯及付匯管理規定(1996年版)》) (the “Administration Rules”).

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

Under the Administration Rules, FIEs may only buy, sell and/or remit foreign currencies at banks authorized to conduct foreign exchange business after providing valid commercial documents required and, in the case of capital account item transactions, obtaining approval from SAFE. Capital investments by FIEs outside of China are also subject to limitations, including approval by regulatory government bodies like the MOFCOM, SAFE and the NDRC or their local counterparts.

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On May 10, 2013, the SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (《國家外匯管理局關於印發〈外國投資者境內直接投資外匯管理規定〉及配套文件的通知》), which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration. Institutions and individuals shall register with SAFE and/or its branches for their direct investment in the PRC. Banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by the SAFE and its branches.

On March 30, 2015, the SAFE issued the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or the SAFE Circular 19, which took effect and replaced previous regulations from June 1, 2015. Pursuant to the SAFE Circular 19, up to 100% of foreign currency capital of a foreign-invested enterprise may be converted into RMB capital according to the actual operation of the enterprise within the business scope at its will and the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may be used for equity investments within the PRC provided that such usage shall fall into the business scope of the foreign-invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. Although SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC, the restrictions continue to apply as to foreign-invested enterprises' use of the converted RMB for purposes beyond the business scope, for entrusted loans or for inter-company RMB loans. If a variable interest entity requires financial support from our Company or its wholly owned subsidiary in the future and our Company finds it necessary to use foreign currency-denominated capital to provide such financial support, our Company's ability to fund its variable interest entity's operations will be subject to statutory limits and restrictions, including those described above. On June 9, 2016, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or SAFE Circular 16, which reiterates some of the rules set forth in Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-affiliated enterprises. In addition, SAFE promulgated the Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) on October 23, 2019, or SAFE Circular 28, pursuant to which all foreign-invested enterprises can make equity investments in the PRC with their capital funds in accordance with laws and regulations. On April 10, 2020, the SAFE promulgated Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), or SAFE Circular 8, which took effect on the same date. According to SAFE Circular 8, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc. for domestic payment, without prior provision of proof materials for veracity to the bank for each transaction.

On February 13, 2015, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Administration Policies on Direct Investments (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or the SAFE Circular 13, which took effect on June 1, 2015. SAFE Circular 13 specifies

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that the administrative examination and approval procedures with SAFE or its local branches relating to the foreign exchange registration approval for domestic direct investments as well as overseas direct investments have been canceled, and qualified banks are delegated the power to directly conduct such foreign exchange registrations under the supervision of SAFE or its local branches.

Regulations on Dividend Distribution

As the Foreign Investment Law came into effect on January 1, 2020 and replaced the Old FIE Laws. The principal regulations governing dividend distributions of wholly foreign-owned companies include the PRC Company Law, the EIT Law, and its implementation rules.

Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. A PRC company is required to set aside as statutory reserve funds at least 10% of its after-tax profit, until the cumulative amount of such reserve funds reaches 50% of its registered capital unless laws regarding foreign investment provide otherwise. A PRC company shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations on Offshore Investment by PRC Residents

On July 4, 2014, the SAFE promulgated the Circular on Several Issues Concerning Foreign Exchange Administration of Domestic Residents Engaging in Overseas Investment, Financing and Round-Trip Investment via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular 37, which terminated the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Round-Trip Investment via Overseas Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular 75, and became effective on the same date. The SAFE Circular 37 and its detailed guidelines require PRC residents to register with the local branch of the SAFE before contributing their legally owned onshore or offshore assets or equity interests into any SPV directly established, or indirectly controlled, by them for the purpose of investment or financing; and when there is (a) any change to the basic information of the SPV, such as any change relating to its individual PRC resident shareholders, name or operation period or (b) any material change, such as increase or decrease in the share capital held by its individual PRC resident shareholders, a share transfer or exchange of the shares in the SPV, or a merger or split of the SPV, the PRC resident must register such changes with the local branch of SAFE on a timely basis.

On February 13, 2015, the SAFE further enacted the SAFE Circular 13 which took effect on June 1, 2015 and was further amended on December 30, 2019. The SAFE Circular 13 has delegated to the qualified banks the authority to register all PRC residents or entities' investment and financing in Special Purpose Vehicles pursuant to the SAFE Circular 37, except that those PRC residents who have failed to comply with SAFE Circular 37 will remain to fall into the jurisdiction of the local SAFE branch and must make their supplementary registration application with the local SAFE branch. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from distributing profits to the offshore parent and from carrying out subsequent cross-border foreign exchange activities. In addition,

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the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with various SAFE registration requirements described above would result in liability for foreign exchange evasion under PRC laws.

Regulations on Stock Incentive Plans

On December 25, 2006, the PBOC promulgated the Administrative Measures of Foreign Exchange Matters for Individuals (《個人外匯管理辦法》), setting forth the respective requirements for foreign exchange transactions by individuals (both PRC or non-PRC citizens) under either the current account or the capital account. On January 5, 2007, the SAFE issued the Implementing Rules of the Administrative Measures for Personal Foreign Exchange (《個人外匯管理辦法實施細則》), which, among other things, specified approval requirements for certain capital account transactions such as a PRC citizen's participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. On February 15, 2012, the SAFE issued the Circular of the State Administration of Foreign Exchange on Issues Related to Foreign Exchange Administration in Domestic Individuals' Participation in Equity Incentive Plans of Companies Listed Abroad (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the Stock Incentive Plan Rules, which terminated the Operation Rules on the Foreign Exchange Administration of the Participation of Domestic Individuals in Overseas Listed Companies' Employee Stock Ownership Plans and Share Option Schemes (《境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程》) issued by SAFE on March 28, 2007. The purpose of the Stock Incentive Plan Rules is to regulate foreign exchange administration of PRC domestic individuals who participate in employee stock holding plans or stock option plans of overseas listed companies.

According to the Stock Incentive Plan Rules, if PRC “domestic individuals” (both PRC residents and non-PRC residents who reside in the PRC for a continuous period of not less than one year, excluding the foreign diplomatic personnel and representatives of international organizations) participate in any stock incentive plan of an overseas listed company, a PRC domestic qualified agent, which could be the PRC subsidiary of such overseas listed company, shall, among others things, file, on behalf of such individual, an application with SAFE to conduct the SAFE registration with respect to such stock incentive plan, and obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with stock holding or stock option exercises. With the SAFE registration certificate for stock incentive plan, the PRC domestic qualified agent shall open a special foreign exchange account at a PRC domestic bank to hold the funds required in connection with the stock purchase or option exercise, any returned principal or profits upon sales of stock, any dividends issued upon the stock and any other income or expenditures approved by SAFE. Such PRC individuals' foreign exchange income received from the sale of stock and dividends distributed by the overseas listed company and any other income shall be fully remitted into a special foreign currency account opened and managed by the PRC domestic qualified agent before distribution to such individuals.

Regulations on Securities Offering and Listing Outside of the PRC

On December 24, 2021, the CSRC promulgated the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(徵求意見稿)》), or the Draft Overseas Listing Administration Provisions, and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《境內企業境外發行上市備案管理辦法(徵求意見稿)》), or the Draft Overseas Listing Filing Measures, to regulate overseas securities offering and listing activities by domestic companies either in direct or indirect form.

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The Draft Overseas Listing Administration Provisions apply to overseas offerings by domestic companies of equity shares, depository receipts, convertible corporate bonds, or other equity-like securities, as well as overseas listing of the securities for trading. Both direct and indirect overseas securities offering and listing by domestic companies would be regulated, of which the former refers to securities offering and listing in an overseas market made by a joint-stock company incorporated domestically, and the latter refers to securities offering and listing in an overseas market made by an domestic company that operates the main business domestically, in name of an overseas entity, based on its underlying equity, assets, earnings or other similar rights. According to the Draft Overseas Listing Filing Measures, the identification of indirect overseas offering and listing by an domestic company shall follow the principle of substance over form, and where the following conditions are met by an issuer, the overseas offering and listing of such issuer shall be determined as an indirect overseas offering and listing by an domestic company, which are (i) the revenues, gross profits, total assets or net assets of the domestic company(ies) of the issuer in the most recent financial year account for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements over the same period; and (ii) the majority of the senior management in charge of business operation and management of the issuer are PRC citizens or habitually reside in the PRC, and its main places of business operation are located in the PRC or main business activities are conducted in the PRC.

Under the Draft Overseas Listing Administration Provisions and the Draft Overseas Listing Filing Measures, a filing-based regulatory system would be implemented covering both direct and indirect overseas offering and listing. For an indirect initial public offering and listing in an overseas market, the issuer shall designate a major domestic operating entity to submit the filing documents to the CSRC within 3 working days after such application of overseas offering and listing is submitted. The CSRC would, within 20 working days if filing documents are complete and in compliance with the stipulated requirements, issue a filing notice thereof and publish the filing information on the CSRC's official website. While for confidential filings of overseas offering and listing application documents, the designated filing entity may apply for an extension of the publication of such filing. The issuer shall report to the CSRC within 3 working days after the overseas offering and listing application documents become public. In addition, after the issuer completes the overseas initial public offering and listing, it shall file the status of overseas offering and listing as required by the CSRC.

Meanwhile, the Article 7 of the Draft Overseas Listing Administration Provisions stipulate certain circumstances under which the overseas offering and listing would be prohibited, namely (i) the offering and listing are expressly forbidden by the PRC laws, regulations and relevant rules; (ii) the intended overseas securities offering and listing constitute a threat to or endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) there are material disputes with respect to the ownership of the equity, major assets, and core technologies; (iv) the domestic company or its controlling shareholder or actual controller have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy in the recent 3 years, or are currently under judicial investigations for suspicion of criminal offenses or under investigations for suspicion of major violations; (v) the directors, supervisors, or senior management have been subject to administrative penalties for severe violations in recent 3 years, or are currently under judicial investigations for suspicion of criminal offenses or under investigations for suspicion of major violations; and (vi) other circumstances as prescribed by the State Council. If a domestic company falls into any of the circumstances where overseas offering and listing is prohibited prior to the overseas offering

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and listing, the CSRC and the competent authorities under the State Council shall impose a postponement or termination of the intended overseas offering and listing. The CSRC may cancel the corresponding filing if the intended overseas offering and listing application documents has been filed.

If domestic companies fail to fulfill the above-mentioned filing procedures or offer and list in an overseas market against the prohibited circumstances, they would be warned and fined up to RMB10 million and even ordered to suspend relevant business or halt operation for rectification, revoke relevant business permits or business license in severe cases. The controlling shareholders, actual controllers, directors, supervisors, and senior management of such domestic companies would be warned and fined up to RMB5 million separately or aggregately. Also, if there is any material fact concealed or any major content falsified in the filing documents, a fine between RMB1 million and RMB10 million would be imposed on domestic companies if the securities have not already been offered, or a fine between ten percent and one hundred percent of the funds raised would be imposed if the securities have already been offered.

Regulations in Hong Kong

Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“SFO”)

Licensed entities that conduct regulated activities within the meaning of the SFO in Hong Kong are regulated by the Hong Kong Securities Futures Commission (“SFC”), a statutory body independent from the government of Hong Kong to regulate Hong Kong’s securities and futures markets. It is funded mainly by transaction levies and licensing fees.

Under the SFO, any corporation carrying on one or more regulated activities must apply to the SFC for a license in respect of the regulated activities that they plan to carry on, and any individual who carries on one or more regulated activities on behalf of a licensed corporation is also required to apply for approval as a “licensed representative” accredited to that corporation.

Noah HK, our wholly owned subsidiary, was licensed with the SFC on January 4, 2012 to carry out Type 1 regulated activity (dealing in securities), Type 4 regulated activity (advising on securities) and Type 9 regulated activity (asset management). Another wholly owned subsidiary of our Company, Gopher Redwoods Asset Management Limited, (“Gopher Redwoods”) was licensed with the SFC on June 14, 2019 to carry out Type 4 and Type 9 regulated activities. Noah HK serves as an offshore product and service center which offers wealth management and asset management services to professional investors as defined in the SFO. With the aforementioned licenses in place, Noah HK and Gopher Redwoods are able to provide investment advisory services and distribute, offer and manage investment products for our clients in Hong Kong.

Licensed entities are required to comply with the SFO, its sub-legislations and other relevant codes and guidelines including the (i) Code of Conduct for Persons Licensed by or Registered with the SFC (“Code of Conduct”), (ii) Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (“Guideline on AML”), (iii) Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the SFC (“Internal Control Guideline”), (iv) Suggested Control Techniques and Procedures for Enhancing a Firm’s Ability to Comply with the Securities and Futures (Client Securities) Rules and the Securities and Futures (Client Money) Rules (“Client Securities/Money Rules”), (v) the Fund Manager Code of Conduct (“FM Code of Conduct”), and (vi) suitability circulars/FAQs and other relevant regulatory requirements.

REGULATIONS

The Client Securities/Money Rules provide guidelines on the treatment of client assets and how they should be properly safeguarded. The Code of Conduct sets out the general conduct requirements for licensed persons and other regulatory expectations on topics such as know your client (KYC), diligence, responsibility of senior management and conflicts of interest. The Guideline on AML set out the requirements and the standards on the subjects of anti-money laundering and counter-terrorist financing (AML/CTF) and practical guidance to assist licensed persons and their senior management in designing and implementing policies, procedures and controls in the relevant operational areas, taking into consideration their special circumstances so as to meet the relevant AML/CTF statutory and regulatory requirements.

The suitability circulars/FAQs outlines the general requirements and factors to be considered when providing investment advices to client.

The FM Code of Conduct sets out conduct requirements for licensed persons whose business involves the discretionary management of collective investment schemes and/or discretionary accounts.

Insurance Ordinance (Cap. 41 of the Laws of Hong Kong)

Noah Insurance was validly registered with The Hong Kong Confederation of Insurance Brokers (a former self-regulatory organization for insurance brokers approved by the Office of the Commissioner of Insurance) as an authorized insurance broker from 2014 until the commencement of the new regulatory regime for insurance intermediaries on 23 September 2019 on which date the Insurance Authority (IA) took over from relevant self-regulatory organizations all aspects of the regulation of insurance intermediaries in Hong Kong pursuant to the Insurance Ordinance (Cap. 41). Under the new regulatory regime, Noah Insurance is deemed to be a licensed insurance intermediary as a licensed insurance broker company for a period of 3 years from the commencement of the new regime unless the licence is revoked in accordance with the Insurance Ordinance. Noah Insurance is permitted to carry on the Long Term Business (excluding linked long term) within the meaning of the Insurance Ordinance. As an insurance broker, Noah Insurance must comply with the minimum requirements specified in the guideline issued pursuant to the Insurance Ordinance by IA.

Trustee Ordinance (Cap. 29 of the Laws of Hong Kong)

ARK Trust (Hong Kong) Limited has complied with the requirements of section 77 of the Trustee Ordinance and has been registered as a trust company under section 78(1) of the Trustee Ordinance since 2014. Accordingly, ARK Trust (Hong Kong) Limited may act as trustee in accordance with the Trustee Ordinance.

SHARE CAPITAL

TERMINATION OF WEIGHTED VOTING RIGHTS STRUCTURE

As of the Latest Practicable Date and immediately prior to the Listing, our Company's share capital comprised Class A ordinary shares and Class B ordinary shares. Each Class A ordinary share entitled the holder to exercise one vote, and each Class B ordinary share entitled the holder to exercise four votes, on all matters that require a shareholder's vote. All the Class B ordinary shares were held by the co-founders, namely Ms. Jingbo Wang and Mr. Zhe Yin, as of the Latest Practicable Date. In order to terminate our Company's weighted voting rights structure for the purpose of the Listing, the co-founders have irrevocably undertaken that they will convert all the Class B ordinary shares held by them into Class A ordinary shares on the Listing Date on a one-for-one basis. We have also agreed not to issue any new Class B ordinary shares after the Listing Date. Accordingly, upon the Listing, our Company will only have Class A ordinary shares in issue, and will cease to have a weighted voting rights structure. We will amend the Articles to remove provisions related to Class B ordinary shares in the First GM to be convened after the Listing.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company immediately prior to and upon the completion of the Global Offering, assuming that the Offer Shares are issued pursuant to the Global Offering, all Class B ordinary shares have been converted into Class A ordinary shares on the Listing Date, the shareholders' percentage of issued share capital remain unchanged after the Latest Practicable Date and before the Listing, the Over-allotment Option is not exercised, and no additional shares are issued pursuant to the Share Incentive Plans.

1. Share capital as of the Latest Practicable Date

(i) Authorized share capital

<u>Number</u>	<u>Description of Shares</u>	<u>Approximate aggregate nominal value of shares</u>
91,394,900	Class A ordinary shares	US\$45,697.45
8,605,100	Class B ordinary shares	US\$4,302.55
Total	<u>US\$50,000.00</u>	

(ii) Issued, fully paid or credited to be fully paid*

<u>Number</u>	<u>Description of Shares</u>	<u>Approximate aggregate nominal value of shares</u>
21,774,233	Class A ordinary shares	US\$10,887.12
8,315,000	Class B ordinary shares	US\$4,157.50
Total	<u>US\$15,042.12</u>	

* Excluding 909,737 treasury Shares, representing ADSs repurchased pursuant to the Share Repurchase Program. For more information, see "— Share Repurchases" below and note 13 of Appendix IA to this prospectus.

SHARE CAPITAL

2. Share capital immediately following the completion of the Global Offering

(i) Authorized share capital

Number	Description of Shares	Approximate aggregate nominal value of shares
100,000,000	Class A ordinary shares	US\$50,000.00
Total		<u>US\$50,000.00</u>

(ii) Issued, fully paid or credited to be fully paid*

Number	Description of Shares	Approximate aggregate nominal value of shares
31,189,233**	Class A ordinary shares	US\$15,594.57
Total		<u>US\$15,594.57</u>

* Excluding 909,737 treasury Shares, representing ADSs repurchased pursuant to the Share Repurchase Program. For more information, see “— Share Repurchases” below and note 13 of Appendix IA to this prospectus.

** A reconciliation of the number of Shares in issue assuming that the Global Offering had been completed on December 31, 2021 as set out in note 3 of Unaudited Pro Forma Financial Information in Appendix II to the number of Shares issued immediately following the completion of the Global Offering as of the Latest Practicable Date as stated above is set forth below:

	<u>Share numbers</u>
Shares are in issue assuming that the Global Offering had been completed on December 31, 2021 as set out in note 3 of Appendix II	31,179,455
Treasury shares reissued for vesting of restricted shares and stock options exercise during the period from January 1, 2022 to the Latest Practicable Date	<u>9,778</u>
Shares issued, fully paid or credited as fully paid, immediately following the completion of the Global Offering as of the Latest Practicable Date	<u>31,189,233</u>

Ranking

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

SHARE CAPITAL

Share Incentive Plans

See “Directors and Senior Management — Compensation — Share Incentive Plans” for details about the Share Incentive Plans.

Share Repurchases

On December 1, 2020, our Company announced that the Board authorized a share repurchase program (the “**Share Repurchase Program**”) under which we may repurchase up to US\$100 million worth of its ADSs over the following two years. On February 25, 2021, we completed the Share Repurchase Program, with approximately 2,233,770 ADSs, representing 1,116,885 Class A ordinary shares repurchased at an average price of US\$44.77 per ADS.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$285.7 million after deducting the estimated underwriting fees and the estimated offering expenses payable by us and based upon maximum Public Offer Price, HK\$307.00 per Offer Share for both Hong Kong Public Offering and International Offering, and assuming the Over-allotment Option is not exercised.

The International Offer Price in the International Offering may be higher than, or the same as, the Public Offer Price in the Hong Kong Public Offering. See “Structure of the Global Offering — Pricing and Allocation.”

We intend to use the net proceeds from the Global Offering for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- **Approximately 35%, or HK\$100.0 million, will be used to further develop our wealth management business. Specifically, we intend to:**
 - attract and acquire more HNW and ultra HNW clients, especially “Diamond and Black Card clients” with higher AUA. To further expand our core client base and deepen core client stickiness, we plan to (i) optimize and enhance the membership benefits offered to our core clients, including organizing premium events and activities exclusively for core clients on a more frequent basis, as well as upgrading the membership packages to provide more privileges to our core clients, such as special offers for selected products and complimentary services, and (ii) offer greater incentives to motivate our relationship managers to acquire more core clients;
 - expedite our expansion and penetration into core cities across China. We will focus on cities where HNW and ultra HNW investors are concentrated and more strategic investment into branding, marketing and client interfaces is required to compete. We aim to increase our market share by (i) further deepening our penetration in top-tier cities with a focus on Beijing, Shanghai and Shenzhen, and (ii) continuously expanding our footprint in other core cities where we currently have a relatively smaller presence. We plan to achieve these expansion goals primarily through branding and marketing initiatives, including organizing more targeted online and offline investor events and increasing precise online and offline advertisements and promotional campaigns;
 - upgrade client interfaces through (i) setting up dedicated areas at our new headquarters in Shanghai to better serve our clients and improve their experience, such as multifunctional rooms, and (ii) providing facilities and amenities in selected cities as client event spaces, which can be used for future investor education sessions as well as product roadshows; and
 - enhance our product distribution channels by further investing in our dedicated client services team. We will continue to empower and incentivize our existing relationship managers to achieve better performance by providing them comprehensive training programs and competitive compensation, and recruit more specialists who are able to bring more global expertise to the team. In particular, we intend to invest resources to seek for top-tier talents in the industry with extensive wealth management experience as well as fresh graduates from target colleges as needed.

USE OF PROCEEDS

- **Approximately 15%, or HK\$42.9 million, will be used to further develop our asset management business.** Specifically, we intend to further strengthen our in-house investment research capabilities. We plan to (i) establish a CIO office consisting of a sophisticated research team and allocate more resources to support their researches on a wide array of industries to better understand the market trends and clients' needs, and (ii) offer competitive compensation packages to acquire more experts and professionals with experience and expertise in investment portfolio analysis and primary markets.
- **Approximately 20%, or HK\$57.1 million, will be used for selectively pursuing potential investments.** Specifically, we plan to invest in approximately 1% to 10% equity interest in, or seek for partnerships with, quality assets and businesses, both onshore and offshore, in wealth management and asset management sectors, which may potentially generate synergies to further strengthen our capability to serve our clients. We assess potential investments based on a variety of factors. For domestic assets and businesses, the desirable investment targets should hold major operating licenses in key financial sectors such as banking or insurance brokerage, and have a relatively long and stable operating history; for overseas assets and businesses, we primarily seek to invest in asset management firms, preferably top global asset management providers offering standardized investment products. We plan to target suitable assets and businesses with meaningful market shares and sound historical operating performance, primarily in Hong Kong and the United States markets, which (i) have consecutive operations in local markets for over five years with deep understanding of local markets; (ii) have a total AUM of over US\$3 billion; (iii) have over 2,000 existing active clients; and (iv) have proprietary distribution channels in local markets. According to Frost & Sullivan, there are over 1,000 and 5,000 asset management firms in Hong Kong and the United States, respectively, and approximately half of these firms have an operating history of at least five years. In addition, considering the total AUM of the asset management industry in Hong Kong and the United States, there are no less than 100 asset management firms that meet our AUM criteria in each of the two markets. Based on the foregoing, Frost & Sullivan is of the view that there are sufficient targets available in the market. We believe that the potential investments in leading industry players (i) will improve our product development and distribution capabilities; (ii) will better serve existing and potential clients' evolving needs of global assets allocation; and (iii) is in line with our long term strategy of overseas expansion to strengthen our presence in Hong Kong and the United States. As of the Latest Practicable Date, we had not entered into any letters of intent or agreements with respect to investments and had not identified any targets of potential investment.
- **Approximately 10%, or HK\$28.6 million, will be used to invest in our in-house technology across all business lines.** Specifically, we plan to (i) continue to invest in IT talents by recruiting, training and retaining more research and development personnel who have deep understanding and a minimum of five years of relevant work experience in assets allocation, macroeconomic analysis, fund analysis and financial analysis, (ii) further scale up our IT infrastructure and self-developed software and/or platforms through continuous investments in key technology capabilities, such as next-generation KYC/KYA/KYP, client relationship management software, as well as overall digital transformation with the assistance of professional consulting firms to improve our clients' overall experiences and optimize our operating efficiencies. We believe that such proposed investments in technology could help us expedite the digitalization of our business operations and improve our research and development capabilities, which is in line with our business strategies.

USE OF PROCEEDS

- **Approximately 10%, or HK\$28.6 million, will be used for our overseas expansion.** Specifically, we plan to increase our presences and product offering in Hong Kong, Singapore and the United States by (i) establishing more offices and recruiting more experienced relationship managers who generally have at least three years of industry experience at leading players with licenses and qualifications such as fund practitioner qualification, associate financial planner, certified financial planner and chartered financial analyst to better serve our overseas clients and fulfil their needs, and (ii) cooperating with more investment professionals with global experience to deepen our understanding of overseas wealth and asset management trends, as well as enhance and evolve our client service.
- **Approximately 10%, or HK\$28.6 million, will be used for general corporate purposes, including but not limited to working capital and operating expenses.**

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, we will hold such funds in short-term interest-bearing accounts at authorized licensed banks.

UNDERWRITING

HONG KONG UNDERWRITERS

Goldman Sachs (Asia) L.L.C.

BOCI Asia Limited

DBS Asia Capital Limited

Futu Securities International (Hong Kong) Limited

UNDERWRITING

This document is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The Company expects the International Offering to be fully underwritten by the International Underwriters. If, for any reason, the Company does not agree with the Sole Representative (for itself and on behalf of the Underwriters) on the pricing of the Offer Shares, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 110,000 Hong Kong Offer Shares and the International Offering of initially 990,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on June 29, 2022. Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this document and the Hong Kong Underwriting Agreement at the Public Offer Price.

Subject to (a) the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the Class A ordinary shares in issue and to be issued pursuant to the Global Offering (including the Class A ordinary shares which may be issued pursuant to the exercise of the Over-allotment Option), the Class A ordinary shares to be converted from the Class B ordinary shares upon the completion of the Global Offering and the Class A ordinary shares to be issued pursuant to the Share Incentive Plans and the RSU Plan, including pursuant to the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time on the Main Board of the Hong Kong Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this document and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

UNDERWRITING

Grounds for Termination

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) in its absolute discretion may, by giving notice to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect:

- (a) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the NYSE, the American Stock Exchange, the Nasdaq Global Market or the Hong Kong Stock Exchange or other relevant exchange; or
- (b) trading in the Company's securities shall have been suspended or materially limited on any exchange or in any over-the-counter market; or
- (c) a material disruption in commercial banking, securities settlement, payment or clearance services in the Cayman Islands, the United States, the PRC or Hong Kong shall have occurred; or
- (d) any moratorium on commercial banking activities shall have been declared by the federal or New York State authorities in the United States, Hong Kong, PRC or Cayman Islands authorities; or
- (e) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets, currency rates or controls or any calamity or crisis or any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national, regional or international emergency or war, acts of war, acts of God, acts of terrorism or economic sanctions) that, in the reasonable judgment of the Sole Representative, is material and adverse and which, singly or together with any other event specified in this section, makes it, in the reasonable judgment of the Sole Representative, impracticable to proceed with the offer, sale or delivery of the Offer Shares on the terms and in the manner contemplated in this document, the registration statement, the general disclosure package and the final prospectus to be filed or issued by the Company in connection with the International Offering; or
- (f) there shall have occurred an event that may or is likely to result in a material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole.

UNDERWRITING

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Except for (i) the Class A ordinary shares in issue and to be issued pursuant to the Global Offering (including the Class A ordinary shares which may be issued pursuant to the exercise of the Over-Allotment Option), (ii) the Class A ordinary shares to be converted from the Class B ordinary shares upon completion of the Global Offering, (iii) the Class A ordinary shares to be issued pursuant to the Share Incentive Plans upon the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time pursuant to the RSU Plan, (iv) any capitalization issue, capital reduction or consolidation or sub-division of the Shares, (v) any repurchase of securities pursuant to any share repurchase programs existing on the date of the Hong Kong Underwriting Agreement; and (vi) the filing of any registration statement on Form S-8 or successor form which is related to the Share Incentive Plans, or (vii) the facilitation of the establishment of a trading plan on behalf of a shareholder, officer or director of the Company pursuant to Rule 10b5-1 under the Exchange Act, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is 90 days after the Listing Date (the “**Lock-up Period**”), the Company undertakes to each of the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Sole Sponsor not to, without the prior written consent of the Sole Sponsor and the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Hong Kong Listing Rules:

- (a) offer, allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Class A ordinary shares or ADSs or other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Class A ordinary shares or ADSs or other securities of the Company or any interest in any of the foregoing), or deposit any Class A ordinary shares or other securities of the Company, with a depository in connection with the issue of depository receipts; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Class A ordinary shares or ADSs or other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Class A ordinary shares or ADSs or other securities of the Company or any interest in any of the foregoing); or
- (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) and (b) above; or
- (d) offer to or contract to or agree to or announce any intention to effect any transaction specified in paragraphs (a), (b) and (c) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) and (c) above is to be settled by delivery of Shares or ADSs or other securities of the Company, or in cash or otherwise (whether or not the issue of such Shares or ADSs or other securities of the Company will be completed within the Lock-up Period).

UNDERWRITING

Hong Kong Underwriters' Interests in the Company

Save as disclosed in this document and save for their respective obligations under the Hong Kong Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares, ADSs or any securities of any of the Company's members or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares, ADSs or any securities of any of the Company's members. Given the Company is a company listed on the NYSE, the affiliates of the Hong Kong Underwriters may be directly or indirectly interested in the Company's Shares, ADSs or any securities from time to time in their ordinary and usual course of business.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company expects to enter into the International Underwriting Agreement with the Sole Representative (for itself and on behalf of the International Underwriters) on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. The Company expects that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See "Structure of the Global Offering — The International Offering."

Over-allotment Option

The Company expects to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Representative (for itself and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 165,000 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the International Offer Price, to cover over-allocations in the International Offering, if any. See "Structure of the Global Offering — Over-allotment Option."

Commissions and Expenses

The Underwriters will receive an underwriting commission of 2.0% of the aggregate offer price of all the Offer Shares (including any Offer Shares to be issued by the Company pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

UNDERWRITING

The Underwriters may receive a discretionary incentive fee of up to 3.0% of the aggregate Offer Price of all the Offer Shares to be issued by the Company under the Global Offering (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an indicative offer price of HK\$307.00 per Offer Share for both the Hong Kong Public Offering and the International Offering, the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) will be approximately HK\$19.4 million.

The aggregate underwriting commissions and fees together with the Hong Kong Stock Exchange listing fees, the SFC transaction levy, the Hong Kong Stock Exchange trading fee, Financial Reporting Council transaction levy, SEC registration fees, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK\$76.1 million (assuming an indicative offer price of HK\$307.00 per Offer Share for both the Hong Kong Public Offering and the International Offering, the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) and will be paid by the Company.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to the Company’s assets, securities and/or instruments and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Company’s loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected

UNDERWRITING

counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in “Structure of the Global Offering.” Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and certain of the Company’s affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of the Offer Shares in the Global Offering.

LOCK-UP

Undertakings by the Company’s Directors and Executive Officers

Certain of our directors and executive officers have agreed that, subject to limited exceptions, without the prior written consent of the Sole Representative on behalf of the Underwriters, they will not, and will not cause any of its direct or indirect affiliates to, during the period commencing on the Price Determination Date and ending on, and including, the date that is 90 days after the Price Determination Date (the “**Restricted Period**”), (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares or ADSs beneficially owned (as such term is used in the U.S. Exchange Act), by them or any securities so owned convertible into or exercisable or

UNDERWRITING

exchangeable for Shares or ADSs (collectively, the “**Lock-Up Securities**”) or enter into a transaction which is designed to or which reasonably could be expected to have the same effect, or (ii) enter into any hedging, swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-Up Securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Lock-Up Securities, in cash or otherwise, or (iii) make any demand for or exercise any right with respect to the registration of any Lock-Up Securities.

Subject to certain conditions, the restrictions described above do not apply to:

- transactions relating to Lock-Up Securities acquired in open market transactions after the completion of the Global Offering, provided that no filing under Section 16(a) of the Exchange Act shall be required or shall be voluntarily made in connection with subsequent sales of Lock-Up Securities acquired in such open market transactions;
- transfers of Lock-Up Securities as a *bona fide* gift or gifts, provided that each donee signs a lock-up agreement and no filing under the Exchange Act, reporting a reduction in beneficial ownership of Lock-Up Securities, shall be required or shall be voluntarily made during the Restricted Period;
- transfers of Lock-Up Securities to any trust for their or their immediate family’s direct or indirect benefit, provided that any such transfer shall not involve a disposition for value, and each distributee or transferee, as the case may be, shall sign a lock-up agreement and no filing under the Exchange Act, reporting a reduction in beneficial ownership of Lock-Up Securities, shall be required or shall be voluntarily made during the Restricted Period; and
- establishment or amendment of a trading plan pursuant to Rule 10b5-1 under the U.S. Exchange Act for the transfer of Lock-Up Securities, provided that (x) such plan does not provide for the transfer of Lock-Up Securities during the Restricted Period and (y) to the extent a public announcement or filing under the U.S. Exchange Act, if any, is required or voluntarily made regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of such securities may be made under such plan during the Restricted Period.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This document is published in connection with the Hong Kong Public Offering as part of the Global Offering.

The listing of the Class A ordinary shares on the Main Board of the Hong Kong Stock Exchange is sponsored by the Sole Sponsor. The Sole Sponsor has made an application on the Company's behalf to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Class A ordinary shares in issue and to be issued as mentioned in this document.

1,100,000 Offer Shares will initially be made available under the Global Offering comprising:

- the Hong Kong Public Offering of initially 110,000 Offer Shares (subject to adjustment) in Hong Kong as described in “— The Hong Kong Public Offering” below; and
- the International Offering of initially 990,000 Offer Shares (subject to adjustment and the Over-allotment Option) pursuant to the shelf registration statement on Form F-3ASR that was filed with the SEC and became effective on June 21, 2022, and the preliminary prospectus supplement filed with the SEC on June 29, 2022 and the final prospectus supplement to be filed with the SEC on or about July 6, 2022.

Investors may either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 3.5% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account the Class A ordinary shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 4.0% of the total Shares in issue immediately following the completion of the Global Offering (without taking into account the Class A ordinary shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time).

References in this document to applications, application forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 110,000 Offer Shares for subscription by the public in Hong Kong at the Public Offer Price, representing 10.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.35% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Class A ordinary shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time).

STRUCTURE OF THE GLOBAL OFFERING

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in “— Conditions of the Global Offering” below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools: pool A and pool B with any odd board lots being allocated to Pool A. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy, the Hong Kong Stock Exchange trading fee and Financial Reporting Council transaction levy payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy, the Hong Kong Stock Exchange trading fee and Financial Reporting Council transaction levy payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Public Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 55,000 Hong Kong Offer Shares is liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

STRUCTURE OF THE GLOBAL OFFERING

If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times and (c) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 330,000 Offer Shares (in the case of (a)), 440,000 Offer Shares (in the case of (b)) and 550,000 Offer Shares (in the case of (c)), representing 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Representative deems appropriate.

In addition, the Sole Representative may allocate Offer Shares from the International Offer Shares to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering at the discretion of the Sole Representative. In accordance with the Guidance Letter HKEx-GL91-18 issued by the Hong Kong Stock Exchange, if such allocation is done other than pursuant to Practice Note 18 of the Hong Kong Listing Rules, the maximum total number of Offer Shares that may be allocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 220,000 Offer Shares).

If the Hong Kong Public Offering is not fully subscribed, the Sole Representative may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Representative deems appropriate.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Hong Kong Public Offering, which is expected to be published on Tuesday, July 12, 2022.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the indicative maximum Public Offer Price of HK\$307.00 per Offer Share in addition to the brokerage, the SFC transaction levy, the Hong Kong Stock Exchange trading fee and Financial Reporting Council transaction levy payable on each Offer Share, amounting to a total of HK\$6,201.89 for one board lot of 20 Offer Shares. If the Public Offer Price, as finally determined in the manner described in “— Pricing and Allocation” below, is less than the maximum Public Offer Price of HK\$307.00 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, the Hong Kong Stock Exchange trading fee and Financial Reporting Council transaction levy attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in “How to Apply for Hong Kong Offer Shares.”

STRUCTURE OF THE GLOBAL OFFERING

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an initial offering of 990,000 Offer Shares offered by the Company (subject to adjustment and the Over-allotment Option), representing 90.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 3.17% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Class A ordinary shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time).

Allocation

The International Offering will include marketing of Offer Shares in the United States as well as to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “— Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the Company’s benefit and the benefit of the shareholders as a whole.

The Sole Representative (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Representative so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “— The Hong Kong Public Offering — Reallocation” above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company expects to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Representative (for itself and on behalf of the International Underwriters).

STRUCTURE OF THE GLOBAL OFFERING

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Sole Representative (for itself and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 165,000 Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the International Offer Price under the International Offering to cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.53% of the total Shares in issue immediately following the completion of the Global Offering without taking into account the Class A ordinary shares to be issued pursuant to the Share Incentive Plans, including pursuant to the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time. If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Public Offer Price.

In connection with the Global Offering, the Stabilizing Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Class A ordinary shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager reasonably regards as the Company's best interest, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days after the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Class A ordinary shares, (b) selling or agreeing to sell the Class A ordinary shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Class A ordinary shares, (c) purchasing, or agreeing to purchase, the Class A ordinary shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Class A ordinary shares for the sole purpose of preventing or minimizing any reduction in the market price of the Class A ordinary shares, (e) selling or agreeing to sell any Class A ordinary shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in clauses (b), (c), (d) or (e) above.

STRUCTURE OF THE GLOBAL OFFERING

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the Class A ordinary shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Class A ordinary shares;
- no stabilizing action can be taken to support the price of the Class A ordinary shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Friday, August 5, 2022, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Class A ordinary shares, and therefore the price of the Class A ordinary shares, could fall;
- the price of the Class A ordinary shares cannot be assured to stay at or above the Public Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Public Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

The Company will ensure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

In addition, stabilization transactions with respect to the ADSs may be effected by one of the International Underwriters or its affiliates before and after the listing of the Class A ordinary shares on the Hong Kong Stock Exchange in accordance with applicable laws and regulations.

Over-Allocation

Following any over-allocation of Class A ordinary shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, using Class A ordinary shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Public Offer Price or through the Stock Borrowing Agreement as detailed below or a combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may choose to borrow up to 165,000 Class A ordinary shares (being the maximum number of Class A ordinary shares which may be sold pursuant to the exercise of the Over-allotment Option) from Jing Investors Co., Ltd. and Yin Investment Co., Ltd., pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilizing Manager (or any person acting for it), Jing Investors Co., Ltd. and Yin Investment Co., Ltd. on or about the Price Determination Date.

STRUCTURE OF THE GLOBAL OFFERING

The same number of Class A ordinary shares so borrowed must be returned to Jing Investors Co., Ltd. and Yin Investment Co., Ltd. or their nominees, as the case may be, on or before the third business day following the earlier of (a) the last day on which the Over-allotment Option may be exercised and (b) the day on which the Over-allotment Option is exercised in full.

The Shares borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Jing Investors Co., Ltd. and Yin Investment Co., Ltd. by the Stabilizing Manager (or any person acting for it) in relation to such Shares borrowing arrangement.

PRICING AND ALLOCATION

Determining the Pricing of the Offer Shares

The Company will determine the pricing of the Offer Shares for the purpose of the various offerings under the Global Offering on the Price Determination Date, which is expected to be on or about Wednesday, July 6, 2022 and, in any event, no later than Tuesday, July 12, 2022, by agreement between the Sole Representative (for itself and on behalf of the Underwriters) and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Company will determine the Public Offer Price by reference to the closing price of the ADSs on the New York Stock Exchange on the last trading day on or before the Price Determination Date, and the Public Offer Price will not be more than HK\$307.00 per Hong Kong Offer Share. The historical prices of the Company's ADSs and trading volume on the New York Stock Exchange are set out below.

<u>Period⁽¹⁾</u>	<u>High</u>	<u>Low</u>	<u>ADTV</u>
	<u>(US\$)</u>	<u>(US\$)</u>	<u>(ADSs)⁽²⁾</u>
Fiscal year ended December 31, 2021	51.45	29.11	162,623
Fiscal year of 2022 (up to the Latest Practicable Date)	32.24	15.47	240,597

Notes:

- (1) The Company has not declared or paid any dividends on the Company's ADSs or Shares since the Company's inception and up to the Latest Practicable Date, including the periods presented.
- (2) Average daily trading volume ("ADTV") represents daily average number of the Company's ADSs traded over the relevant period.
- (3) Two ADSs represent one Class A ordinary share.

Applicants under the Hong Kong Public Offering must pay, on application, the indicative maximum Public Offer Price of HK\$307.00 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%, amounting to a total of HK\$6,201.89 for one board lot of 20 Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

The Company may set the International Offer Price at a level higher than the maximum Public Offer Price if (a) the Hong Kong dollar equivalent of the closing trading price of the ADSs on the New York Stock Exchange on the last trading day on or before the Price Determination Date (on a per-Share converted basis) were to exceed the maximum Public Offer Price as stated in this document and/or (b) the Company believes that it is in the best interest of the Company as a listed company to set the International Offer Price at a level higher than the maximum Public Offer Price based on the level of interest expressed by professional and institutional investors during the bookbuilding process.

If the International Offer Price is set at or lower than the maximum Public Offer Price, the Public Offer Price must be set at such price which is equal to the International Offer Price. In no circumstances will the Company set the Public Offer Price above the maximum Public Offer Price as stated in this document or the International Offer Price.

The Company reserves the right not to proceed with the Hong Kong Public Offering or the International Offering on or at any time until the Price Determination Date if, for any reason, including as a result of volatility in the price of the Company's ADSs or other changes in market conditions, the Company does not agree with the Sole Representative (for itself and on behalf of the Underwriters) on the pricing of the Offer Shares by Tuesday, July 12, 2022.

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Sole Representative (for itself and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the Company's consent, reduce the number of Offer Shares offered below as stated in this document at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the Company's website and the website of the Hong Kong Stock Exchange at ir.noahgroup.com and www.hkexnews.hk, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares will be final. If the number of Offer Shares is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications, unless positive confirmations from the applicants to proceed are received.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this document, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced.

STRUCTURE OF THE GLOBAL OFFERING

Announcement of Final Pricing of the Offer Shares

The final pricing of the Offer Shares, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in “How to Apply for Hong Kong Offer Shares — D. Publication of Results.”

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to the Company’s agreeing with the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) on the pricing of the Offer Shares.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in “Underwriting.”

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the Class A ordinary shares in issue and to be issued pursuant to the Global Offering (including any Class A ordinary shares which may be issued pursuant to the exercise of the Overallotment Option), the Class A ordinary shares to be converted from the Class B ordinary shares upon the completion of the Global Offering and the Class A ordinary shares to be issued pursuant to the Share Incentive Plans and the RSU Plan, including pursuant to the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time, on the Main Board of the Hong Kong Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;
- the pricing of the Offer Shares having been agreed between the Sole Representative (for itself and on behalf of the Hong Kong Underwriters) and the Company;
- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this document.

STRUCTURE OF THE GLOBAL OFFERING

If, for any reason, the Company does not agree the pricing of the Offer Shares with the Sole Representative (for itself and on behalf of the Underwriters) on or before Tuesday, July 12, 2022, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on the Company's website and the website of the Hong Kong Stock Exchange at ir.noahgroup.com and www.hkexnews.hk, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares — F. Refund of Application Monies." In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Wednesday, July 13, 2022, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, July 13, 2022, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Wednesday, July 13, 2022.

The Shares will be traded in board lots of 20 Class A ordinary shares each and the stock code of the Class A ordinary shares will be 6686.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

The Company has adopted a fully electronic application process for the Hong Kong Public Offering. The Company will not provide any printed copies of this document or any printed copies of any application forms for use by the public.

This document is available at the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and the Company’s website at ir.noahgroup.com. If you require a printed copy of this document, you may download and print from the website addresses above.

The contents of the electronic version of this document are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. The Company will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this document is available online at the website addresses above.

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. How to Apply

The Company will not provide any printed application forms for use by the public.

To apply for Hong Kong Offer Shares, you may:

- (1) apply online through the **White Form eIPO** service at www.eipo.com.hk; or
- (2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
 - (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or
 - (ii) (if you are an existing CCASS Investor Participant) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Sole Representative, the **White Form eIPO** Service Provider and the Company's and their respective agents may reject or accept any application, in full or in part, for any reason at the Company's or their discretion.

2. Who Can Apply

Eligibility for the Application

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address; and
- are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S.

If an application is made by a person under a power of attorney, the Company and the Sole Representative, as the Company's agents, may accept it at the Company's or their discretion, and on any conditions the Company or they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Hong Kong Listing Rules or any relevant waivers that have been granted by the Hong Kong Stock Exchange (details of the relevant waivers are set out in the sections headed "Waivers and Exemptions — Subscription for Shares by existing shareholders" and "Waivers and Exemptions — Dealings in Shares prior to Listing"), you cannot apply for any Hong Kong Offer Shares if:

- you are an existing beneficial owner of Shares and/or a substantial shareholder of the Company or any of the Company's subsidiaries;
- you are the Company's director or chief executive and/or a director or chief executive officer of any of the Company's subsidiaries;
- you are a close associate of any of the above persons;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- you have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

Items Required for the Application

If you apply for Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

3. Terms and Conditions of an Application

By applying through the application channels specified in this document you:

- undertake to execute all relevant documents and instruct and authorize the Company and/or the Sole Representative (or their agents or nominees), as the Company's agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- agree to comply with the Company's Memorandum and Articles of Association, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Companies Act;
- confirm that you have read the terms and conditions and application procedures set out in this document and agree to be bound by them;
- confirm that you have received and read this document and have relied only on the information and representations in this document in making your application and will not rely on any other information or representations, except those in any supplement to this document;
- confirm that you are aware of the restrictions on the Global Offering set out in this document;
- agree that none of the Company, the Sole Sponsor, the Sole Representative, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering (the "**Relevant Persons**"), and the **White Form eIPO** Service Provider is or will be liable for any information and representations not in this document (and any supplement to this document);

HOW TO APPLY FOR HONG KONG OFFER SHARES

- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;
- agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which the Company or any of them may require about you and the person(s) for whose benefit you have made the application;
- if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and neither the Company nor the Relevant Persons will breach any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions in this document;
- agree that your application, any acceptance of it and the resulting contract will be governed by, and construed in accordance with the laws of Hong Kong;
- represent, warrant and undertake that you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- warrant that the information you have provided is true and accurate;
- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- authorize (i) the Company to place your name(s) or the name of HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as required under the Company's Memorandum and Articles of Association and (ii) the Company and/or the Company's agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "— Personal Collection" below to collect the Share certificate(s) and/or refund check(s) in person;
- declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- understand that the Company, the Company's directors and the Sole Representative will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the **White Form eIPO** service or by any one as your agent or by any other person; and
- (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

For the avoidance of doubt, the Company and all other parties involved in the preparation of this document acknowledge that each applicant and CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

4. Minimum Application Amount and Permitted Numbers

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 20 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK\$		HK\$		HK\$		HK\$
20	6,201.89	200	62,018.82	2,000	620,188.20	15,000	4,651,411.50
40	12,403.76	300	93,028.24	3,000	930,282.30	20,000	6,201,881.99
60	18,605.65	400	124,037.64	4,000	1,240,376.40	25,000	7,752,352.49
80	24,807.53	500	155,047.05	5,000	1,550,470.50	30,000	9,302,822.99
100	31,009.42	600	186,056.46	6,000	1,860,564.59	35,000	10,853,293.49
120	37,211.29	700	217,065.87	7,000	2,170,658.69	40,000	12,403,763.98
140	43,413.17	800	248,075.28	8,000	2,480,752.79	45,000	13,954,234.48
160	49,615.06	900	279,084.69	9,000	2,790,846.89	50,000	15,504,704.98
180	55,816.93	1,000	310,094.10	10,000	3,100,941.00	55,000 ⁽¹⁾	17,055,175.48

Note:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. Applying Through the White Form eIPO Service

General

Individuals who meet the criteria in “— Who Can Apply” above may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this document, as supplemented and amended by the terms and conditions of the **White Form eIPO** Service Provider.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service through the designated website at www.eipo.com.hk (24 hours daily, except on the last day for applications) from 9:00 a.m. on Thursday, June 30, 2022 until 11:30 a.m. on Wednesday, July 6, 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, July 6, 2022, the last day for applications, or such later time as described in “— C. Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists” below.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this document acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Commitment to Sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “Noah Holdings Private Wealth and Asset Management Limited” **White Form eIPO** application submitted via www.eipo.com.hk to support sustainability.

HOW TO APPLY FOR HONG KONG OFFER SHARES

6. Applying Through CCASS EIPO Service

General

You may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf. CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Sole Sponsor, the Sole Representative and the Hong Kong Share Registrar.

Applying through CCASS EIPO Service

Where you have applied through **CCASS EIPO** service (either indirectly through a broker or custodian or directly) and an application is made by HKSCC Nominees on your behalf:

- HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this document; and
- HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as its agent;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- confirm that you understand that the Company, the Company's directors and the Sole Representative will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you, and despatch Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this document and agree to be bound by them;
- confirm that you have received and read a copy of this document and have relied only on the information and representations in this document in causing the application to be made and will not rely on any other information or representations, except those in any supplement to this document;
- agree that neither the Company nor any of the Relevant Persons is or will be liable for any information and representations not in this document (and any supplement to this document);
- agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons any personal data which the Company or they may require about you;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Company, and to become binding when you give the instructions and such collateral contract to be in consideration of the Company's agreeing that the Company will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) except by means of one of the procedures referred to in this document. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this document;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering by the Company;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each shareholder (and so that the Company will be deemed by the Company's acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for the Company and on behalf of each shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Company's Memorandum and Articles of Association, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Companies Act; and
- agree that your application, any acceptance of it and the resulting contract will be governed by, and construed in accordance with the laws of Hong Kong.

Effect of Applying through CCASS EIPO Service

By applying through **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Public Offer Price, brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and Financial Reporting Council transaction levy by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Public Offer Price is less than the maximum Public Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and Financial Reporting Council transaction levy) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this document.

Time for Inputting Electronic Application Instructions¹

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, June 30, 2022 — 9:00 a.m. to 8:30 p.m.
Monday, July 4, 2022 — 8:00 a.m. to 8:30 p.m.
Tuesday, July 5, 2022 — 8:00 a.m. to 8:30 p.m.
Wednesday, July 6, 2022 — 8:00 a.m. to 12:00 noon

Note:

¹ The times in this subsection are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing Participants, CCASS Custodian Participants and/or CCASS Investor Participants.

HOW TO APPLY FOR HONG KONG OFFER SHARES

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, June 30, 2022 until 12:00 noon on Wednesday, July 6, 2022 (24 hours daily, except on Wednesday, July 6, 2022, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, July 6, 2022, the last day for applications, or such later time as described in “— C. Effect of Bad Weather and Extreme Conditions on the Opening and Closing of the Application Lists” below.

If you are instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and the Company’s Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or the Company’s agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or the Company’s Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check, where applicable, verification of compliance with the terms and application procedures set out in this document and announcing results of allocation of the Hong Kong Offer Shares;

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- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Company's Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the Company's Register of Members;
- verifying identities of the holders of the Company's Shares;
- establishing benefit entitlements of holders of the Company's Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and the Company's subsidiaries;
- compiling statistical information and profiles of the holder of the Company's Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge the Company's or their obligations to holders of the Company's Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by the Company and the Company's Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and the Company's Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bankers and overseas principal share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers, etc.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Retention of personal data

The Company and the Company's Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar holds their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in the section headed "Corporate Information" in this document or as notified from time to time, for the attention of the secretary, or the Company's Hong Kong Share Registrar for the attention of the privacy compliance officer.

7. Warning for Electronic Applications

The application for the Hong Kong Offer Shares by **CCASS EIPO** service (directly or indirectly through your broker or custodian) is only a facility provided to CCASS Participants. Similarly, the application for the Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic application. The Company, the Relevant Persons, and the **White Form eIPO** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant applying through **CCASS EIPO** service or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems.

In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, July 6, 2022.

8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your broker or custodian) or through the **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

HOW TO APPLY FOR HONG KONG OFFER SHARES

For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your behalf to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Hong Kong Stock Exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Public Offer Price is HK\$307.00 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.005% and Financial Reporting Council transaction levy of 0.00015%. This means that for one board lot of 20 Hong Kong Offer Shares, you will pay HK\$6,201.89.

You must pay the maximum Public Offer Price, together with brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and Financial Reporting Council transaction levy in full upon application for Hong Kong Offer Shares.

You may submit an application through the **White Form eIPO** service or the **CCASS EIPO** service in respect of a minimum of 20 Hong Kong Offer Shares. If you make an electronic application instruction for more than 20 Hong Kong Offer Shares, the number of Hong Kong Offer Shares you apply for must be in one of the specified numbers set out in the section “— 4. Minimum Application Amount and Permitted Numbers”.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Hong Kong Listing Rules), and the SFC transaction levy, the Hong Kong Stock Exchange trading fee and Financial Reporting Council transaction levy will be paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC and in the case of the Financial Reporting Council transaction levy, collected by the Hong Kong Stock Exchange on behalf of the Financial Reporting Council).

For further details on the Public Offer Price, see “Structure of the Global Offering — Pricing and Allocation.”

HOW TO APPLY FOR HONG KONG OFFER SHARES

C. EFFECT OF BAD WEATHER AND EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a “black” rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, July 6, 2022. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, July 6, 2022 or if there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in “Expected Timetable,” an announcement will be made on the Company’s website at ir.noahgroup.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

D. PUBLICATION OF RESULTS

The Company expects to announce the pricing of the Offer Shares on Wednesday, July 6, 2022 on the Company’s website at ir.noahgroup.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

The Company expects to announce the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Tuesday, July 12, 2022 on the Company’s website at ir.noahgroup.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set out below:

- in the announcement to be posted on the Company’s website and the website of Hong Kong Exchanges and Clearing Limited at ir.noahgroup.com and www.hkexnews.hk, respectively, by no later than Tuesday, July 12, 2022;
- from the designated results of allocations website at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID” function on a 24 hour basis from 8:00 a.m. on Tuesday, July 12, 2022 to 12:00 midnight on Monday, July 18, 2022; and
- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Tuesday, July 12, 2022, Wednesday, July 13, 2022, Thursday, July 14, 2022 and Friday, July 15, 2022.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in “Structure of the Global Offering.”

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

E. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

If your application is revoked:

By applying through the **CCASS EIPO** service or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

- if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person’s responsibility for this document; or
- if any supplement to this document is issued, in which case applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If the Company or the Company's agents exercise discretion to reject your application:

The Company, the Sole Representative, the **White Form eIPO** Service Provider and the Company's and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

If:

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you apply for, have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your payment is not made correctly;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at www.eipo.com.hk;
- you apply for more than 55,000 Hong Kong Offer Shares, being 50% of the 110,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering;
- the Company or the Sole Representative believe that by accepting your application, a violation of applicable securities or other laws, rules or regulations would result; or
- the Underwriting Agreements do not become unconditional or are terminated.

F. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Public Offer Price as finally determined is less than the maximum Public Offer Price per Offer Share (excluding brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and Financial Reporting Council transaction levy payable thereon) paid on application, or if the conditions of the Global Offering as set out in "Structure of the Global Offering — Conditions of the Global Offering" are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and Financial Reporting Council transaction levy, will be refunded, without interest.

Any refund of your application monies will be made on or before Tuesday, July 12, 2022.

HOW TO APPLY FOR HONG KONG OFFER SHARES

G. DESPATCH/COLLECTION OF SHARE CERTIFICATES/e-REFUND PAYMENT INSTRUCTIONS/REFUND CHECKS

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the Share certificates will be deposited into CCASS as described below).

The Company will not issue temporary document of title in respect of the Offer Shares. The Company will not issue receipt for sums paid on application.

Subject to arrangement on despatch/collection of Share certificates and refund checks as mentioned below, any refund checks and Share certificate(s) are expected to be posted on or before Tuesday, July 12, 2022. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, July 13, 2022, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

Personal Collection

- *If you apply through White Form eIPO service:*
 - If you apply for 50,000 Hong Kong Offer Shares or more through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) and/or refund cheque(s) (where applicable) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, July 12, 2022, or any other place or date notified by the Company in the newspapers as the date of despatch or collection of Share certificates.
 - If you do not personally collect your Share certificate(s) and/or refund cheque(s) (where applicable) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.
 - If you apply for less than 50,000 Hong Kong Offer Shares through the **White Form eIPO** service, your Share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, July 12, 2022 by ordinary post and at your own risk.
 - If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address specified in your application instructions in the form of refund check(s) by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- *If you apply through CCASS EIPO service:*

Allocation of Hong Kong Offer Shares

- For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, July 12, 2022 or on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in "— Publication of Results" above on Tuesday, July 12, 2022. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, July 12, 2022 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you can also check the number of the Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, July 12, 2022. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Public Offer Price and the maximum Public Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and Financial Reporting Council transaction levy but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, July 12, 2022.

HOW TO APPLY FOR HONG KONG OFFER SHARES

H. ADMISSION OF THE CLASS A ORDINARY SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Class A ordinary shares and the Company complies with the stock admission requirements of HKSCC, the Class A ordinary shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Class A ordinary shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Hong Kong Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

The Company has made all necessary arrangements to enable the Class A ordinary shares to be admitted into CCASS.

The following is the text of a report set out on pages IA-1 to IA-64, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

Deloitte.**德勤****ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF NOAH HOLDINGS PRIVATE WEALTH AND ASSET MANAGEMENT LIMITED AND GOLDMAN SACHS (ASIA) L.L.C.****Introduction**

We report on the historical financial information of Noah Holdings Private Wealth and Asset Management Limited (the "Company"), its subsidiaries and consolidated variable interest entities ("VIEs") (together, the "Group") set out on pages IA-3 to IA-64, which comprises the consolidated balance sheets of the Group as of December 31, 2019, 2020 and 2021, and the consolidated statements of operations, the consolidated statements of comprehensive income (loss), the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2021 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IA-3 to IA-64 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 30, 2022 (the "Prospectus") in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's

preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as of December 31, 2019, 2020 and 2021 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2(a) to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IA-3 have been made.

Dividends

We refer to Note 22 to the Historical Financial Information which states that no dividends have been declared or paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
June 30, 2022

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on previously issued consolidated financial statements of the Group for each of the three years ended December 31, 2021 (together, the "Underlying Financial Statements"). The Underlying Financial Statements have been prepared in accordance with the accounting policies which conform with the accounting principles generally accepted in the United States of America ("U.S. GAAP") and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP in accordance with the standards of the Public Company Accounting Oversight Board (United States) relating to the consolidated financial statements and the effectiveness of internal control over financial reporting.

The Historical Financial Information is presented in Renminbi ("RMB"). Translations of balances in the consolidated balance sheet as of December 31, 2021, consolidated statement of operations, consolidated statement of comprehensive loss and consolidated statement of cash flows for the year ended December 31, 2021 from RMB into United States Dollars ("US\$") are solely for the convenience of the readers as described in Note 2(u). All values are rounded to the nearest thousand except when otherwise indicated.

Consolidated Balance Sheets
(Amount in Thousands, Except Share and Per Share Data)

	Notes	As of December 31,			
		2019	2020	2021	2021
		RMB	RMB	RMB	US\$
Assets					
Current assets:					
Cash and cash equivalents	2(g)	4,387,345	5,005,211	3,404,603	534,257
Restricted cash	2(h)	6,589	9,993	510	80
Short-term investments (including short-term investments measured at fair value of RMB642,759, nil and RMB63,515 as of December 31, 2019, 2020 and 2021, respectively)	4	671,259	114,928	92,803	14,563
Accounts receivable, net of allowance for credit losses of nil, nil and RMB458 as of December 31, 2019, 2020 and 2021, respectively	2(x)	219,566	434,458	808,029	126,797
Amounts due from related parties, net of allowance for credit losses of nil, RMB4,006 and RMB30,128 as of December 31, 2019 and 2020 and 2021, respectively	2(x)	548,704	520,178	451,389	70,833
Loans receivable, net of allowance for credit losses of RMB5,147, RMB5,863 and RMB93,926 as of December 31, 2019, 2020 and 2021, respectively	10	654,060	418,947	595,766	93,489
Other current assets		243,701	199,447	163,710	25,690
Total current assets		6,731,224	6,703,162	5,516,810	865,709
Long-term investments (including long-term investments measured at fair value of RMB531,359, RMB373,678 and RMB457,284 as of December 31, 2019, 2020 and 2021, respectively)	4	881,091	536,384	668,572	104,914
Investments in affiliates	6	1,272,261	1,264,685	1,402,083	220,017
Property and equipment, net	7	296,320	248,669	2,580,935	405,005
Operating lease right-of-use assets, net	12	352,186	274,154	223,652	35,096
Deferred tax assets	9	167,430	224,240	335,905	52,711
Other non-current assets, net of allowance for credit losses of RMB16,912, nil and RMB4,000 as of December 31, 2019, 2020 and 2021, respectively	2(x)	102,092	148,292	161,832	25,395
Total Assets		9,802,604	9,399,586	10,889,789	1,708,847

Consolidated Balance Sheets (Continued)
(Amount in Thousands, Except Share and Per Share Data)

	Notes	As of December 31,			
		2019	2020	2021	2021
		RMB	RMB	RMB	US\$
Liabilities and Equity					
Current liabilities: (including amounts of the consolidated VIEs without recourse to Noah Holdings Private Wealth and Asset Management Limited See Note 2(b))					
Accrued payroll and welfare expenses		555,719	705,622	946,547	148,534
Income tax payable		126,743	140,777	190,260	29,856
Deferred revenues		100,693	71,613	63,631	9,985
Other current liabilities	8	721,898	432,650	649,255	101,882
Contingent liabilities	20	–	530,433	433,345	68,001
Total current liabilities		1,505,053	1,881,095	2,283,038	358,258
Deferred tax liabilities	9	56,401	45,881	234,134	36,741
Operating lease liabilities, non-current	12	362,757	194,384	130,956	20,550
Other non-current liabilities		3,433	855	100,020	15,695
Total Liabilities		1,927,644	2,122,215	2,748,148	431,244
Contingencies					
20					
Shareholders' equity:					
Class A ordinary shares (US\$0.0005 par value): 91,394,900 shares authorized, 22,484,657 shares issued and outstanding as of December 31, 2019, 22,773,542 shares issued and 22,229,340 shares outstanding as of December 31, 2020 and 22,683,970 shares issued and 21,764,455 shares outstanding as of December 31, 2021					
		75	76	76	12
Class B ordinary shares (US\$0.0005 par value): 8,605,100 shares authorized, 8,315,000 shares issued and outstanding as of December 31, 2019, 2020 and 2021					
		28	28	28	4
Treasury stock (nil, 544,202 and 919,515 ordinary shares as of December 31, 2019, 2020 and 2021, respectively)	2(z)	–	(290,913)	(541,379)	(84,954)
Additional paid-in capital		2,181,323	3,565,667	3,534,741	554,678
Retained earnings		4,734,992	3,989,767	5,187,323	814,005
Accumulated other comprehensive income (loss)	2(v)	97,049	(79,114)	(140,014)	(21,971)
Total Noah Holdings Private Wealth and Asset Management Limited shareholders' equity		7,013,467	7,185,511	8,040,775	1,261,774
Non-controlling interests	2(j)	861,493	91,860	100,866	15,829
Total Shareholders' Equity		7,874,960	7,277,371	8,141,641	1,277,603
Total Liabilities and Equity		9,802,604	9,399,586	10,889,789	1,708,847

The accompanying notes are an integral part of the Historical Financial Information.

Consolidated Statements of Operations
(Amount in Thousands, Except Share and Per Share Data)

	Notes	Years Ended December 31,			
		2019	2020	2021	2021
		RMB	RMB	RMB	US\$
Revenues:					
Revenues from others					
One-time commissions		690,860	679,014	1,130,894	177,462
Recurring service fees		524,692	700,157	913,700	143,379
Performance-based income		23,437	180,529	391,903	61,498
Other service fees		522,958	196,151	161,982	25,419
Total revenues from others		<u>1,761,947</u>	<u>1,755,851</u>	<u>2,598,479</u>	<u>407,758</u>
Revenues from funds Gopher ¹ manages					
One-time commissions		240,808	129,823	140,522	22,051
Recurring service fees		1,320,773	1,230,042	1,195,309	187,570
Performance-based income		89,648	208,996	392,290	61,559
Total revenues from funds Gopher manages		<u>1,651,229</u>	<u>1,568,861</u>	<u>1,728,121</u>	<u>271,180</u>
Total revenues	2(m)	3,413,176	3,324,712	4,326,600	678,938
Less: VAT related surcharges	2(n)	<u>(21,364)</u>	<u>(18,886)</u>	<u>(33,506)</u>	<u>(5,258)</u>
Net revenues		<u>3,391,812</u>	<u>3,305,826</u>	<u>4,293,094</u>	<u>673,680</u>
Operating cost and expenses:					
Compensation and benefits					
Relationship manager compensation		(625,044)	(613,999)	(920,896)	(144,509)
Performance-based compensation		(31,283)	(85,413)	(158,043)	(24,800)
Other compensations		(954,443)	(804,600)	(1,089,941)	(171,036)
Total compensation and benefits	2(o)	<u>(1,610,770)</u>	<u>(1,504,012)</u>	<u>(2,168,880)</u>	<u>(340,345)</u>
Selling expenses		(331,346)	(271,692)	(437,131)	(68,595)
General and administrative expenses		(296,492)	(277,879)	(383,321)	(60,151)
Provision for credit losses	2(x)	(130,723)	(8,083)	(112,959)	(17,726)
Other operating expenses, net		(196,793)	(99,040)	(107,844)	(16,923)
Government subsidies	2(r)	<u>89,278</u>	<u>113,356</u>	<u>115,939</u>	<u>18,193</u>
Total operating cost and expenses		<u>(2,476,846)</u>	<u>(2,047,350)</u>	<u>(3,094,196)</u>	<u>(485,547)</u>
Income from operations		<u>914,966</u>	<u>1,258,476</u>	<u>1,198,898</u>	<u>188,133</u>
Other income (expenses):					
Interest income		89,099	67,317	71,866	11,277
Interest expenses		(430)	–	–	–
Investment (loss) income		(28,620)	(86,369)	65,426	10,267
Settlement expenses	15	–	(1,828,907)	(19,908)	(3,124)
Other (expense) income		(7,040)	4,164	(18,240)	(2,862)
Total other income (expenses)		<u>53,009</u>	<u>(1,843,795)</u>	<u>99,144</u>	<u>15,558</u>

Consolidated Statements of Operations (Continued)
(Amount in Thousands, Except Share and Per Share Data)

	Notes	Years Ended December 31,			
		2019	2020	2021	2021
		RMB	RMB	RMB	US\$
Income (loss) before taxes and income from equity in affiliates		967,975	(585,319)	1,298,042	203,691
Income tax expense	9	(220,025)	(258,460)	(293,940)	(46,126)
Income from equity in affiliates		115,809	100,257	301,979	47,387
Net income (loss)		863,759	(743,522)	1,306,081	204,952
Less: net income (loss) attributable to non-controlling interests		34,608	1,703	(8,050)	(1,263)
Net income (loss) attributable to Noah Holdings Private Wealth and Asset Management Limited shareholders		829,151	(745,225)	1,314,131	206,215
Net income (loss) per share:	3				
Basic		27.12	(24.02)	39.12	6.14
Diluted		26.84	(24.02)	38.90	6.10
Weighted average number of shares used in computation:					
Basic		30,580,181	31,020,439	33,585,818	33,585,818
Diluted		30,924,095	31,020,439	33,781,773	33,781,773

Note 1: Gopher refers to the Group's subsidiaries and consolidated VIEs under the brand Gopher Asset Management, through which the Group manages investments with underlying assets to better meet the diversified asset allocation and alternative investment demands of high net worth individuals and/or corporate entities.

The accompanying notes are an integral part of the Historical Financial Information.

Consolidated Statements of Comprehensive Income (Loss)
(Amount in Thousands)

	<i>Notes</i>	Years Ended December 31,			
		2019	2020	2021	2021
		RMB	RMB	RMB	US\$
Net income (loss)		863,759	(743,522)	1,306,081	204,952
Other comprehensive income (loss), net of tax					
Foreign currency translation adjustments	2(u)	61,601	(176,910)	(60,851)	(9,549)
Fair value fluctuation of available-for-sale investments, net of tax of nil	4	(797)	771	–	–
Total other comprehensive income (loss), net of tax		60,804	(176,139)	(60,851)	(9,549)
Comprehensive income (loss)		924,563	(919,661)	1,245,230	195,403
Less: comprehensive income (loss) attributable to non-controlling interests		34,558	1,727	(8,001)	(1,256)
Comprehensive income (loss) attributable to Noah Holdings Private Wealth and Asset Management Limited shareholders		890,005	(921,388)	1,253,231	196,659

The accompanying notes are an integral part of the Historical Financial Information.

**Consolidated Statements of Changes in Equity
(Amount in Thousands, Except for Share Data)**

	Class A		Class B		Treasury Stock		Additional Paid-in Capital		Retained Earnings		Accumulated Other Comprehensive Income (Loss)		Total Noah Holdings Private Wealth and Asset Management Limited Shareholders' Equity		Non-controlling Interests		Total Shareholders' Equity		
	Shares	RMB ¹	Shares	RMB	Shares	RMB	Shares	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance at December 31, 2018	21,890,253	73	8,315,000	28	(140,479)	(40,267)	1,895,564	3,946,107	36,195	5,837,700	337,677	6,175,377							
Net income	-	-	-	-	-	-	-	829,151	-	829,151	-	829,151	863,759	-	-	-	-	-	-
Share-based compensation	-	-	-	-	-	-	94,897	-	-	94,897	-	94,897	94,897	-	-	-	-	-	-
Vesting of restricted shares	124,592	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares upon exercise of options	152,410	1	-	-	-	-	31,685	-	-	31,686	-	31,686	31,686	-	-	-	-	-	31,686
Conversion of convertible notes	457,881	2	-	-	-	-	141,537	-	-	141,539	-	141,539	141,539	-	-	-	-	-	141,539
Other comprehensive income (loss) — foreign currency translation adjustments	-	-	-	-	-	-	-	-	61,651	61,651	-	61,651	61,651	(50)	-	-	-	-	61,601
Other comprehensive loss — change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	(797)	(797)	-	(797)	(797)	-	-	-	-	-	(797)
Non-controlling interests capital injection	-	-	-	-	-	-	17,640	-	-	17,640	-	17,640	17,640	500,973	-	-	-	-	518,613
Impact of acquisition (Note 2(b))	-	-	-	-	-	-	-	-	-	-	-	-	-	1,001	-	-	-	-	1,001
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,988)	-	-	-	-	(6,988)
Disposal of a subsidiary (Note 2(b))	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,728)	-	-	-	-	(5,728)
Retirement of treasury stock	(140,479)	(1)	-	-	140,479	40,267	-	(40,266)	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2019	22,484,657	75	8,315,000	28	-	-	2,181,323	4,734,992	97,049	7,013,467	861,493	7,874,960	7,013,467	861,493	7,874,960	861,493	7,874,960	7,874,960	7,874,960

The accompanying notes are an integral part of the Historical Financial Information.

Consolidated Statements of Changes in Equity (Continued)
(Amount in Thousands, Except for Share Data)

	Class A Ordinary Shares		Class B Ordinary Shares		Treasury Stock		Additional Paid-in Capital		Retained Earnings		Accumulated Other Comprehensive Income (Loss)		Total Noah Holdings Private Wealth and Asset Management Limited Shareholders' Equity		Non- controlling Interests		Total Shareholders' Equity	
	Shares	RMB ¹	Shares	RMB	Shares	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance at December 31, 2019	22,484,657	75	8,315,000	28	-	-	2,181,323	4,734,992	97,049	7,013,467	861,493	7,874,960						
Net loss	-	-	-	-	-	-	-	(745,225)	-	(745,225)	1,703	(743,522)						
Share-based compensation	-	-	-	-	-	-	59,789	-	-	59,789	-	59,789						
Vesting of restricted shares	75,253	-	-	-	-	-	-	-	-	-	-	-						
Issuance of ordinary shares upon exercise of options	134,639	1	-	-	-	-	33,371	-	-	33,372	-	33,372						
Restricted share units for settlement (Note 15)	78,993	-	-	-	-	-	1,290,811	-	-	1,290,811	-	1,290,811						
Other comprehensive income (loss) — foreign currency translation adjustments	-	-	-	-	-	-	-	-	(176,934)	(176,934)	24	(176,910)						
Other comprehensive income — change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-	771	771	-	771						
Impact of acquisition (Note 2(b))	-	-	-	-	-	-	-	-	-	-	1,417	1,417						
Divestment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(90,849)	(90,849)						
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(28,335)	(28,335)						
Disposal of a subsidiary (Note 2(b))	-	-	-	-	-	-	-	-	-	-	(649,220)	(649,220)						
Repurchase of ordinary shares	-	-	-	-	(544,202)	(290,913)	-	-	-	(290,913)	-	(290,913)						
Acquisition of non-controlling interests in subsidiaries	-	-	-	-	-	-	373	-	-	373	(4,373)	(4,000)						
Balance at December 31, 2020	22,773,542	76	8,315,000	28	(544,202)	(290,913)	3,565,667	3,989,767	(79,114)	7,185,511	91,860	7,277,371						

The accompanying notes are an integral part of the Historical Financial Information.

Consolidated Statements of Changes in Equity (Continued)
(Amount in Thousands, Except for Share Data)

	Class A Ordinary Shares		Class B Ordinary Shares		Treasury Stock		Additional Paid-in Capital		Retained Earnings		Accumulated Other Comprehensive Income (Loss)		Total Noah Holdings Private Wealth and Asset Management Limited Shareholders' Equity		Non- controlling Interests		Total Shareholders' Equity		
	Shares	RMB ¹	Shares	RMB	Shares	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance at December 31, 2020	22,773,542	76	8,315,000	28	(544,202)	(290,913)	3,565,667	3,989,767	(79,114)	7,185,511	91,860	7,277,371	91,860	7,277,371	91,860	7,277,371	91,860	7,277,371	
Net income	-	-	-	-	-	-	51,037	1,314,131	-	1,314,131	(8,050)	1,306,081	(8,050)	1,306,081	-	1,306,081	-	1,306,081	
Share-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock reissued for vesting of restricted shares, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock reissued for stock options exercised, net	-	-	-	-	57,064	32,557	(5,700)	(26,857)	-	(26,857)	-	-	-	-	-	-	-	-	-
Treasury stock reissued for settlement, net (Note 15)	-	-	-	-	37,606	21,456	(3,748)	(6,594)	-	(6,594)	-	11,114	-	11,114	-	11,114	-	11,114	
Other comprehensive income (loss) — foreign currency translation adjustments	-	-	-	-	102,700	58,594	95,339	(48,336)	-	(48,336)	-	105,597	-	105,597	-	105,597	-	105,597	
Receipt of employees' shares to satisfy tax withholding obligations related to share-based compensation	-	-	-	-	-	-	-	-	-	-	(60,900)	49	(60,900)	49	(60,900)	49	(60,900)	(60,851)	
Non-controlling interest capital injection	-	-	-	-	(89,572)	(34,788)	-	-	-	-	-	(34,788)	-	(34,788)	-	(34,788)	-	(34,788)	
Impact of acquisition (Note 2(b))	-	-	-	-	-	-	15,689	-	-	-	-	15,689	-	15,689	27,674	43,363	27,674	43,363	
Divestment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,012	1,012	1,012	1,012	
Distributions to non-controlling interests	-	-	-	-	-	-	3,547	-	-	-	-	3,547	-	3,547	(14,190)	(10,643)	(14,190)	(10,643)	
Repurchase of ordinary shares	-	-	-	-	(572,683)	(363,073)	-	-	-	-	-	(363,073)	-	(363,073)	(5,772)	(5,772)	(5,772)	(363,073)	
Acquisition of non-controlling interests in subsidiaries (Note 2(f))	-	-	-	-	-	-	(187,090)	-	-	-	-	(187,090)	-	(187,090)	8,283	(178,807)	8,283	(178,807)	
Retirement of treasury stock	(89,572)	-	-	-	89,572	34,788	-	(34,788)	-	(34,788)	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021	22,683,970	76	8,315,000	28	(919,515)	(541,379)	3,534,741	5,187,323	(140,014)	8,040,775	100,866	8,141,641	100,866	8,141,641	100,866	8,141,641	100,866	8,141,641	

¹ The amount less than RMB1 is rounded to zero.

The accompanying notes are an integral part of the Historical Financial Information.

Consolidated Statements of Cash Flows
(Amount in Thousands)

	Years Ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Cash flows from operating activities:				
Net income (loss)	863,759	(743,522)	1,306,081	204,952
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Loss (gain) from disposal of property and equipment	1,163	572	(6,063)	(951)
Depreciation expenses	105,432	98,452	146,567	23,000
Non-cash lease expenses	85,420	84,748	85,695	13,447
Share-based settlement expenses	–	1,290,811	19,908	3,124
Share-based compensation expenses	94,897	59,789	51,037	8,009
Income from equity in affiliates, net of dividends	(39,964)	(60,397)	(206,218)	(32,360)
(Gain) loss from disposal of subsidiaries	(3,971)	1,879	–	–
Provision for credit losses	130,723	8,083	112,959	17,726
Amortization of unearned lease income	(37,961)	(3,091)	–	–
Impairment of long-term investments	104,365	115,100	10,000	1,569
Changes in investment fair value in the consolidated funds	(35,847)	(11,383)	(2,520)	(395)
Fair value changes of equity investments measured at fair value	(15,092)	(6,458)	(67,420)	(10,580)
Changes in operating assets and liabilities:				
Accounts receivable	47,755	(219,330)	(362,996)	(56,962)
Amounts due from related parties	12,851	14,990	53,194	8,347
Other current assets	69,992	(96,832)	57,135	8,966
Other non-current assets	(11,521)	(32,202)	(8,919)	(1,400)
Accrued payroll and welfare expenses	(114,487)	149,903	240,925	37,807
Income taxes payable	73,109	14,034	49,483	7,765
Deferred revenues	(42,231)	(29,080)	(7,982)	(1,253)
Other current liabilities	16,356	(361,210)	191,420	30,038
Other non-current liabilities	(32,285)	(2,578)	99,165	15,561
Contingent liabilities	–	530,433	(11,398)	(1,789)
Lease assets and liabilities	(84,068)	(22,463)	(93,805)	(14,720)
Trading debt securities	–	–	(14,804)	(2,323)
Deferred tax assets and liabilities	(62,364)	(67,330)	(119,606)	(18,769)
Acquisitions and sales of investment products	162,202	83,435	–	–
Net cash provided by operating activities	1,288,233	796,353	1,521,838	238,809

Consolidated Statements of Cash Flows (Continued)
(Amount in Thousands)

	Years Ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Cash flows from investing activities:				
Purchases of property and equipment	(65,333)	(51,618)	(2,271,216)	(356,403)
Proceeds from disposal of property and equipment	–	–	38,845	6,096
Purchase of held-to-maturity investments	(74,500)	(225,000)	(17,000)	(2,668)
Proceeds from redemption of held-to-maturity investments	38,067	176,389	101,639	15,949
Purchases of available-for-sale investments	(16,056)	–	(15,000)	(2,354)
Proceeds from sale or redemption of available-for-sale investments	57,372	–	15,632	2,453
Purchases of short-term equity securities	–	–	(18,975)	(2,978)
Proceeds from short-term equity securities	–	–	3,686	578
Purchase of other long-term investments	(33,460)	(6,454)	(91,256)	(14,320)
Proceeds from sale of other long-term investments	231,171	26,606	8,465	1,328
Purchase of investments held by consolidated funds	(1,575,592)	–	(3,327)	(522)
Proceeds from investments held by consolidated funds	1,228,732	72,608	8,777	1,377
Loans to related parties	(318,055)	(164,993)	(28,629)	(4,493)
Principal collection of loans to related parties	314,099	174,523	18,101	2,840
Loans disbursement to third parties	(7,086,712)	(417,934)	(1,007,378)	(158,079)
Principal collection of loans originated to third parties	6,993,745	639,551	685,978	107,646
Increase in investments in affiliates	(39,916)	(67,865)	(101,988)	(16,004)
Capital return from investments in affiliates	57,570	168,344	129,507	20,322
Proceeds from disposal of subsidiaries, net of cash deconsolidated	115,219	20,331	–	–
Acquisitions, net of cash acquired	(8,363)	8,096	(27,955)	(4,387)
Net cash (used in) provided by investing activities	(182,012)	352,584	(2,572,094)	(403,619)

Consolidated Statements of Cash Flows (Continued)
(Amount in Thousands)

	Years Ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Cash flows from financing activities:				
Proceeds from issuance of ordinary shares upon exercise of stock options	31,686	33,372	11,114	1,744
Contribution from non-controlling interests	518,613	–	43,363	6,805
Distributions to non-controlling interests	(6,988)	(28,335)	(5,772)	(906)
Divestment of non-controlling interests	–	(90,849)	(10,643)	(1,670)
Payments to acquire non-controlling interests in subsidiaries	–	(4,000)	(178,807)	(28,058)
Payment for repurchase of ordinary shares	–	(281,610)	(372,376)	(58,434)
Net cash provided by (used in) financing activities	543,311	(371,422)	(513,121)	(80,519)
Effect of exchange rate changes	37,811	(148,745)	(46,714)	(7,330)
Net increases (decrease) in cash, cash equivalents and restricted cash	1,687,343	628,770	(1,610,091)	(252,659)
Cash, cash equivalents and restricted cash — beginning of the year	2,706,591	4,393,934	5,022,704	788,172
Cash, cash equivalents and restricted cash — end of the year	<u>4,393,934</u>	<u>5,022,704</u>	<u>3,412,613</u>	<u>535,513</u>
Supplemental disclosure of cash flow information:				
Cash paid for income taxes	209,975	310,586	364,120	57,139
Cash paid for interest expenses	430	–	–	–
Supplemental disclosure of non-cash investing and financing activities:				
Purchase of property and equipment in accounts payable	1,311	1,662	44,875	7,042
Conversion of convertible notes	145,004	–	–	–
Consideration payable of repurchase of ordinary shares	–	9,303	–	–
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	127,687	64,275	52,183	8,189
Reconciliation to amounts on consolidated balance sheets:				
Cash and cash equivalents	4,387,345	5,005,211	3,404,603	534,257
Restricted cash	6,589	9,993	510	80
Restricted cash – non-current included in other non-current assets	–	7,500	7,500	1,176
Total cash, cash equivalents and restricted cash	4,393,934	5,022,704	3,412,613	535,513

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Amount in Thousands, Except Share and Per Share Data, or otherwise stated)

1. Organization and Principal Activities

The Company was incorporated on June 29, 2007 in the Cayman Islands with limited liability. The Company, through its subsidiaries and consolidated VIEs (collectively, the “Group”), is a leading and pioneer wealth management service provider in the People’s Republic of China (“PRC”) offering comprehensive one-stop advisory services on global investment and asset allocation primarily for high net wealth (“HNW”) investors. The Group began offering services in 2005 through Shanghai Noah Investment Management Co., Ltd. (“Noah Investment”), a consolidated VIE, founded in the PRC in August 2005.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

(a) Basis of Preparation

The Historical Financial Information has been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

(b) Principles of Consolidation

The Historical Financial Information includes the financial statements of the Company, its subsidiaries and consolidated VIEs. All inter-company transactions and balances have been eliminated upon consolidation.

A consolidated subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power or has the power to: appoint or remove the majority of the members of the board of directors; cast a majority of votes at the meeting of the board of directors; or govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

U.S. GAAP provides guidance on the identification and financial reporting for entities over which control is achieved through means other than voting interests. The Group evaluates each of its interests in entities to determine whether or not the investee is a VIE and, if so, whether the Group is the primary beneficiary of such VIE. In determining whether the Group is the primary beneficiary, the Group considers if the Group (1) has power to direct the activities that most significantly affects the economic performance of the VIE, and (2) receives the economic benefits of the VIE that could be significant to the VIE. The consolidation guidance requires an analysis to determine (i) whether an entity in which the Group holds a variable interest is a VIE and (ii) whether the Group’s involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests (for example, management and performance income), would give it a controlling financial interest. If deemed the primary beneficiary, the Group consolidates the VIE.

Consolidation through contractual arrangements

The Company had been engaged in the asset management business through contractual arrangements among its wholly owned PRC subsidiary, Shanghai Noah Investment (Group) Co., Ltd. (“Noah Group”), its PRC VIE, Noah Investment, and Noah Investment’s shareholders (“Registered Shareholders”). The Group relies on the contractual agreements with Noah Investment for a portion of its operations in the PRC, including the Group’s asset management business. Because of the contractual arrangements, the Company is able to consolidate the financial results of Noah Investment and its operating subsidiaries.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(b) Principles of Consolidation (Continued)***Consolidation through contractual arrangements (Continued)*

Since the Company does not have any equity interests in Noah Investment, in order to exercise effective control over its operations, the Company, through Noah Group, entered into a series of contractual arrangements with Noah Investment and the Registered Shareholders, pursuant to which the Company is entitled to receive effectively all economic benefits generated from all the equity interests in Noah Investment. These contractual arrangements include:

(i) Exclusive Option Agreement

Pursuant to an exclusive option agreement entered into by the Registered Shareholders and Noah Group in September 2007 (the "Exclusive Option Agreement"), the Registered Shareholders granted Noah Group or its third-party designee an irrevocable and exclusive option to purchase all or part of their equity interests in Noah Investment when and to the extent permitted by PRC laws. The purchase price shall be the minimum purchase price permitted under PRC law, or a higher price as otherwise agreed by the Noah Group. Noah Group may exercise such option at any time and from time to time until it has acquired all equity interests of Noah Investment. During the term of this agreement, the Registered Shareholders are prohibited from transferring their equity interests in Noah Investment to any third party, and Noah Investment is prohibited from declaring and paying any dividend without Noah Group's prior consent.

(ii) Exclusive Support Service Agreement

Pursuant to an exclusive support service agreement entered into by Noah Investment and Noah Group in September 2007 (the "Exclusive Support Service Agreement"), Noah Investment has engaged Noah Group as its exclusive technical and operational consultant to support Noah Investment's operational activities. Noah Group has agreed to provide certain support services to Noah Investment, including client management, technical and operational support and other services, for which Noah Investment has agreed to pay to Noah Group service fees determined based on actual services provided, which shall be the income of Noah Investment, less (i) expenses and costs, and (ii) the License Fee (as defined below). Noah Group is also obligated to grant Noah Investment licenses to use certain intellectual property rights, for which Noah Investment has agreed to pay license fees (the "License Fee") at the rates set by the board of Noah Group.

(iii) Share Pledge Agreement

Pursuant to the share pledge agreement entered into by each of the Registered Shareholders and Noah Group in September 2007 (the "Share Pledge Agreement"), the Registered Shareholders pledged all of their equity interests in Noah Investment (the "Pledge Equity Interests") to Noah Group as collateral to secure their obligations under the Exclusive Option Agreement and Noah Investment's obligations under the Exclusive Support Service Agreement. In the case that Noah Investment increases its registered capital upon prior written consent of Noah Group, the Pledge Equity Interests shall include all the additional equity interests subscribed by the Registered Shareholders in such capital increase. If Noah Investment or the Registered Shareholders breach any of their respective obligations under the Exclusive Support Service Agreement or the Exclusive Option Agreement, Noah Group, as the pledgee, will be entitled to certain rights, including being repaid in priority by the proceeds from auction or sale of the Pledge Equity Interests. The share pledges under the Share Pledge Agreement have been registered with competent branches of State Administration for Market Regulation of the PRC.

(iv) Powers of Attorney

Each of the Registered Shareholders executed a power of attorney in September 2007 (the "Powers of Attorney"), respectively, to grant Noah Group or its designee the power of attorney to act on his or her behalf on all matters pertaining to Noah Investment and to exercise all of his or her rights as the registered shareholder of Noah Investment, including the right to attend shareholders meetings, appoint board members and senior management members, other voting rights and the right to transfer all or a part of his or her equity interests in Noah Investment. The Powers of Attorney shall remain irrevocable and effective during the period that the Registered Shareholders are shareholders of Noah Investment.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(b) Principles of Consolidation (Continued)***Consolidation through contractual arrangements (Continued)**(iv) Powers of Attorney (Continued)*

The contractual arrangements provide the Company effective control over Noah Investment and its subsidiaries, while the Share Pledge Agreement secure the equity owners' obligations under the relevant agreements. Because the Company, through Noah Group, has (i) the power to direct the activities of Noah Investment that most significantly affect its economic performance and (ii) the right to receive substantially all of the benefits from Noah Investment, the Company is deemed the primary beneficiary of Noah Investment. Accordingly, the Group has consolidated the financial statements of Noah Investment since its inception. The aforementioned contractual agreements are effective agreements between a parent and a consolidated subsidiary, neither of which is separately accounted for in the Historical Financial Information (i.e. a call option on subsidiary shares under the Exclusive Option Agreement or a guarantee of subsidiary performance under the Share Pledge Agreement) or are ultimately eliminated upon consolidation (i.e. service fees under the Exclusive Support Service Agreement).

The Company believes that its corporate structure and the contractual arrangements do not result in a violation of the current applicable PRC laws and regulations. The Company's PRC Legal Adviser, based on its understanding of PRC laws and regulations currently in effect, is of the opinion that each of the contracts under the contractual arrangements among the Company's wholly-owned PRC subsidiary, Noah Group, Noah Investment, and its shareholders, is valid, legal and binding in accordance with its terms. However, the Company has been further advised by its PRC Legal Adviser that as there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations and relevant regulatory measures concerning the foreign investment restrictions and administrative licenses and permits related to various underlying industries, there can be no assurance that the PRC government authorities or courts, or other authorities that regulate the industries that the Group's funds are directly or indirectly investing into, would agree that the Company's corporate structure or any of the contracts under the contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. PRC laws and regulations governing the legality, validity and enforceability of the contractual arrangements are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations.

If the Company's corporate structure and the contractual arrangements are deemed by relevant regulatory authorities to be illegal, either in whole or in part, the Company may lose control of its VIEs and have to modify such structure to comply with regulatory requirements. However, there can be no assurance that the Company can achieve this without material disruption to its business. Further, if the Company's corporate structure and the contractual arrangements are found to be in violation of any existing or future PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations, including:

- revoking the Group's business and operating licenses;
- levying fines on the Group;
- confiscating any of the Group's income that they deem to be obtained through illegal operations;
- shutting down the Group's services;
- discontinuing or restricting the Group's operations in China;
- imposing conditions or requirements with which the Group may not be able to comply;
- requiring the Group to change its corporate structure and the contractual arrangements;
- restricting or prohibiting the Group's use of the proceeds from overseas offering to finance the VIEs' business and operations; and
- taking other regulatory or enforcement actions that could be harmful to the Group's business.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(b) Principles of Consolidation (Continued)***Consolidation of investment funds*

In evaluating whether the investment funds in the legal form of limited partnership the Group manages as general partner are VIEs or not, the Group firstly assesses whether a simple majority or lower threshold of limited partnership interests, excluding interests held by the general partner, parties under common control of the general partner, or parties acting on behalf of the general partner, have substantive kick-out rights or participating rights. If such rights exist, the limited partnership is not deemed as a VIE and no further analysis will be performed. If the limited partnership is assessed to be a VIE, the Group will further assess whether there is any interest it has constituted a variable interest. The Group concludes that the service fees it earns, including carried interest earned in the capacity of general partner, are commensurate with the level of effort required to provide such services and are at arm's length and therefore are not deemed as variable interests. Before 2015, all limited partnerships the Group managed as general partner had substantive kick-out rights exercisable by a simple-majority of non-related limited partners and therefore were not deemed as VIEs. Since 2015, not all the newly formed limited partnerships the Group manages as general partners have substantive kick-out rights exercisable by a simple-majority of non-related limited partners and therefore constitute VIEs. The Group performed a quantitative analysis to determine if its interest could absorb losses or receive benefits that could potentially be significant to the VIEs and if it would be deemed to be the primary beneficiary of the VIEs. Such limited partnerships are deemed as VIEs not consolidated by the Group if the general partner interest to absorb losses or receive benefits is not potentially significant to the VIEs.

The Group also manages contractual funds as fund manager and earns management fee and/or performance-based income. The contractual funds are VIEs as the fund investors do not have substantive kick-out rights or participating rights. The Group from time to time invested in the contractual funds it manages for investment income. Such investments constitute variable interests to the contractual funds.

The Group determines whether it is a primary beneficiary of a VIE when it initially involves with a VIE and reconsiders that conclusion when facts and circumstances change.

The Group does not provide performance guarantees and has no other financial obligation to provide funding to consolidated VIEs other than its own capital commitments.

During the year ended December 31, 2020, the Group deconsolidated an investment fund upon the withdrawal of partial investment as it was no longer the primary beneficiary of the fund. As of the date of deconsolidation, the Group's total assets, total liabilities and non-controlling interests were reduced by RMB757.8 million, RMB108.6 million and RMB649.2 million, respectively.

The Group assessed whether it was the primary beneficiary and consolidated or deconsolidated several funds during the years ended December 31, 2019, 2020 and 2021, other than the transaction described herein, the impact of which was immaterial.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation (Continued)

The following amounts of Noah Investment and its subsidiaries and the consolidated funds were included in the Group's Historical Financial Information and are presented before the elimination of intercompany transactions with the non-VIE subsidiaries of the Group.

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Assets				
Cash and cash equivalents	892,944	839,534	1,181,479	185,400
Restricted cash	2,509	3,585	510	80
Short-term investments	652,759	75,000	9,662	1,516
Accounts receivable, net	22,253	133,956	475,652	74,640
Amounts due from related parties, net	338,655	350,879	276,744	43,427
Loans receivable, net	102,829	104,673	50,884	7,985
Other current assets	23,048	31,613	53,247	8,356
Long-term investments	496,095	280,624	300,720	47,190
Investments in affiliates	843,866	740,452	854,138	134,033
Property and equipment, net	17,922	18,134	43,971	6,900
Operating lease right-of-use assets, net	19,059	19,010	15,031	2,359
Deferred tax assets	42,918	41,149	63,312	9,935
Other non-current assets	17,902	14,519	7,620	1,196
Total assets	3,472,759	2,653,128	3,332,970	523,017
As of December 31, (Amount in Thousands)				
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Liabilities				
Accrued payroll and welfare expenses	102,211	166,411	381,653	59,890
Income tax payable	63,333	99,889	149,226	23,417
Amounts due to the Group's subsidiaries*	583,347	143,454	179,325	28,140
Deferred revenue	24,363	8,016	6,721	1,055
Other current liabilities	159,193	171,753	238,738	37,463
Deferred tax liabilities	13,637	3,070	254	40
Other non-current liabilities	–	–	53,119	8,336
Operating lease liabilities, non-current	18,902	20,123	15,512	2,434
Total liabilities	964,986	612,716	1,024,548	160,775

* Amounts due to the Group's subsidiaries are eliminated in the process of preparing the consolidated balance sheets.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation (Continued)

	Years Ended December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Revenue:				
Revenues from others				
One-time commissions	71,528	161,272	552,761	86,740
Recurring service fees	3,032	–	50,817	7,974
Other service fees	124,837	84,752	69,951	10,977
Total revenues from others	199,397	246,024	673,529	105,691
Revenues from funds Gopher manages				
One-time commissions	3,660	36,290	86,801	13,621
Recurring service fees	615,999	569,154	588,337	92,323
Performance-based income	53,010	133,276	165,791	26,016
Total revenues from funds Gopher manages	672,669	738,720	840,929	131,960
Total revenues⁽¹⁾	872,066	984,744	1,514,458	237,651
Less: VAT related surcharges	(4,916)	(6,155)	(9,350)	(1,467)
Net revenues	867,150	978,589	1,505,108	236,184
Total operating cost and expenses ⁽²⁾	(565,203)	(524,913)	(867,215)	(136,085)
Total other income	51,370	68,444	23,868	3,745
Net income	289,514	393,299	616,421	96,729
Net income attributable to Noah Holdings Private Wealth and Asset Management Limited shareholders	278,827	393,508	621,010	97,449
Cash flows provided by (used in) operating activities ⁽³⁾	761,312	(409,359)	562,400	88,253
Cash flows (used in) provided by investing activities	(345,092)	357,026	(207,114)	(32,501)
Cash flows provided (used in) by financing activities	20,670	–	(16,416)	(2,576)

(1) The total revenues include intragroup transactions amounted to RMB50,670, RMB43,101 and RMB38,399 for the years ended December 31, 2019, 2020 and 2021, respectively, which were eliminated in the process of preparing the consolidated statements of operations.

(2) The total operating cost and expenses include intragroup transactions amounted to RMB184,712, RMB141,702 and RMB186,962 for the years ended December 31, 2019, 2020 and 2021, respectively, which were eliminated in the process of preparing the consolidated statements of operations.

(3) Cash flows provided by operating activities in 2019, 2020 and 2021 include amounts due to the Group's subsidiaries of RMB583,347, RMB143,454 and RMB179,325 (US\$28,140).

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation (Continued)

The VIEs contributed an aggregate of 25.6%, 29.6% and 35.1% of the consolidated net revenues for the years ended December 31, 2019, 2020 and 2021, respectively and an aggregate 33.5% and 47.2% of the consolidated net income for the years ended December 31, 2019 and 2021, respectively. For the year ended December 31, 2020, the net income of the VIEs contributed an aggregate 36.2% of the consolidated net income excluding the settlement expenses. As of December 31, 2019, 2020 and 2021, the VIEs accounted for an aggregate of 35.4%, 28.2% and 30.6%, respectively, of the consolidated total assets.

There are no consolidated assets of the VIEs and their subsidiaries that are collateral for the obligations of the VIEs and their subsidiaries and can only be used to settle the obligations of the VIEs and their subsidiaries, except for the cash held by the consolidated funds of which cash could only be used by the consolidated funds. There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests that require the Company or its subsidiaries to provide financial support to the VIEs. However, if the VIEs ever need financial support, the Company or its subsidiaries may, at its option and subject to statutory limits and restrictions, provide financial support to its VIEs through loans to the shareholders of the VIEs or entrustment loans to the VIEs.

Relevant PRC laws and regulations restrict the VIEs from transferring a portion of their net assets, equivalent to the balance of its statutory reserve and its share capital, to the Group in the form of loans and advances or cash dividends. Please refer to Note 17 for disclosure of restricted net assets.

As of December 31, 2019, 2020 and 2021, the Group had some variable interests in various investment funds and contractual funds that were VIEs but were not consolidated by the Group as the Group was not determined to be the primary beneficiary of the funds. The maximum potential financial statement loss the Group could incur if the investment funds and contractual funds were to default on all of their obligations is (i) the loss of value of the interests in such investments that the Group holds, including equity investments recorded in investments in affiliates as well as debt securities investments recorded in short-term investments and long-term investments in the consolidated balance sheet, and (ii) any management fee and/or carried interest receivables as well as loans to the funds recorded in amounts due from related parties. The following table summarizes the Group's maximum exposure to loss associated with identified non-consolidated VIEs in which it holds variable interests as of December 31, 2019, 2020 and 2021, respectively.

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Amounts due from related parties	88,415	47,024	40,401	6,340
Investments	471,602	599,328	497,154	78,014
Maximum exposure to loss in non-consolidated VIEs	<u>560,017</u>	<u>646,352</u>	<u>537,555</u>	<u>84,354</u>

The Group has not provided other form of financial support to these non-consolidated VIEs during the years ended December 31, 2019, 2020 and 2021, and had no liabilities, contingent liabilities, or guarantees (implicit or explicit) related to these non-consolidated VIEs as of December 31, 2019, 2020 and 2021.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ materially from such estimates. Significant accounting estimates reflected in the Historical Financial Information include assumptions used to determine valuation allowance for deferred tax assets, allowance for credit losses, fair value measurement of underlying investment portfolios of the funds that the Group invests, fair value of financial instruments, assumptions related to the consolidation of entities in which the Group holds variable interests, assumptions related to the valuation of share-based compensation, variable consideration for revenue recognition, impairment of long-term investments, impairment of long-lived assets, determination of the incremental borrowing rates used for operating lease liabilities and loss contingencies.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(d) Concentration of Credit Risk**

The Group is subject to potential significant concentrations of credit risk consisting principally of cash and cash equivalents, accounts receivable, amounts due from related parties, loans receivable, investments and receivables from financial leasing service. All of the Group's cash and cash equivalents and more than half of investments are held at financial institutions, Group's management believes, to be high credit quality. The Group also invests in equity securities of private companies, of which no single equity security accounted for more than 3% of total assets as of December 31, 2019, 2020 and 2021. In addition, the Group's investment policy limits its exposure to concentrations of credit risk.

Credit of lending business is controlled by the application of credit approvals, limits and monitoring procedures. To minimize credit risk, the Group requires collateral in form of right to securities. The Group identifies credit risk on a customer by customer basis. The information is monitored regularly by management.

There were no investment product providers which accounted for 10% or more of total revenues for the years ended December 31, 2019, and 2020. There was an investment product provider which accounted for 11.4% of the Group's total revenues for the year ended December 31, 2021.

(e) Investments in Affiliates

Affiliated companies are entities over which the Group has significant influence, but which it does not control. The Group generally considers an ownership interest of 20% or higher to represent significant influence. Investments in affiliates are accounted for by the equity method of accounting. Under this method, the Group's share of the post-acquisition profits or losses of affiliated companies is recognized in the statements of operations and its shares of post-acquisition movements in other comprehensive income are recognized in other comprehensive income. Unrealized gains on transactions between the Group and its affiliated companies are eliminated to the extent of the Group's interest in the affiliated companies; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When the Group's share of losses in an affiliated company equals or exceeds its interest in the affiliated company, the Group does not recognize further losses, unless the Group has incurred obligations or made payments on behalf of the affiliated company. Any dividends received on affiliated companies are recorded as a reduction to the investment balance. An impairment loss is recorded when there has been a loss in value of the investment that is other than temporary.

The Group also considers it has significant influence over the funds that it serves as general partner or fund manager. For funds that the Group is not deemed the primary beneficiary of these funds, the equity method of accounting is accordingly used for investments by the Group in these funds. In addition, the investee funds meet the definition of an Investment Company under ASC 946 and are required to report their investment assets at fair value. The Group records its equity pick-up based on its percentage ownership of the investee funds' operating result.

(f) Fair Value of Financial Instruments

The Group records certain of its financial instruments at fair value on a recurring basis. Fair value reflects the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability.

The Group applies a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is as follows:

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(f) Fair Value of Financial Instruments (Continued)**

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical asset or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

As a practical expedient, the Group uses Net Asset Value ("NAV") or its equivalent to measure the fair value of certain private equity funds. NAV is primarily determined based on information provided by external fund administrators.

(g) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, money market funds and mutual funds, which are unrestricted as to withdrawal and use, and which have original maturities of three months or less when purchased, presenting insignificant risk of changes in value.

As of December 31, 2019, 2020 and 2021, cash and cash equivalents of RMB54,741, RMB8,335 and RMB24,806, respectively, was held by the consolidated funds. Cash and cash equivalents held by the consolidated funds represents cash that, although not legally restricted, is not available to general liquidity needs of the Group as the use of such funds is generally limited to the investment activities of the consolidated funds.

(h) Restricted Cash

The Group's restricted cash primarily represents cash legally set aside for a specified purpose and cash deposits required by China Insurance Regulatory Commission for entities engaging in insurance agency or brokering activities in the PRC. Such cash cannot be withdrawn without the written approval of the China Insurance Regulatory Commission.

(i) Investments

The Group invests in debt securities and accounts for the investments based on the nature of the products invested, and the Group's intent and ability to hold the investments to maturity.

The Group's investments in debt securities include marketable bond fund securities, trust products, asset management plans, contractual funds and real estate funds those have a stated maturity and normally pay a prospective fixed rate of return and secondary market equity fund products, the underlying assets of which are portfolios of equity investments in listed enterprises. The Group classifies the investments in debt securities as held-to-maturity when it has both the positive intent and ability to hold them until maturity. Held-to-maturity investments are recorded at amortized cost and are classified as long-term or short-term according to their contractual maturity. Long-term investments are reclassified as short-term when their contractual maturity date is less than one year. Investments that are bought and held principally for the purpose of selling them in the near term are classified as trading debt securities. Investments that do not meet the criteria of held-to-maturity or trading debt securities are classified as available-for-sale, and are reported at fair value with changes in fair value deferred in other comprehensive income.

Equity investments the Group elects to use measurement alternative are evaluated for impairment qualitatively at each reporting date based on various factors, including projected and historical financial performance, cash flow forecasts and financing needs, the regulatory and economic environment of the investee and overall health of the investee's industry. If impairment indicators of the investment are noted, the Group has to estimate the fair value of the investment in accordance with ASC 820. An impairment loss in net income will be recognized equal to the difference between the carrying value and fair value if the fair value is less than the investment's carrying value.

Before the adoption of ASC 326, the Group reviewed its investments in debt except for those classified as trading debt securities for other-than-temporary impairment based on the specific identification method and considered available quantitative and qualitative evidence in evaluating potential impairment. The Group recognizes other-than-temporary impairment in earnings if it had the intent to sell the debt security or if it was more-likely-than-not that it would be required to sell the debt security before recovery of its amortized cost basis. For a debt security that the Company did not intend to sell nor was it more likely than not that the Company would be required to sell before recovery of its amortized cost, only the credit loss component was recognized in earnings and the cost basis of the security is written down accordingly.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

(i) Investments (Continued)

After the adoption of ASC 326 on January 1, 2020, the Group applies the current expected credit loss ("CECL") model to held-to-maturity investments and the changes to the impairment model for available-for-sale investments on a modified retrospective basis (other than the investments that were other-than-temporarily impaired prior to the adoption, to which the adoption was on a prospective basis). After considering various factors, including historical experience, credit quality and other factors that may affect the Group's ability to collect the investments, the Group determined there was no cumulative effect from the adoption of ASC 326 as of January 1, 2020. For held-to-maturity investments, the Group evaluates credit loss upon acquisition at the pool level based on available information relevant to assessing the collectibility of cash flows. An expected credit loss will be recognized as an allowance through earnings if the net amount of cash flow expected to be collected is less than the amortized cost basis. For available-for-sale investments, the impairment model is generally consistent with the existing GAAP except that the credit loss is recorded through an allowance approach as opposed to a permanent write-down of cost basis.

(j) Non-controlling Interests

A non-controlling interest in a subsidiary of the Group represents the portion of the equity (net assets) in the subsidiary not directly or indirectly attributable to the Group. Non-controlling interests are presented as a separate component of equity in the consolidated balance sheet, earnings and other comprehensive income are attributed to controlling and non-controlling interests.

The following schedule shows the effects of changes in the Company's ownership interest in less than wholly owned subsidiaries on equity attributable to Noah Holdings Private Wealth and Asset Management Limited shareholders:

	Years Ended December 31, (Amount in Thousands)			
	2019 RMB	2020 RMB	2021 RMB	2021 US\$
Net income (loss) attributable to Noah Holdings Private Wealth and Asset Management Limited shareholders	829,151	(745,225)	1,314,131	206,215
Transfers from (to) the non-controlling interests:				
Increase (decrease) in Noah's equity by acquiring equity interests from non-controlling interests	–	373	(187,090)	(29,359)
Increase in Noah's equity from divestment of non-controlling interests	–	–	3,547	557
Increase in Noah's capital from contribution of non-controlling interests	17,640	–	15,689	2,462
Net transfers from (to) non-controlling interests	17,640	373	(167,854)	(26,340)
Change from net income (loss) attributable to Noah Holdings Private Wealth and Asset Management Limited shareholders and transfers from (to) non-controlling interests	846,791	(744,852)	1,146,277	179,875

In 2021, the Group purchased equity interests in subsidiaries from certain non-controlling interest holders (unrelated third parties) for cash considerations of RMB178.8 million while the Group maintains control of subsidiaries and thus represents equity transactions. The transactions were accounted for equity transactions with no impact on current period earnings, given the Group maintained the control of the subsidiaries before and after the transactions.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

(k) Property and Equipment, Net

Property and equipment is stated at cost less accumulated depreciation, and is depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives in Years</u>
Leasehold improvements	Shorter of the lease term or expected useful life
Furniture, fixtures, and equipment	3 – 5 years
Motor vehicles	5 years
Software	2 – 5 years
Buildings	30 years

The estimated useful life of buildings acquired in the year of 2021 was determined based on the remaining term of the real estate certificate.

Gains and losses from the disposal of property and equipment are included in income from operations.

(l) Impairment of long-lived assets

The Group reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows. Undiscounted cash flows expected to be generated by the related assets are estimated over the asset's useful life based on updated projections. If the evaluation indicates that the carrying amount of the asset may not be recoverable, any potential impairment is measured based upon the fair value of the related asset or asset group as determined by an appropriate market appraisal or other valuation technique.

(m) Revenue Recognition

Under the guidance of ASC 606, the Group is required to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract and (e) recognize revenue when (or as) the Group satisfies its performance obligation. In determining the transaction price, the Group has included variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur. Revenues are recorded, net of sales related taxes and surcharges.

The following table summarizes the Group's main revenues streams from contracts with its customers:

<u>Revenue Streams</u>	<u>Performance Obligation Satisfied Over Time or Point In Time</u>	<u>Payment Terms</u>	<u>Variable or Fixed Consideration</u>
One-time commissions — Fund distribution services	Point in time	Typically paid within a month after investment product established	Fixed
One-time commissions — Insurance brokerage services	Point in time	Typically paid within a month after insurance policy issued and/or renewed	Fixed and variable
Recurring service fees	Over time	Typically quarterly, semi-annually or annually	Variable
Performance-based income	Point in time	Typically paid shortly after the income has been determined	Variable
Lending services	Over time	Typically monthly in arrears	Fixed
Investor education services	Point in time	Typically paid at the beginning of each course	Fixed

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) Revenue Recognition (Continued)

Disaggregation of revenue

The Group derives revenue primarily from one-time commissions, recurring service fees and performance-based income paid by clients or investment product providers.

The following tables show, by segment, revenue from contracts with customers disaggregated by service lines for the years ended December 31, 2019, 2020 and 2021:

	Year Ended December 31, 2019 (Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
One-time commissions	928,061	3,607	–	931,668
Recurring service fees	1,155,450	690,015	–	1,845,465
Performance-based income	23,430	89,655	–	113,085
Other service fees	222,912	4,274	295,772	522,958
Lending services	91,164	–	285,473	376,637
Other services ⁽¹⁾	131,748	4,274	10,299	146,321
Total revenues	2,329,853	787,551	295,772	3,413,176
	Year Ended December 31, 2020 (Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
One-time commissions	766,246	42,591	–	808,837
Recurring service fees	1,284,447	645,752	–	1,930,199
Performance-based income	205,305	184,220	–	389,525
Other service fees	123,458	7,451	65,242	196,151
Lending services	13,530	–	65,242	78,772
Other services ⁽¹⁾	109,928	7,451	–	117,379
Total revenues	2,379,456	880,014	65,242	3,324,712
	Year Ended December 31, 2021 (Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
One-time commissions	1,180,900	90,516	–	1,271,416
Recurring service fees	1,469,600	639,409	–	2,109,009
Performance-based income	469,121	315,072	–	784,193
Other service fees	92,352	1,390	68,240	161,982
Lending services	4,471	–	35,755	40,226
Other services ⁽¹⁾	87,881	1,390	32,485	121,756
Total revenues	3,211,973	1,046,387	68,240	4,326,600

(1) The Group also provides other services including education services, family trust and other services.

For the Group's revenues generated by the different geographic location, please see Note 18 segment information.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(m) Revenue Recognition (Continued)*****One-time commissions***

The Group earns one-time commissions from fund raising services provided to clients or investment product providers. The Group enters into one-time commission agreements with clients or investment product providers which specify the key terms and conditions of the arrangement. One-time commissions are separately negotiated for each transaction and generally do not include rights of return, credits or discounts, rebates, price protection or other similar privileges, and typically paid on or shortly after the transaction is completed. Upon establishment of an investment product, the Group earns one-time commission from clients or investment product providers, calculated as a percentage of the investment products purchased by its clients. The Group defines the "establishment of an investment product" for its revenue recognition purpose as the time when both of the following two criteria are met: (1) the investor referred by the Group has entered into a purchase or subscription contract with the relevant product provider and, if required, the investor has transferred a deposit to an escrow account designated by the product provider and (2) the product provider has issued a formal notice to confirm the establishment of an investment product. After the contract is established, there are no significant judgments made when determining the one-time commission price. Therefore, one-time commissions is recorded at point in time when the investment product is established. For certain contracts that require a portion of the payment be deferred until the end of the investment products' life or other specified contingency, the Group evaluates each variable consideration and recognizes revenue only when the Group concludes that it is probable that changes in its estimate of such consideration will not result in significant reversals of revenue in subsequent periods.

The Group earns one-time commissions from insurance companies by referring clients to purchase the insurance products from them, and recognizes revenues when the underlying insurance contracts become effective. The Group is also entitled to subsequent renewal commissions under certain contracts, and does not identify any additional performance obligation. The renewal commission is treated as variable consideration and the Group estimates the consideration incorporating a constraint applied to renewal. Revenue related to the variable consideration is recorded when it is probable that a significant reversal of revenue recognized will not occur.

Recurring service fees

The Group also provides investment management services to investment funds and other vehicles in exchange for recurring service fees. Recurring service fees are determined based on the types of investment products the Group distributes and/or manages and are calculated as either (i) a percentage of the total capital commitments of investments made by the investors or (ii) as a percentage of the fair value of the total investment in the investment products, calculated daily. These customer contracts require the Group to provide investment management services, which represents a performance obligation that the Group satisfies over time. After the contract is established, there are no significant judgments made when determining the transaction price. As the Group provides these services throughout the contract term, for either method of calculating recurring service fees, revenue is calculated on a daily basis over the contract term. Recurring service agreements do not include rights of return, credits or discounts, rebates, price protection or other similar privileges. Payment of recurring service fees are normally on a regular basis (typically quarterly or annually) and are not subject to clawback once determined.

Performance-based income

In a typical arrangement in which the Group serves as fund manager, and in some cases in which the Group serves as distributor, the Group is entitled to a performance-based fee based on the extent by which the fund's investment performance exceeds a certain threshold based on the contract term. Such performance-based fees earned based on the performance of the underlying fund are a form of variable consideration in its contracts with customers to provide investment management services. Those performance-based income is typically calculated and distributed when the cumulative return of the fund can be determined. Performance-based income will not be recognized as revenue until (a) it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur, or (b) the uncertainty associated with the variable consideration is subsequently resolved. At each reporting date, the Group updates its estimate of the transaction price and concludes that it cannot include its estimate of performance-based income in the transaction price because performance-based income has various possible consideration amounts and the experience that the Group has with similar contracts is of little predictive value in determining the future performance of the funds, thus the Group cannot conclude that it is probable that a significant reversal in the cumulative amount of revenue recognized would not occur.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(m) Revenue Recognition (Continued)*****Other service fees***

The Group mainly derived other service fees from lending services, investor education services and other services.

Revenue from lending services represents interest income from loan origination services, and is recognized monthly in accordance with their contractual terms and recorded as part of other service fees in the consolidated statement of operations. The Group does not charge prepayment penalties from its customers.

The Group also provides investor education services, offering various types of training programs to HNW individuals and their families. Such programs normally last several days. The service fees charged to the attendees are not refundable. The revenues are recognized at point in time when the service is completed considering the programs normally last only for a few days.

Transaction price allocation

For certain contracts that the Group provides both fund raising and investment management services involving two separate performance obligations which belong to two major streams (i.e., one time and recurring services), the Group allocates transaction price between these two performance obligations at the relative stand-alone selling price ("SSP"). Judgment is required to determine the SSP for each distinct performance obligation. As the service fee rate for each service contained in the contract is typically negotiated separately, the Group determines that those fee rates are generally consistent with SSP and can be deemed as the transaction price allocated to each performance obligation.

Accounts receivable

Timing of revenue recognition may differ from the timing of invoicing to customers. Amounts due from related parties (receivables from funds that Gopher manages) and accounts receivable represent amounts invoiced or the Group has the right to invoice, and revenue recognized prior to invoicing when the Group has satisfied its performance obligations and has the unconditional right to consideration. As the Group is entitled to unconditional right to consideration in exchange for services transferred to customers, the Group therefore does not recognize any contract asset. The balances of accounts receivable as of December 31, 2019, 2020 and 2021 were substantially within one year.

Contract liability

Contract liability (deferred revenue) relates to unsatisfied performance obligations at the end of each reporting period which consists of cash payment received in advance for recurring service fees and/or from customers of investment management services. The prepayment was normally paid on a quarterly basis and the majority of the performance obligations are satisfied within one year. The amount of revenue recognized in 2019, 2020 and 2021 that was included in deferred revenue balance at the beginning of the year was RMB133.5 million, RMB91.7 million and RMB67.8 million, respectively.

Practical expedients

The Group has used the following practical expedients as allowed under ASC 606:

The Group expenses sales commissions as incurred when the amortization period is one year or less. Sales commission expenses are recorded within "Relationship manager compensation" in the consolidated statements of operations.

The Group assessed and concluded that there is no significant financing component given that the period between performance and payment is generally one year or less.

The Group has also applied the practical expedient for certain revenue streams to not disclose the value of remaining performance obligations for (i) contracts with an original expected term of one year or less or (ii) contracts for which the Group recognizes revenue in proportion to the amount the Group has the right to invoice for services performed.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(n) VAT Related Surcharges**

The Group is subject to Value-added Tax ("VAT") and its related education surtax, urban maintenance and construction tax, on the services provided in the PRC. VAT and related surcharges are primarily levied based on revenues concurrent with a specific revenue-producing transaction. Starting from April 1, 2019, the applicable VAT rates include 3%, 6%, 9% and 13%. The applicable VAT rate for the Group's PRC entities is mainly 6%. The Group records such VAT related surcharges on a net basis as a reduction of revenues.

(o) Compensation and Benefits

Compensation and benefits mainly include salaries and commissions for relationship managers, share-based compensation expenses, bonus related to performance based income, salaries and bonuses for middle office and back office employees and social welfare benefits.

(p) Income Taxes

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

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

The Group recognizes net deferred tax assets to the extent that it believes these assets are more likely than not to be realized. In making such a determination, it considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Group determines that its deferred tax assets are realizable in the future in excess of their net recorded amount, the Group would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

(q) Share-Based Compensation

The Group recognizes share-based compensation based on the fair value of equity awards on the date of the grant, with compensation expense recognized using a straight-line vesting method over the requisite service periods of the awards, which is generally the vesting period. The Group estimates the fair value of share options granted using the Black-Scholes option pricing model. The fair value of non-vested restricted shares is computed based on the fair value of the Group's ordinary shares on the grant date. The expected term represents the period that share-based awards are expected to be outstanding, giving consideration to the contractual terms of the share-based awards, vesting schedules and expectations of future employee exercise behavior. The computation of expected volatility is based on the fluctuation of the historical share price. Amortization of share-based compensation is presented in the consolidated statements of operations as compensation and benefits.

(r) Government Subsidies

Government subsidies include cash subsidies received by the Group's entities in the PRC from local governments as incentives for investing in certain local districts, and are typically granted based on the amount of investment made by the Group in form of registered capital or taxable income generated by the Group in these local districts. Such subsidies allow the Group full discretion in utilizing the funds and are used by the Group for general corporate purposes. The local governments have final discretion as to whether the Group has met all criteria to be entitled to the subsidies. The Group does not in all instances receive written confirmation from local governments indicating the approval of the cash subsidy before cash is received. Cash subsidies received were RMB89,278, RMB113,356 and RMB115,939 for the years ended December 31, 2019, 2020 and 2021, respectively. Cash subsidies are recognized when received and when all the conditions for their receipt have been satisfied.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(s) Net Income (Loss) per Share**

Basic net income (loss) per share is computed by dividing net income (loss) attributable to ordinary shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted net income per share reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares, which consist of the ordinary shares issuable upon the conversion of the convertible notes and ordinary shares issuable upon the exercise of stock options and vest of non-vested restricted shares. Common share equivalents are excluded from the computation of the diluted net income per share in years when their effect would be anti-dilutive.

(t) Leases*The Group as a lessee*

In the first quarter of 2019, the Group adopted ASU 2016-02, Leases (Topic 842), which supersedes the lease accounting guidance under Topic 840, and generally requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use ("ROU") assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements. The Group adopted the new guidance using the modified retrospective transition approach by applying the new standard to all leases existing at the date of initial application and not restating comparative periods. The Group also elected the package of practical expedients, which among other things, does not require reassessment of lease classification. Upon the adoption, the Group recorded ROU assets of RMB309.9 million and lease liabilities of RMB330.8 million, resulting in no cumulative-effect adjustment to retained earnings as of January 1, 2019.

The Group has operating leases primarily for office space. The determination of whether an arrangement is a lease or contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the Group obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. Operating leases are included in operating lease right-of-use assets and operating lease liabilities on the consolidated balance sheet and operating lease liabilities – short-term are recorded within other current liabilities. Operating lease assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. The Group uses its estimated incremental borrowing rates as of the commencement date in determining the present value of lease payments. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of lease payments over the lease term at the lease commencement date. To determine the incremental borrowing rates used to calculate the present value of future lease payments, the Group uses information including the Group's credit rating, interest rates of similar debt instruments of entities with comparable credit ratings, as applicable. Variable components of the lease payments such as utilities, maintenance costs are expensed as incurred and not included in determining the present value. The lease terms include options to extend or terminate the lease when it is reasonably certain that the Group will exercise that option. The Group considers these options, which may be elected at the Group's sole discretion, in determining the lease term on a lease-by-lease basis. Lease expense is recognized on a straight-line basis over the lease term.

(u) Foreign Currency Translation

The Company's reporting currency is RMB. The Company's functional currency is US\$. The Company's operations are principally conducted through the subsidiaries and VIEs located in the PRC where RMB is the functional currency. For those subsidiaries and VIEs which are not located in the PRC and have the functional currency other than RMB, the financial statements are translated from their respective functional currencies into RMB.

Assets and liabilities of the Group's overseas entities denominated in currencies other than the RMB are translated into RMB at the rates of exchange ruling at the balance sheet date. Equity accounts are translated at historical exchange rates and revenues, expenses, gains and losses are translated using the average rate for the year. Translation adjustments are reported as foreign currency translation adjustment and are shown as a separate component of other comprehensive income (loss) in the consolidated statements of comprehensive income (loss).

Translations of amounts from RMB into US\$ are included solely for the convenience of the readers and have been made at the rate of US\$1 = RMB6.3726 on December 30, 2021, representing the certificated exchange rate published by the Federal Reserve Board. No representation is intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into US\$ at that rate, or at any other rate.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(v) Comprehensive Income (Loss)**

Comprehensive income (loss) includes all changes in equity except those resulting from investments by owners and distributions to owners. For the Track Record Period presented, total comprehensive income (loss) included net income (loss), foreign currency translation adjustments, and change in fair value of available-for-sale investments.

(w) Loans Receivable, Net

Loans receivable represents loans offered to the clients in the lending business. Loans receivable is initially recognized at fair value which is the cash disbursed to originate loans, measured subsequently at amortized cost using the effective interest method, net of allowance that reflects the Group's best estimate of the amounts that will not be collected. The Group also transfers some of the loans receivable to unrelated third parties. The Group accounts for the transfer of loans receivable in accordance with ASC 860, Transfers and Servicing. As the loans are sold at par value, no gain or loss is recorded as a result. The Group's continuing involvement subsequent to the transfer is limited to the services performed as a collection agent to collect and disburse cash flows received from the underlying receivables to the individual investors, and does not provide guarantee on the return of the receivables. The Group has no retained interests, servicing assets, or servicing liabilities related to the loans sold.

(x) Allowance for Credit Losses

On January 1, 2020, the Group adopted Accounting Standards Update No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, using the modified retrospective transition method. Upon adoption, the Group changed its impairment model to utilize a current expected credit losses model in place of the incurred loss methodology for financial instruments measured at amortized cost, including loans receivable, amount due from related parties, accounts receivable, other financial receivables and held-to-maturities debt investments (see Note 2(i)). CECL estimates on those financial instruments are recorded as allowance for credit losses on the Group's consolidated statements of operations. The cumulative effect adjustment from adoption was immaterial to the Historical Financial Information. The Group continues to monitor the financial implications of the COVID-19 pandemic and regulatory change of certain industries on expected credit losses.

Allowance for loan losses

Before the year 2020, the allowance for loan losses was maintained at a level believed to be reasonable by management to absorb probable losses inherent in the portfolio as of each balance sheet date. Net changes in the allowance for loan losses were recorded as part of other operating expenses in the consolidated statements of operations. The allowance was based on factors such as the size and current risk characteristics of the individual loans and actual loss, delinquency, and/or risk rating experience of the loans. Generally the period of the loans lasted for no more than 1 year, and were considered to be a homogenous population of similar credit quality. In addition, the Group also considered the loan allowance benchmarks periodically published by regulators for financial institutions in the PRC for loans with similar risks as a proxy for macroeconomic conditions that could have an impact on the performance of loans prospectively. Specific reserves were provided when and to the extent a credit event occurs with respect to an individual loan. The allowance for loan losses was increased by charges to income and decreased by charge-offs (net of recoveries). The Group charged off uncollectible loans against the allowance account once it was determined the full amount was not collectible. Any amounts collected after a charge off was deemed a recovery of loan losses. The Group evaluated its allowances for loan losses on a quarterly basis or more often as deemed necessary. The Group had followed the same methodology for estimating the loan losses since inception.

In 2020, the Group calculated the allowance for CECL on loans receivable by using a loss-rate approach whereby the loss-rate was determined based on the expectation of future economic conditions, the nature and volume of the loan portfolio and historical collection experience. Given the changes in business environment and prevailing economic conditions in 2021, the Group further refined its estimation by employing statistical models. The expected loss is computed for each loan on an individual basis considering its own risk characteristics. For loans secured by investment products issued by the Group, the expected loss is estimated using a probability of default and loss given assumption derived from a statistical model which incorporates the estimated value of collaterals, term of the loan and historical loss information. For loans secured by real estate properties, the expected loss is derived using discounted cash flow methodology. The projection of cash flows is determined by a combination of factors including the value of collaterals, historical collection experience, industry recovery rates of loans with similar risk characteristics and other available relevant information about the collectability of cash flows.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

(x) Allowance for Credit Losses (Continued)

The Group estimates the allowance for loan losses on a quarterly basis and qualitatively adjusts model results, if needed, for risk factors that are not considered within the models, which are relevant in assessing the expected credit losses within the loan balances. Charge-offs of principal amounts, net of recoveries are deducted from the allowance. The changes of allowances for loan losses are detailed in Note 10.

Allowance of accounts receivable and other financial assets

Before the year 2020, the Group assessed the collectability of these receivables periodically and made provisions case by case considering the factors including, but not limited to (i) the length of time the receivables overdue; (ii) any changes in creditability of the counterparties; and (iii) any changes in the business or the industry of the counterparty, or any changes in economic environment that may impact the collection. The facts and circumstances of each account may require the Group to use substantial judgment in assessing its collectability. The Group wrote off these receivables against the allowance for doubtful accounts when a balance was determined to be uncollectible.

After the adoption of ASC 326, the Group has identified the relevant risk characteristics of accounts receivable and amounts due from related parties which include size, type of the services or the products the Group provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Group considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include types of investment products that the Group distributes, the NAV of underlying funds and payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Group's receivables. Additionally, external data and macroeconomic factors are also considered. When specific customers are identified as no longer sharing the same risk profile as their current pool, they are removed from the pool and evaluated separately. This is assessed at each quarter based on the Group's specific facts and circumstances. Accounts are written off against the allowance when it becomes evident that collection will not occur.

The Group evaluates CECL on other forms of financial assets, including other current assets and other non-current assets with the similar approach of accounts receivable.

The following table summarizes the changes of allowances for each category of affected assets for the years ended December 31, 2019, 2020 and 2021, respectively:

	(Amount in Thousands)			
	Amount due from related parties RMB	Accounts receivable RMB	Loans receivable from factoring business RMB	Other financial receivables RMB
Balance at beginning of 2019	–	–	–	–
Provisions	14,602	11,858	82,000	16,912
Write off	(14,602)	(11,858)	(82,000)	(16,912)
Balance at end of 2019	–	–	–	–
Provisions	4,006	29	–	–
Write off	–	(29)	–	–
Balance at end of 2020	4,006	–	–	–
Provisions	26,122	458	–	4,000
Balance at end of 2021	30,128	458	–	4,000

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(x) Allowance for Credit Losses (Continued)**

During the year ended December 31, 2021, accounts receivables of RMB10.8 million written off previously were recovered and recorded as credits to provision for credit losses.

During the year ended December 31, 2019, the Group made a full impairment provision of RMB82 million for loans receivable from factoring business and RMB12.8 million for amount due from related parties due to the Camsing Incident (as defined in Note 15).

(y) Financial Instruments Indexed to and Potentially Settled in the Company's Stock

The Group evaluates all financial instruments issued in connection with its equity offerings when determining the proper accounting treatment for such instruments. The Group considers a number of generally accepted accounting principles under U.S. GAAP to determine such treatment and evaluates the features of the instrument to determine the appropriate accounting treatment. For equity-linked financial instruments indexed to and potentially settled in the Company's common stock that are determined to be classified as equity on the consolidated balance sheets, they are initially measured at their fair value and recognized as part of equity. The Group issued such financial instruments for settlement (see Note 15).

(z) Treasury Stock

The Group records common shares repurchased as treasury stock, at cost, resulting in a reduction of shareholder's equity. At the date of subsequent retirement or reissuance, the treasury stock account is reduced by the cost of such stock on a weighted average cost basis.

(aa) Contingencies

On an ongoing basis, the Group assesses the potential liabilities related to any lawsuits or claims brought against it. While it is typically very difficult to determine the timing and ultimate outcome of these actions, the Group uses best estimate to determine if it is probable that the Group will incur an expense related to the settlement or final adjudication of these matters and whether a reasonable estimation of the probable loss, if any, can be made. The Group accrue a liability when a loss is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertainties related to the eventual outcome of litigation and potential recovery, it is possible that disputed matters may be resolved for amounts materially different from any provisions or disclosures that the Group has previously made. See Note 20, "Contingencies", for further information.

(bb) Accounting Standards Issued But Not Yet Implemented

In August 2020, the FASB issued ASU 2020-06, Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. The Group has adopted this guidance since January 1, 2022 and the adoption does not have a material impact on its consolidated financial statements.

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832) — Disclosures by Business Entities about Government Assistance. The amendments in this ASU require disclosures about transactions with a government that have been accounted for by analogizing to a grant or contribution accounting model to increase transparency about (1) the types of transactions, (2) the accounting for the transactions, and (3) the effect of the transactions on an entity's financial statements. The amendments in this ASU are effective for all entities within their scope for financial statements issued for annual periods beginning after December 15, 2021. The Group has adopted this guidance since January 1, 2022 and the adoption does not have a material impact on its consolidated financial statements.

(cc) Auditors' remuneration

Auditors' remuneration recorded under general and administrative expenses for the years ended December 31, 2019, 2020 and 2021, was RMB8,354, RMB8,580 and RMB8,600, respectively.

3. NET INCOME (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted net income (loss) per share attributable to ordinary shareholders:

	Years Ended December 31, (Amount in Thousands, Except Share and Per Share Data)		
	2019 Class A and Class B	2020 Class A and Class B	2021 Class A and Class B
Net income (loss) attributable to Class A and Class B ordinary shareholders — basic	829,151	(745,225)	1,314,131
Plus: interest expense for convertible notes	679	—	—
Net income (loss) attributable to Class A and Class B ordinary shareholders — diluted	829,830	(745,225)	1,314,131
Weighted average number of Class A and Class B ordinary shares outstanding — basic	30,580,181	31,020,439	33,585,818
Plus: share options	244,806	—	171,355
Plus: non-vested restricted shares	36,385	—	24,600
Plus: shares outstanding for convertible notes	62,723	—	—
Weighted average number of Class A and Class B ordinary shares outstanding — diluted	30,924,095	31,020,439	33,781,773
Basic net income (loss) per share	27.12	(24.02)	39.12
Diluted net income (loss) per share	26.84	(24.02)	38.90

In January 2016, the Company's shareholders voted in favor of a proposal to adopt a dual-class share structure, pursuant to which authorized share capital was reclassified and re-designated into Class A ordinary shares and Class B ordinary shares, with each Class A ordinary share being entitled to one vote and each Class B ordinary share being entitled to four votes on all matters that are subject to shareholder vote. As economic rights and obligations are applied equally to both Class A and Class B ordinary shares, earnings are allocated between the two classes of ordinary shares evenly with the same allocation on a per share basis.

Shares issuable to the investors of Camsing Incident (as defined in Note 15) are included in the computation of basic earnings per share as the shares will be issued for no cash consideration and all necessary conditions have been satisfied upon the settlement.

Diluted net income (loss) per share does not include the following instruments as their inclusion would be antidilutive:

	Years Ended December 31,		
	2019	2020	2021
Share options	72,929	224,528	281,566
Non-vested restricted shares under share incentive plan	91,550	103,373	41,255
Total	164,479	327,901	322,821

4. INVESTMENTS

The following table summarizes the Group's investment balances:

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Short-term investments				
Held-to-maturity investments	28,500	114,928	29,288	4,596
Available-for-sale investments	–	–	13,805	2,166
Trading debt securities	–	–	14,804	2,323
Equity securities measured at fair value	–	–	7,925	1,244
Investments held by consolidated investment funds measured at fair value	642,759	–	26,981	4,234
Total short-term investments	671,259	114,928	92,803	14,563
Long-term investments				
Other long-term investments				
– Investments measured at fair value	255,967	285,045	376,957	59,153
– Investments measured at cost less impairment				
– Private equity funds products	105,614	100,295	96,302	15,112
– Other investments measured at cost less impairment	207,302	62,411	114,986	18,044
Total Other long-term investments	568,883	447,751	588,245	92,309
Held-to-maturity investments	36,816	–	–	–
Available-for-sale investments	15,081	14,135	–	–
Investments held by consolidated investment funds measured at fair value	260,311	74,498	80,327	12,605
Total long-term investments	881,091	536,384	668,572	104,914
Total investments	1,552,350	651,312	761,375	119,477

Held-to-maturity investments consist of investments managed by the Group that have stated maturity and normally pay a prospective fixed or floating rate of return, carried at amortized cost. The Group recorded investment income on these products of RMB5,711, RMB10,331 and RMB1,568 for the years ended December 31, 2019, 2020 and 2021, respectively. The gross unrecognized holding gain was RMB4,565, RMB5,087 and RMB612 as of December 31, 2019, 2020 and 2021, respectively. Due to the credit deterioration of certain held-to-maturity investments, an other-than-temporary impairment loss of RMB104,365 was recognized and recorded in investment income (loss) for the year ended December 31, 2019. No credit loss related to held-to-maturity investments was recognized for the years ended December 31, 2020 and 2021.

Available-for-sale investments consist of investments managed by the Group that have stated maturity and normally pay a prospective fixed rate of return, carried at fair value. All of available for sale investments as of December 31, 2021 of RMB13,805 will mature in 2022. Changes in fair value of the available-for-sale investments, net of tax, for the years ended December 31, 2019, 2020 and 2021 was RMB4,306, RMB(4) and

4. INVESTMENTS (Continued)

RMB243 respectively, recorded in the other comprehensive income (loss), of which RMB5,103, RMB(775) and RMB243 was realized and reclassified from other comprehensive income (loss) to investment income (loss) in the consolidated statements of operations for the years ended December 31, 2019, 2020 and 2021. The amortized cost of the available-for-sale investments as of December 31, 2019, 2020 and 2021 was RMB15,081, RMB14,135 and RMB13,805, respectively. There was no investment with realized or unrealized losses during the Track Record Period. No other-than-temporary impairment for available-for-sale investments was recognized for the year ended December 31, 2019, and no credit loss was recognized for the years ended December 31, 2020 and 2021.

The consolidated investment funds are, for GAAP purposes, investment companies and reflect their investments at fair value. The Group has retained this specialized accounting for the consolidated funds in consolidation. Accordingly, the unrealized gains and losses resulting from changes in fair value of the investments held by the consolidated investment funds are recorded in the consolidated statements of operations as investment income.

Other long-term investments consist of investments in several private equity funds as a limited partner with insignificant equity interest and equity investments of common shares of several companies with less than 20% interest. The Group elects to measure these investments at fair value or at cost, less impairment. The Group recognized impairment loss related to investments measured at cost, less impairment, of nil, RMB115,100 and RMB10,000 in investment income (loss) for the years ended December 31, 2019, 2020 and 2021, respectively. The impairment in 2020 was due to the deteriorating operation of a single investment and measured as the difference between the investment's carrying amount and the fair value estimated based on a quotation offered from an unrelated third party accepted by the Group. In 2021, the negotiation was suspended due to the continued deterioration of underlying investment, and the Group impaired the investment to nil with an impairment loss of RMB10,000 for the year ended December 31, 2021.

5. FAIR VALUE MEASUREMENT

As of December 31, 2019, 2020 and 2021, information about (i) inputs into the fair value measurements of the Group's assets that are measured at fair value on a recurring basis in periods subsequent to their initial recognition and (ii) investments measured at NAV or its equivalent as a practical expedient is as follows:

Description	Fair Value Measurements at Reporting Date Using (Amount in Thousands)				
	As of December 31, 2019 (Amount in Thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
	RMB	RMB	RMB	RMB	RMB
Short-term investments					
Investments held by consolidated investment funds	642,759	–	642,759	–	–
Long-term investments					
Available-for-sale investments	15,081	–	15,081	–	–
Investments held by consolidated investment funds	260,311	–	260,311	–	–
Other long-term investments measured at fair value	255,967	7,968	–	219,679	28,320

5. FAIR VALUE MEASUREMENT (Continued)

Description	Fair Value Measurements at Reporting Date Using (Amount in Thousands)				
	As of December 31, 2020 (Amount in Thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
	RMB	RMB	RMB	RMB	RMB
Long-term investments					
Available-for-sale investments	14,135	–	14,135	–	–
Investments held by consolidated investment funds	74,498	–	74,498	–	–
Other long-term investments measured at fair value	285,045	6,196	40,141	216,221	22,487

Description	Fair Value Measurements at Reporting Date Using (Amount in Thousands)				
	As of December 31, 2021 (Amount in Thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
	RMB	RMB	RMB	RMB	RMB
Short-term investments					
Available-for-sale investments	13,805	–	13,805	–	–
Trading debt securities	14,804	14,804	–	–	–
Equity securities measured at fair value	7,925	7,925	–	–	–
Investments held by consolidated investment fund	26,981	–	26,981	–	–
Long-term investments					
Investments held by consolidated investment fund	80,327	–	80,327	–	–
Other long-term investments measured at fair value	376,957	3,766	127,678	217,269	28,244

Short-term trading debt securities investments are classified as Level 1 because they are valued using quoted prices of the same securities as they consist of bonds issued by public companies and publicly traded. Short-term equity securities measured at fair value are valued based on the quoted stock price of its investees in the active market and are classified within Level 1.

The fair value of available-for-sale investments is measured using discounted cash flow model based on contractual cash flow and a discount rate of prevailing market yield for products with similar terms as of the measurement date, as such, it is classified within Level 2 measurement.

5. FAIR VALUE MEASUREMENT (Continued)

As of December 31, 2019, 2020 and 2021, the Group had several consolidated investment funds whose underlying investments are either bonds or asset management plans. The bonds have stated maturity and normally pay a prospective fixed rate of return and using discounted cash flow model based on contractual cash flow and a discount rate of prevailing market yield for products with similar terms as of the measurement date, as such, it is classified within Level 2 measurement. The asset management plans measured at recent observable transaction prices are classified within Level 2 as well.

Other long-term investments measured at fair value are (i) equity investments in listed companies whose fair value can be obtained through active markets which is classified within Level 1 measurement, (ii) private equity funds categorized within Level 2 or Level 3 of the fair value hierarchy, and (iii) private equity funds measured at NAV.

With respect to the private equity funds within Level 3 measurement, the Group generally uses a market comparable analysis. The valuation methodology requires a subjective process in determining significant inputs and making assumptions and judgments, for which the Group considers and evaluates including, but not limited to, (1) comparable data wherever possible to quantify or adjust the fair value, (2) quantitative information about significant unobservable inputs used by the third party and (3) prevailing market conditions. The uncertainty of the fair value measurement due to the use of these unobservable inputs and assumptions could have resulted in higher or lower determination of fair value. There is inherent uncertainty involved in the valuation of level 3 investments and therefore there is no assurance that, upon liquidation or sale, the Group could realize the values reflected in the valuations.

A reconciliation of the beginning and ending balances of the investments measured at fair value using significant unobservable inputs (Level 3) for the years ended December 31, 2020 and 2021, presented as follows:

	RMB
	(Amount in Thousands)
Level 3 investments as of January 1, 2020	219,679
Disposal of portfolio investments	(3,523)
Changes in fair value included in investment income (loss)	2,300
Foreign currency translation adjustments	(2,235)
	<hr/>
Level 3 investments as of December 31, 2020	216,221
	<hr/> <hr/>
Changes in net unrealized gains included in investment income (loss) related to Level 3 investments still held as of December 31, 2020	2,765
	<hr/>
Level 3 investments as of January 1, 2021	216,221
Changes in fair value included in investment income (loss)	1,828
Foreign currency translation adjustments	(780)
	<hr/>
Level 3 investments as of December 31, 2021	217,269
	<hr/> <hr/>
Changes in net unrealized gains included in investment income (loss) related to Level 3 investments still held as of December 31, 2021	4,593

Total realized and unrealized gains and losses recorded for Level 3 investments are reported in investment income (loss) in the consolidated statements of operations.

Fair value measurement on a non-recurring basis for the year ended December 31, 2021 included that used in impairment of investments measured at cost less impairment (see Note 4) which was classified as a Level 3 fair value measurement.

Fair value measurement on a non-recurring basis for the year ended December 31, 2020 included that used in impairment of investments measured at cost less impairment (see Note 4) which was classified as a Level 3 fair value measurement and the impairment of investments in affiliates (see Note 6) which were classified as Level 2 or Level 3 fair value measurement.

5. FAIR VALUE MEASUREMENT (Continued)

The Group also has financial instruments that are not reported at fair value on the consolidated balance sheets but whose fair value is practicable to estimate, which include cash and cash equivalents, restricted cash, accounts receivable, amounts due from related parties, short-term held-to-maturity investments, loans receivable, other receivables and payables. The carrying amount of these short-term financial instruments approximates their fair value due to the short-term nature.

As of December 31, 2019, information about inputs into the fair value measurements of the Group's long-term financial instruments that are not reported at fair value on balance sheet is as following:

Description	As of December 31, 2019		Fair Value Measurements at Reporting Date Using (Amount in Thousands)		
	Carrying Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	RMB	RMB	RMB	RMB	RMB
Long-term investments — held-to-maturity:					
Investment in fixed income products	36,816	41,062	—	41,062	—

The fair value of long-term investments in fixed income products is estimated using a discounted cash flow model based on contractual cash flows and a discount rate at the prevailing market yield on the measurement date for similar products, and is classified as a Level 2 fair value measurement. As of December 31, 2020 and 2021, the Group did not have long-term held-to-maturity investments.

6. INVESTMENTS IN AFFILIATES

The following table summarizes the Group's balances of investments in affiliates:

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Kunshan Jingzhao	8,069	8,797	8,480	1,331
Wanjia Win-Win	93,907	96,629	93,223	14,629
Wuhu Hongxing	9,648	—	—	—
Others	9,516	5,967	10,780	1,692
Funds that the Group serves as general partner	1,151,121	1,153,292	1,289,600	202,365
— Gopher Transform Private Fund	142,739	108,582	108,385	17,008
— Real estate funds and real estate funds of funds	50,321	43,686	36,033	5,654
— Private equity funds of funds	946,242	988,069	1,133,336	177,845
— Others	11,819	12,955	11,846	1,858
Total investments in affiliates	1,272,261	1,264,685	1,402,083	220,017

6. INVESTMENTS IN AFFILIATES (Continued)

In May 2011, the Group injected RMB4.0 million into Kunshan Jingzhao Equity Investment Management Co., Ltd. (“Kunshan Jingzhao”), a newly setup joint venture, for 40% of the equity interest. Kunshan Jingzhao principally engages in real estate fund management business.

In February 2013, the Group injected RMB21.0 million into Wanjia Win-Win Assets Management Co., Ltd. (“Wanjia Win-Win”), a newly setup joint venture, for 35% of the equity interest. Wanjia Win-Win principally engages in wealth management plan management business. In December 2017, the share owned by the Group had been diluted to 28%.

In the fourth quarter of 2016, the Group injected RMB150 million into Gopher Transformation Private Fund, which accounted for 48% of total actual distribution volume. The fund principally invested in a limited partnership to invest a real-estate company. Although managed by Gopher, the fund is not consolidated by the Group based on the fact that substantive kick-out rights exist which are exercisable by a simple-majority of non-related limited partners of the fund to dissolve (liquidate) the fund or remove the Group as the general partner of the fund without cause. In the year 2017, due to capital subscription by limited partners, the equity interest owned by the Group had been diluted to 35%. For the year ended December 31, 2020, the Group accepted quotation of Gopher Transformation Private Fund from an independent third party and recognized an impairment loss of RMB28,156 based on the difference between the carrying amount and the quotation. In 2021, based on the aforementioned offer and current business plan, the Group did not recognize any further impairment loss for this fund in 2021.

The Group invested in private equity funds of funds, real estate funds and real estate funds of funds, and other public securities funds of funds that Gopher serves as general partner or fund manager. The Group held less than 10% equity interests in these funds as a general partner. The Group accounts for these investments using the equity method of accounting due to the fact that the Group can exercise significant influence on these investees in the capacity of general partner or fund manager.

The Group recognized impairment losses totaling nil, RMB38,214 and nil related to investments in affiliates for the years ended December 31, 2019, 2020 and 2021, respectively, which are recorded in income from equity in affiliates in the consolidated statements of operations. For the year ended December 31, 2020, in addition to the impairment loss recognized for Gopher Transformation Private Fund, the Group (i) fully impaired an affiliate company, which principally conducted overseas education business, with amount of RMB1,831, due to continued operating loss as well as the impact of COVID-19; and (ii) recognized an impairment loss of RMB8,227 for a private equity fund of fund due to the deteriorating operation of certain underlying portfolio of this fund caused by COVID-19.

Summarized financial information

The following table shows summarized financial information relating to the balance sheets for the Group's equity method investments assuming 100% ownership as of December 31, 2019, 2020 and 2021:

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Balance sheet data:				
Current assets	3,727,537	3,586,516	5,356,698	840,583
Non-current assets	32,074,801	33,138,315	32,633,598	5,120,924
Current liabilities	990,696	1,439,746	1,788,077	280,588
Non-current liabilities	1,668,928	–	376,544	59,088

6. INVESTMENTS IN AFFILIATES (Continued)

The following table shows summarized financial information relating to the statements of operations for the Group's equity method investments assuming 100% ownership for the years ended December 31, 2019, 2020 and 2021:

	Years Ended December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Operating data:				
Revenue	2,177,056	670,878	225,559	35,395
Income (loss) from operations	470,278	72,683	(554,579)	(87,025)
Net realized and unrealized gains from investments	632,934	3,582,239	5,107,283	801,444
Net income	1,109,261	3,654,922	4,505,646	707,034

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Buildings	55,154	55,154	2,478,741	388,969
Leasehold improvements	175,579	171,621	176,442	27,687
Furniture, fixtures and equipment	133,217	123,779	136,624	21,439
Motor vehicles	122,474	103,342	46,326	7,270
Software	124,754	145,375	171,079	26,846
	611,178	599,271	3,009,212	472,211
Accumulated depreciation	(332,610)	(371,696)	(444,876)	(69,811)
	278,568	227,575	2,564,336	402,400
Construction in progress	17,752	21,094	16,599	2,605
Property and equipment, net	296,320	248,669	2,580,935	405,005

Depreciation expense was RMB105,432, RMB98,452 and RMB146,567 for the years ended December 2019, 2020 and 2021, respectively.

On May 9, 2021, the Group purchased new office premises, by acquiring 100% of equity interests of an unrelated third party (renamed as Shanghai Nuohong Real Estate Co., Ltd. ("Nuohong") after the acquisition), with a gross floor area of approximately 72,000 square meters in Shanghai Hongqiao Central Business District for a total cash consideration of approximately RMB2.2 billion, which is accounted for as asset acquisition, and recorded as part of property and equipment, net in the Group's consolidated balance sheet. All cash has been paid in 2021. Due to the difference between tax bases and cost bases of buildings, a deferred tax liability of RMB196.2 million was recorded at acquisition date and amortized through the remaining useful live of the buildings.

8. OTHER CURRENT LIABILITIES

Components of other current liabilities are as follows:

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Accrued expenses	143,042	142,315	265,212	41,617
Advance from customers	33,507	32,483	26,435	4,148
Deposits from lending and other business	42,265	5,955	6,634	1,041
Payable to individual investors of lending and other business	50,793	24,062	10,831	1,700
Payable for purchases of property and equipment	1,311	1,662	44,875	7,042
Other tax payable	28,452	68,557	71,939	11,289
Operating lease liability — current	11,674	86,472	91,288	14,325
Payable to individual for trust service	314,713	294	26,928	4,226
Payables to suppliers	78,115	53,627	71,590	11,234
Other payables	18,026	17,223	33,523	5,260
Total	721,898	432,650	649,255	101,882

Accrued expenses mainly consist of payables for marketing expenses and professional service fees.

Payable to individual investors of other business consists of interests and principal payable to individual investors who purchased other investment products distributed by the Group.

Payable to individual for trust service consists of the proceeds of stock sold on behalf of individual trust clients and would be remitted to such clients in a short period of time.

9. INCOME TAXES**Cayman Islands**

Under the current laws of the Cayman Islands, the Company is not subject to tax on its income or capital gains. In addition, the Cayman Islands do not impose withholding tax on dividend payments.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the first HK\$2 million of profits earned by the qualifying group entities incorporated in Hong Kong will be taxed at half the current tax rate (i.e. 8.25%) while the remaining profits will continue to be taxed at the existing 16.5% tax rate. The profits of group entities incorporated in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. In addition, payments of dividends from Hong Kong subsidiaries to their shareholders are not subject to any Hong Kong withholding tax.

PRC

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law"), domestically-owned enterprises and foreign-invested enterprises ("FIEs") are subject to a uniform tax rate of 25%. Zigong Noah Financial Service Co., Ltd. falls within the encouraged industries catalogue in Western China, which is eligible for preferential income tax rate of 15%. Ark (Shanghai) Network Technology Co., Ltd. obtained the approval for preferential income tax rate of 15% due to High and New Technology Enterprise in November 2020 and such preferential income tax rate will expire in 2023.

9. INCOME TAXES (Continued)

Income (loss) before income taxes consists of:

	Years Ended December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Mainland China	400,776	846,584	686,188	107,677
Hong Kong	379,896	345,758	584,236	91,679
Cayman Islands	100,232	(1,811,849)	(66,140)	(10,379)
Others	87,071	34,188	93,758	14,714
Total	<u>967,975</u>	<u>(585,319)</u>	<u>1,298,042</u>	<u>203,691</u>

The tax expense (benefit) comprises:

	Years Ended December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Current Tax	282,422	324,620	413,603	64,904
Deferred Tax	(62,397)	(66,160)	(119,663)	(18,778)
Total	<u>220,025</u>	<u>258,460</u>	<u>293,940</u>	<u>46,126</u>

Reconciliation between the statutory tax rate to income (loss) before income taxes and the actual provision for income taxes is as follows:

	Years Ended December 31,		
	2019	2020	2021
PRC income tax rate	25.00%	25.00%	25.00%
Expenses not deductible for tax purposes	0.04%	(0.33)%	0.18%
Effect of non-deductible settlement expenses	–	(78.12)%	0.40%
Effect of tax-free investment income	(1.37)%	1.47%	(0.57)%
Effect of different tax rate of subsidiary in other jurisdiction	(5.13)%	6.44%	(4.85)%
Effect of deferred tax asset allowance	5.85%	(4.13)%	1.56%
Effect of tax holidays	(2.60)%	2.01%	(1.27)%
Effect of income from equity in fund of fund	1.27%	0.16%	2.91%
Effect of true-ups	(0.47)%	3.28%	(0.82)%
Effect of others	0.14%	0.06%	0.10%
	22.73%	(44.16)%	22.64%

9. INCOME TAXES (Continued)

The aggregate amount and per share effect of the tax holidays (including effect of timing difference reversed in the year with different rate) are as follows:

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Aggregate	25,146	11,753	16,422	2,577
Per share effect-basic	0.82	0.38	0.49	0.08
Per share effect-diluted	0.81	0.38	0.49	0.08

The principal components of the deferred income tax asset and liabilities are as follows:

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Deferred tax assets:				
Accrued expenses	3,240	2,040	26,271	4,122
Tax loss carry forward	215,423	222,615	489,179	76,763
Unrealized other loss	1,226	5,150	4,895	768
Provision for impairment of investments	–	39,389	39,300	6,167
Provision for allowance of credit losses	–	15,412	45,750	7,179
Others	4,194	262	2,323	365
Gross deferred tax assets	224,083	284,868	607,718	95,364
Valuation allowance	(56,653)	(60,628)	(271,813)	(42,653)
Net deferred tax assets	<u>167,430</u>	<u>224,240</u>	<u>335,905</u>	<u>52,711</u>
Deferred tax liabilities:				
Unrealized investment income	56,401	45,881	42,276	6,634
Acquired deferred tax liabilities (Note 7)	–	–	191,858	30,107
Net deferred tax liabilities (after offsetting)	<u>56,401</u>	<u>45,881</u>	<u>234,134</u>	<u>36,741</u>

Deferred tax assets and liabilities have been offset where the Group has a legally enforceable right to do so, and intends to settle on a net basis.

The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will be more likely than not realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, the Group's experience with tax attributes expiring unused and tax planning alternatives. These assumptions require significant judgment and the forecasts of future taxable income are consistent with the plans and estimates the Group is using to manage the underlying businesses. Valuation allowances are established for deferred tax assets based on a more likely than not threshold. The Group's ability to realize deferred tax assets depends on its ability to generate sufficient taxable income within the carry forward periods provided for in the tax law. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced. As of December 31, 2021, operating loss carry forward amounted to RMB2,019,141 for the PRC and Hong Kong income tax purpose. According to the Article 18 of the PRC Tax Law, the enterprise can carry over the losses to the succeeding five tax years, tax loss carry forward that the Group recognized for PRC subsidiaries and VIEs will begin to expire from 2022 to 2027.

9. INCOME TAXES (Continued)

A valuation allowance is provided against deferred tax assets when the Group determines that it is more likely than not that the deferred tax assets will not be utilized in the future. The movements of valuation allowance of deferred tax assets are as follows:

	For the year ended December 31, (Amount in Thousands)		
	2019	2020	2021
	RMB	RMB	RMB
Balance at beginning of the year	15,651	56,653	60,628
Provided	56,653	24,196	20,275
Addition due to acquisition	–	–	193,826
Write off	(15,651)	(20,221)	(2,916)
	<u>56,653</u>	<u>60,628</u>	<u>271,813</u>
Balance at beginning of the year	<u>56,653</u>	<u>60,628</u>	<u>271,813</u>

Refer to Note 7, the acquisition of Nuohong resulted in an increase of RMB193,826 in both deferred tax assets of tax loss carry forward and related valuation allowance as the Group estimated that accumulated loss of Nuohong can't be realized in the future based on its intent to use.

In accordance with the EIT Law, dividends, which arise from profits of FIEs earned after January 1, 2008, are subject to a 10% withholding income tax. In addition, under tax treaty between the PRC and Hong Kong, 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. A deferred tax liability should be recognized for the undistributed profits of PRC companies unless the Group has sufficient evidence to demonstrate that the undistributed dividends will be reinvested and the remittance of the dividends will be postponed indefinitely. The accumulated undistributed earnings of the Group's PRC subsidiaries were RMB3.3 billion, RMB4.0 billion and RMB4.6 billion as of December 31, 2019, 2020 and 2021, respectively. The Group intends to indefinitely reinvest the remaining undistributed earnings of the Group's PRC subsidiaries, and therefore, no provision for PRC dividend withholding tax was accrued. Aggregate undistributed earnings of the Group's VIE companies located in the PRC that are available for distribution to the Group were approximately RMB1.5 billion, RMB1.9 billion and RMB2.4 billion as of December 31, 2019, 2020 and 2021, respectively. A deferred tax liability should be recorded for taxable temporary differences attributable to the excess of financial reporting amounts over tax basis amount in domestic subsidiaries. However, recognition is not required in situations where the tax law provides a means by which the reported amount of that investment can be recovered tax-free and the enterprise expects that it will ultimately use that means. The Group has not recorded any such deferred tax liability attributable to the undistributed earnings of its financial interest in VIEs because it believes such excess earnings can be distributed in a manner that would not be subject to income tax.

The Group did not record any uncertain tax positions during the years ended December 31, 2019, 2020 and 2021. The Group does not anticipate any significant increases or decreases to its liability for unrecognized tax benefits within the next 12 months.

10. LOANS RECEIVABLE, NET

Loans receivable as of December 31, 2019, 2020 and 2021 consists of the following:

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Loans receivable:				
— Within credit term	554,178	261,434	536,758	84,229
— Past due	105,029	163,376	152,934	23,999
Total loans receivable	659,207	424,810	689,692	108,228
Allowance for credit losses	(5,147)	(5,863)	(93,926)	(14,739)
Loans receivable, net	<u>654,060</u>	<u>418,947</u>	<u>595,766</u>	<u>93,489</u>

The loan interest rates range between 4% and 17% for the years ended December 31, 2019, 2020 and 2021. Majority of loans were short-term loans and recorded within loans receivable, net, and long-term loans of RMB34,910, RMB56,430 and RMB66,070 were recorded in other non-current assets as of December 31, 2019, 2020 and 2021, respectively. RMB508.6 million, RMB370.4 million and RMB620.8 million of the loans is secured by collateral as of December 31, 2019, 2020 and 2021, respectively. The Group also purchased past due loans from third parties with the amount of RMB206.3 million, RMB103.7 million and RMB77.5 million for the years ended December 31, 2019 2020 and 2021, respectively. The purchased past due loans of RMB100.7 million, RMB96.4 million and 58.5 million were collected or transferred to other investors, for the years ended December 31, 2019, 2020 and 2021, respectively.

The following table presents the activity in the allowance for credit losses for loans receivable as of and for the years ended December 31, 2019, 2020 and 2021.

	RMB	US\$
	(Amount in Thousands)	
Loans receivable — December 31, 2018	2,556	401
Provisions	7,907	1,241
Reversal of allowance provided	(2,556)	(401)
Write off	(2,760)	(433)
Loans receivable — December 31, 2019	5,147	808
Provisions	9,195	1,443
Reversal of allowance provided	(5,147)	(808)
Write off	(3,332)	(523)
Loans receivable — December 31, 2020	5,863	920
Provisions	99,057	15,544
Reversal of allowance provided	(5,863)	(920)
Write off	(5,131)	(805)
Loans receivable — December 31, 2021	93,926	14,739

11. CONVERTIBLE NOTES

On February 3, 2015, the Company issued an aggregate principal amount of US\$80 million of convertible notes ("Notes") through private placement to independent third parties not related to the Group. The Notes bear interest at a rate of 3.5% per annum from the issuance date through maturity on February 3, 2020 (the "maturity date"), and is payable semiannually in arrears on February 3 and August 3 of each year, beginning on August 3, 2015. The Notes will be convertible, at the holders' option, into the Company's ADSs, two of which represent one ordinary share of the Company, at a conversion price of US\$23.03 per ADS, representing an initial conversion rate of 43.4216 ADSs per US\$1,000 principal amount of the Notes, subject to customary adjustments. The conversion feature requires physical settlement, and can only be exercised when the portion to be converted is at least US\$10 million or a lesser amount then held by the holder. The holders will have the right, at the holders' option, to require the Company to repurchase for cash on February 3, 2018 or on the maturity date, or upon a fundamental change or default, all of the Notes at a repurchase price that is equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the repurchase date. Events of default include failure to pay principal or interest, breach of conversion obligation, suspension from trading or failure of ADSs to be listed, bankruptcy, etc. Debt issuance costs of nil is recorded as a direct deduction from the face amount of the Notes.

The Company recorded the Notes as a liability in their entirety, and neither conversion feature nor any other feature is required to be bifurcated and accounted for separately. In addition, as the effective conversion price is greater than the fair value of underlying ADS, there was no beneficial conversion feature to be recognized. US\$21.09 million of the Notes have been converted to 915,762 ADS (represents 457,881 ordinary shares) at the contractual conversion price of US\$23.03 per ADS during the year ended December 31, 2019. As of December 31, 2019, all the Notes have been converted to ADS.

12. LEASE**As a lessee**

Operating lease assets primarily represents various facilities under non-cancelable operating leases expiring within one to ten years. Lease costs are included in either selling or general and administrative expenses depending on the use of the underlying asset. Operating lease expenses, including the short-term lease cost which was immaterial, were RMB109,842, RMB99,349 and RMB102,321 for the years ended December 31, 2019, 2020 and 2021, respectively. Cash payments against operating lease liabilities were RMB108,490, RMB97,694 and RMB99,064 for the years ended December 31, 2019, 2020 and 2021, respectively.

Supplemental consolidated balance sheet information related to leases was as follows:

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
Operating leases:	RMB	RMB	RMB	US\$
Operating leases right-of-use assets	352,186	274,154	223,652	35,096
Current portion of lease liabilities	11,674	86,472	91,288	14,325
Non-current portion of lease liabilities	362,757	194,384	130,956	20,550
Total operating lease liabilities	374,431	280,856	222,244	34,875
Weighted average remaining lease term (years)	4.64	3.76	2.85	
Weighted average discount rate	4.31%	4.53%	4.38%	

12. LEASE (Continued)

The maturities of operating lease liabilities for the next five years and thereafter as of December 31, 2019, 2020 and 2021, are as follows:

	As of December 31, (Amount in Thousands)		
	2019	2020	2021
	RMB	RMB	RMB
Within 1 year	97,825	90,393	95,288
Between 1 and 2 years	85,403	82,151	75,197
Between 2 and 3 years	79,496	64,048	48,288
Between 3 and 4 years	66,136	48,996	14,459
Between 4 and 5 years	53,050	16,253	324
Beyond 5 years	23,417	–	–
Total lease payment	405,327	301,841	233,556
Less imputed interest	(30,896)	(20,985)	(11,312)
Total	<u>374,431</u>	<u>280,856</u>	<u>222,244</u>

13. SHARE REPURCHASE

Treasury stock represents shares repurchased by the Company that are no longer outstanding and are held by the Company. Treasury stock is accounted for under the cost method. In 2019, the Company canceled 280,958 ADSs (represents 140,479 ordinary shares) with a carrying amount of US\$6,190 (RMB40,267). As of December 31, 2019, all treasury stock had been retired.

On December 1, 2020, the Company announced that its board of directors authorized a share repurchase program (the “Share Repurchase Program”) under which the Company may repurchase up to US\$100 million worth of its ADSs over the following two years. As of December 31, 2020, the Company has purchased an aggregate of 1,088,404 ADSs (represents 544,202 ordinary shares) for a total cash consideration of US\$44,584 (RMB290,913), including repurchase commissions.

On February 25, 2021, the Company completed the Share Repurchase Program, with approximately 2,233,770 ADSs representing 1,116,885 ordinary shares having been repurchased at an average price of US\$44.77 per ADS.

14. SHARE-BASED COMPENSATION

The following table presents the Group’s share-based compensation expense by type of award:

	Years Ended December 31, (Amounts in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Share options	40,533	21,837	18,081	2,837
Non-vested restricted shares	54,364	37,952	32,956	5,172
Total share-based compensation	<u>94,897</u>	<u>59,789</u>	<u>51,037</u>	<u>8,009</u>

During the year ended December 31, 2017, the Group adopted its 2017 share incentive plan (the “2017 Plan”). Under the 2017 Plan, the maximum aggregate number of shares in respect of which options, restricted shares, or restricted share units may be issued shall be 2,800,000 shares. The term of any options, restricted shares, or restricted share units granted under the 2017 Plan shall not exceed ten years. Options, restricted shares or restricted share units generally vest 25% on the first anniversary of the grant date with the remaining 75% vesting ratably over the following 36 months.

14. SHARE-BASED COMPENSATION (Continued)

Share Options

No options were granted for the years ended December 31, 2019 and 2020. The weighted-average grant-date fair value of options granted during the year ended December 31, 2021 was RMB306.56 (US\$48.11) per share. There were 152,410, 134,639 and 37,606 options exercised during the years ended December 31, 2019, 2020 and 2021, respectively. The Group uses the Black-Scholes pricing model and the following assumptions to estimate the fair value of the options granted:

	<u>2021</u>
Average risk-free rate of return	0.8~1.5%
Weighted average expected option life	6.1~8.4 years
Estimated volatility	42.1~50.4%
Average dividend yield	Nil

The following table summarizes option activity during the years ended December 31, 2019, 2020 and 2021:

	<u>Number of options</u>	<u>Weighted Average Exercise Price</u> RMB	<u>Weighted Average Remaining Contractual Term</u> Years	<u>Aggregate Intrinsic Value of Options</u> RMB
Outstanding as of January 1, 2019	571,474	343.14	7.0	34,344
Exercised	(152,410)	207.89		
Forfeited	(32,359)	312.85		
Outstanding as of December 31, 2019	<u>386,705</u>	398.80	6.3	6,455
Exercisable as of December 31, 2019	272,521	390.15	7.2	–
Outstanding as of January 1, 2020	386,705	398.80	6.3	6,455
Exercised	(134,639)	247.86		
Forfeited or expired	(27,538)	279.22		
Outstanding as of December 31, 2020	<u>224,528</u>	505.33	5.5	17,848
Exercisable as of December 31, 2020	188,572	515.78	5.3	11,870
Outstanding as of January 1, 2021	224,528	505.33	5.5	17,848
Granted	268,006	420.41		
Exercised	(37,606)	291.73		
Forfeited or expired	(20,960)	431.31		
Outstanding as of December 31, 2021	<u>433,968</u>	474.97	7.9	18,389
Exercisable as of December 31, 2021	154,661	319.84	5.4	3,663

The aggregate intrinsic value of options exercised during the years ended December 31, 2019, 2020 and 2021 was RMB9,451, RMB16,916 and RMB15,674 respectively. As of December 31, 2021, there was RMB76,105 of unrecognized compensation expense related to unvested share options, which is expected to be recognized over a weighted average period of 4.24 years.

14. SHARE-BASED COMPENSATION (Continued)**Non-vested Restricted Shares**

A summary of non-vested restricted share activity during the years ended December 31, 2019, 2020 and 2021 is presented below:

Non-vested restricted shares	Number of non-vested restricted shares	Weighted-average grant-date fair value
	RMB	RMB
Non-vested as of January 1, 2019	370,613	483.29
Granted	37,566	418.16
Vested	(124,592)	506.02
Forfeited	(109,963)	543.68
	173,624	427.59
Non-vested as of December 31, 2019		
Granted	16,550	345.11
Vested	(75,253)	422.54
Forfeited	(11,548)	567.05
	103,373	357.43
Non-vested as of December 31, 2020		
Granted	120,050	399.33
Vested	(57,064)	471.41
Forfeited	(15,525)	530.50
	150,834	324.12

The total fair value of non-vested restricted shares vested during the years ended December 31, 2019, 2020 and 2021 was RMB64,955, RMB28,898 and RMB29,784 respectively. As of December 31, 2021, there was RMB43,976 in total unrecognized compensation expense related to such non-vested restricted shares, which is expected to be recognized over a weighted-average period of 5.05 years.

15. SETTLEMENT EXPENSES

In July 2019, in connection with certain funds managed (“Camsing Credit Funds” or “Camsing Products”) by Shanghai Gopher Asset Management Co., Ltd. (“Shanghai Gopher”), a consolidated affiliated subsidiary of the Company, it is suspected that fraud had been committed by third parties related to the underlying investments (the “Camsing Incident”). A total of 818 investors were affected, and the outstanding amount of the investments that is potentially subject to repayment upon default amounted to RMB3,415.5 million.

Settlement Plan

To preserve the Group’s goodwill with affected investors, it voluntarily made an ex gratia settlement offer (the “Settlement Plan”) to affected investors. An affected client accepting the offer shall receive restricted share units (“RSUs”), which upon vesting will become Class A ordinary shares of the Company, and in return forgo all outstanding legal rights associated with the investment in the Camsing Credit Funds and irrevocably release the Company and all its affiliated entities and individuals from any and all claims immediately, known or unknown, that relate to the Camsing Credit Funds. The number of Class A ordinary shares each investor is entitled to is determined based on a fixed ratio of the investor’s outstanding investments in Camsing Products at 2,886 ADSs per RMB1 million.

On August 24, 2020, the Settlement Plan was approved by the Board of Directors of the Company that a total number of new Class A ordinary shares not exceeding 1.6% of the share capital of the Company has been authorized to be issued each year for a consecutive ten years for the Settlement Plan.

15. SETTLEMENT EXPENSES (Continued)**Settlement Plan (Continued)**

Two plans ("Plan A" or "Plan B") were offered for the investors to choose. Under Plan A, the Group will issue RSUs to the investor's designated trust plan. 1/10 of the RSUs shall be vested immediately at contract inception and the remaining 9/10 will be vested evenly in the following 9 years subject to certain performance conditions by the investors. Plan B has the same terms as those of Plan A, except that the investor has an option (the "Option") to call back the beneficial rights of transferred Camsing Products (but not the legal title) or keep the RSUs at the third anniversary of contact ("Year 3"). All RSUs issued within the period from contract inception to Year 3 cannot be vested until the investor chooses to retain the RSUs. Under either plan, mutual understandings are established that the Group has committed and has contractual obligations to issue the shares to the settled investors regardless of the actual execution of the Option, which is deemed remote to occur, and/or the fulfillment of the performance conditions.

The Group evaluated and concluded the financial instruments to be issued under the Settlement Plan meet equity classification under ASC 815-40-25-10. Therefore, such instruments were initially measured at fair value and recognized as part of additional-paid-in-capital.

The Group uses the Black-Scholes pricing model to value the RSUs. Determining the appropriate fair-value model and calculating the fair value of RSUs requires considerable judgment, including estimating stock price volatility. The computation of expected volatility was based on the historical volatility of the Company's common shares for a period that coincides with restriction period of the RSUs.

As of December 31, 2020, 552 out of the total 818 investors (approximately 67.5%) had accepted settlements under the plan, representing RMB2.4 billion out of the total outstanding investments of RMB3,415.5 million (approximately 70%) under the Camsing Products. The total number of RSUs to be issued is 3,478,060 shares. The cost of this Settlement Plan measured at the fair value of the RSUs to be issued was RMB1,290.8 million, which was reported under settlement expenses for the year ended December 31, 2020.

In 2021, additional 43 investors accepted the Settlement Plan, and the Company recorded settlement expenses in the amount of RMB19,908 (US\$3.1 million) based on the difference between the fair value of the RSUs to be issued at each settlement date and the corresponding contingent liability accrued for these investors as of December 31, 2020.

The Option under Plan B can be exercised separately from the RSUs and is determined to be a freestanding derivative liability and measured at estimated fair value based on the recovery value of Camsing Products. The Group used the available information and determined the fair value of Option to be nil as of December 31, 2020 and 2021, respectively. The fair value of the derivative will be re-assessed at each reporting period.

16. EMPLOYEE BENEFIT PLANS

Majority of full time employees of the Group participate in a PRC government-mandated multi-employer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. PRC labor regulations require the Group to accrue for these benefits based on a certain percentage of the employees' salaries. The total contribution for such employee benefits were RMB225,776, RMB125,073 and RMB237,851 for the years ended December 31, 2019, 2020 and 2021, respectively. The decrease in 2020 was mainly due to the temporary exemption of such defined contribution plan as a result of government preferential policies during the COVID-19 pandemic. The Group has no ongoing obligation to its employees subsequent to its contributions to the PRC plan.

17. RESTRICTED NET ASSETS

Pursuant to the relevant laws and regulations in the PRC applicable to foreign-investment corporations and the Articles of Association of the Group's PRC subsidiaries and VIEs, the Group is required to maintain a statutory reserve ("PRC statutory reserve"): a general reserve fund, which is non-distributable. The Group's PRC subsidiaries and VIEs are required to transfer 10% of their profit after taxation, as reported in their PRC statutory financial statements, to the general reserve fund until the balance reaches 50% of their registered capital. At their discretion, the PRC subsidiaries and VIEs may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. The general reserve fund may be used to make up prior year losses incurred and, with approval from the relevant government authority, to increase capital. PRC regulations currently permit payment of dividends only out of the Group's PRC subsidiaries and VIEs' retained earnings as determined in accordance with PRC accounting standards and regulations. The general reserve fund amounted to RMB291,172, RMB371,438 and RMB407,500 as of December 31, 2019, 2020 and 2021, respectively. The Group has not allocated any of its after-tax profits to the staff welfare and bonus funds for any period presented.

In addition, the paid-in capital of the Group's PRC subsidiaries and VIEs of RMB1,473,886, RMB1,669,017 and RMB2,534,945 as of December 31, 2019, 2020 and 2021, respectively, was considered restricted due to restrictions on the distribution of paid-in capital.

As a result of these PRC laws and regulations, the Group's PRC subsidiaries and VIEs are restricted in their ability to transfer a portion of their net assets, including general reserve and paid-in capital, either in the form of dividends, loans or advances. Such restricted portion amounted to RMB1,765,058, RMB2,040,455 and RMB2,950,455 as of December 31, 2019, 2020 and 2021, respectively.

18. SEGMENT INFORMATION

The Group uses the management approach to determine operating segments. The management approach considers the internal organization and reporting used by the Group's chief operating decision maker ("CODM") for making decisions, allocating resources and assessing performance. The Group's CODM has been identified as the chief executive officer, who reviews consolidated results including revenues, operating cost and expenses and income (loss) from operations when making decisions about allocating resources and assessing performance of the Group.

The Group believes it operates in three reportable segments: wealth management, asset management and, other business. The Group's CODM does not review balance sheet information of the segments.

Segment information of the Group's business is as follow:

	Year Ended December 31, 2019 (Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
Revenues:				
Revenues from others				
One-time commissions	688,652	2,208	–	690,860
Recurring service fees	520,013	4,679	–	524,692
Performance-based income	23,333	104	–	23,437
Other service fees	222,912	4,274	295,772	522,958
	<u>1,454,910</u>	<u>11,265</u>	<u>295,772</u>	<u>1,761,947</u>
Total revenues from others				
Revenues from funds Gopher manages				
One-time commissions	239,409	1,399	–	240,808
Recurring service fees	635,437	685,336	–	1,320,773
Performance-based income	97	89,551	–	89,648
	<u>874,943</u>	<u>776,286</u>	<u>–</u>	<u>1,651,229</u>
Total revenues from funds Gopher manages				
Total revenues	2,329,853	787,551	295,772	3,413,176
Less: VAT related surcharges	(10,574)	(3,971)	(6,819)	(21,364)
	<u>2,319,279</u>	<u>783,580</u>	<u>288,953</u>	<u>3,391,812</u>
Net revenues				
Operating cost and expenses:				
Compensation and benefits				
Relationship manager compensation	(625,044)	–	–	(625,044)
Performance-based compensation	–	(31,283)	–	(31,283)
Other compensations	(607,336)	(248,612)	(98,495)	(954,443)
	<u>(1,232,380)</u>	<u>(279,895)</u>	<u>(98,495)</u>	<u>(1,610,770)</u>
Total compensation and benefits				
Selling expenses	(287,541)	(26,661)	(17,144)	(331,346)
General and administrative expenses	(194,908)	(71,805)	(29,779)	(296,492)
Provision for credit losses	(121,572)	(3,800)	(5,351)	(130,723)
Other operating expenses	(103,846)	(25,978)	(66,969)	(196,793)
Government subsidies	58,704	15,878	14,696	89,278
	<u>(1,881,543)</u>	<u>(392,261)</u>	<u>(203,042)</u>	<u>(2,476,846)</u>
Total operating cost and expenses				
	<u>437,736</u>	<u>391,319</u>	<u>85,911</u>	<u>914,966</u>
Income from operations				

18. SEGMENT INFORMATION (Continued)

	Year Ended December 31, 2020 (Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
Revenues:				
Revenues from others				
One-time commissions	677,726	1,288	–	679,014
Recurring service fees	697,140	3,017	–	700,157
Performance-based income	180,385	144	–	180,529
Other service fees	123,458	7,451	65,242	196,151
Total revenues from others	1,678,709	11,900	65,242	1,755,851
Revenues from funds Gopher manages				
One-time commissions	88,520	41,303	–	129,823
Recurring service fees	587,307	642,735	–	1,230,042
Performance-based income	24,920	184,076	–	208,996
Total revenues from funds Gopher manages	700,747	868,114	–	1,568,861
Total revenues	2,379,456	880,014	65,242	3,324,712
Less: VAT related surcharges	(13,123)	(4,521)	(1,242)	(18,886)
Net revenues	2,366,333	875,493	64,000	3,305,826
Operating cost and expenses:				
Compensation and benefits				
Relationship manager compensation	(613,101)	–	(898)	(613,999)
Performance-based compensation	–	(85,413)	–	(85,413)
Other compensations	(486,668)	(254,278)	(63,654)	(804,600)
Total compensation and benefits	(1,099,769)	(339,691)	(64,552)	(1,504,012)
Selling expenses	(228,853)	(34,302)	(8,537)	(271,692)
General and administrative expenses	(197,511)	(59,440)	(20,928)	(277,879)
Provision for credit losses	(3,785)	(251)	(4,047)	(8,083)
Other operating expenses	(76,983)	(6,443)	(15,614)	(99,040)
Government subsidies	58,046	24,443	30,867	113,356
Total operating cost and expenses	(1,548,855)	(415,684)	(82,811)	(2,047,350)
Income (loss) from operations	817,478	459,809	(18,811)	1,258,476

18. SEGMENT INFORMATION (Continued)

	Year Ended December 31, 2021 (Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
Revenues:				
Revenues from others				
One-time commissions	1,130,653	241	–	1,130,894
Recurring service fees	912,506	1,194	–	913,700
Performance-based income	391,903	–	–	391,903
Other service fees	92,352	1,390	68,240	161,982
Total revenues from others	2,527,414	2,825	68,240	2,598,479
Revenues from funds Gopher manages				
One-time commissions	50,247	90,275	–	140,522
Recurring service fees	557,094	638,215	–	1,195,309
Performance-based income	77,218	315,072	–	392,290
Total revenues from funds Gopher manages	684,559	1,043,562	–	1,728,121
Total revenues	3,211,973	1,046,387	68,240	4,326,600
Less: VAT related surcharges	(17,076)	(4,923)	(11,507)	(33,506)
Net revenues	3,194,897	1,041,464	56,733	4,293,094
Operating cost and expenses:				
Compensation and benefits				
Relationship manager compensation	(900,921)	(19,975)	–	(920,896)
Performance-based compensation	(45,913)	(112,130)	–	(158,043)
Other compensations	(707,455)	(317,929)	(64,557)	(1,089,941)
Total compensation and benefits	(1,654,289)	(450,034)	(64,557)	(2,168,880)
Selling expenses	(354,128)	(55,790)	(27,213)	(437,131)
General and administrative expenses	(270,253)	(70,686)	(42,382)	(383,321)
Provision for credit losses	(6,490)	(13,275)	(93,194)	(112,959)
Other operating expenses	(53,616)	(4,347)	(49,881)	(107,844)
Government subsidies	65,368	37,905	12,666	115,939
Total operating cost and expenses	(2,273,408)	(556,227)	(264,561)	(3,094,196)
Income (loss) from operations	921,489	485,237	(207,828)	1,198,898

18. SEGMENT INFORMATION (Continued)

The following table summarizes the Group's revenues generated by the different geographic location.

	Year Ended December 31, 2019			
	(Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
Mainland China	1,494,742	676,837	295,772	2,467,351
Hong Kong	633,168	99,957	–	733,125
Others	201,943	10,757	–	212,700
Total revenues	2,329,853	787,551	295,772	3,413,176
	Year Ended December 31, 2020			
	(Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
Mainland China	1,787,611	742,743	65,242	2,595,596
Hong Kong	452,810	111,431	–	564,241
Others	139,035	25,840	–	164,875
Total revenues	2,379,456	880,014	65,242	3,324,712
	Year Ended December 31, 2021			
	(Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
Mainland China	2,479,576	768,203	68,240	3,316,019
Hong Kong	629,587	240,136	–	869,723
Others	102,810	38,048	–	140,858
Total revenues	3,211,973	1,046,387	68,240	4,326,600

Substantially all of the Group's revenues are derived from, and its assets are located in Mainland China and Hong Kong.

19. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

19. RELATED PARTY TRANSACTIONS (Continued)

The table below sets forth major related parties and their relationships with the Group:

Company Name	Relationship with the Group
Sequoia Capital Investment Management (Tianjin) Co., Ltd.	Affiliate of shareholder of the Group
Wanjia Win-Win	Investee of Gopher Asset Management Co., Ltd. ("Gopher Assets"), a consolidated VIE of the Group
Zhejiang Vanke-Noah Asset Management Co., Ltd. ("Zhejiang Vanke")	Investee of Gopher Assets
Shanghai Dingnuo Technology Co., Ltd. ("Dingnuo")	Affiliate of shareholder of the Group
Investee funds of Gopher Assets	Investees of Gopher Assets
Investee funds of Gopher Capital GP Ltd.	Investees of Gopher Capital GP Ltd., a subsidiary of the Group
Shanghai Noah Charity Fund	A charity fund established by the Group

During the years ended December 31, 2019, 2020 and 2021, related party transactions were as follows:

	Year Ended December 31 (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
One-time commissions				
Investee funds of Gopher Assets	240,808	129,823	140,522	22,051
Recurring service fees				
Investee funds of Gopher Assets	1,009,568	927,611	871,618	136,776
Wanjia Win-Win	688	–	463	73
Sequoia Capital Investment Management (Tianjin) Co., Ltd.	15,759	12,411	26,488	4,157
Investee funds of Gopher Capital GP Ltd.	313,612	302,431	323,691	50,794
Total recurring service fees	1,339,627	1,242,453	1,222,260	191,800
Performance-based income				
Investee funds of Gopher Assets	34,248	140,050	166,580	26,140
Investee funds of Gopher Capital GP Ltd.	36,800	68,946	225,710	35,419
Zhejiang Vanke	18,600	–	–	–
Total performance-based income	89,648	208,996	392,290	61,559
Other service fees				
Investee funds of Gopher Assets	3,899	3,425	5,945	933
Investee funds of Gopher Capital GP Ltd.	–	86	–	–
Total other service fees	3,899	3,511	5,945	933
Total	1,673,982	1,584,783	1,761,017	276,343

19. RELATED PARTY TRANSACTIONS (Continued)

As of December 31, 2019, 2020 and 2021, amounts due from related parties associated with the above trading transactions were comprised of the following:

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Investee funds of Gopher Assets	428,724	433,936	303,280	47,591
Investee funds of Gopher Capital GP Ltd.	70,247	46,039	97,378	15,281
Total	498,971	479,975	400,658	62,872

As of December 31, 2019, 2020 and 2021, amounts due from related parties associated with loan distributed were comprised of the following:

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Investee funds of Gopher Assets	42,170	27,226	18,850	2,958
Investee funds of Gopher Capital GP Ltd.	7,563	12,977	31,881	5,003
Total	49,733	40,203	50,731	7,961

These non-trade loans are due on demand and expected to be matured within one year, most of which are interest free. As of April 30, 2022, approximately RMB2.7 million or 5.4% related to the loan balances as of December 31, 2021 were subsequently settled. The Group estimates that the remaining loan balances of RMB48.0 million will be fully settled on or before December 31, 2022.

As of December 31, 2019, 2020 and 2021, deferred revenues related to the recurring management fee received in advance from related parties were comprised of the following:

	As of December 31, (Amount in Thousands)			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Investee funds of Gopher Assets	74,664	35,820	16,373	2,569
Investee funds of Gopher Capital GP Ltd.	1,402	1,653	738	116
Total	76,066	37,473	17,111	2,685

During the years ended December 31, 2019, 2020 and 2021, donation made to Shanghai Noah Charity Fund were RMB1.2 million, RMB2.8 million and RMB3.5 million, respectively.

During the years ended December 31, 2019, 2020 and 2021, the Group paid nil, RMB6.0 million and RMB9.2 million as service fees to Dingnuo for development of an online mutual fund work station for the Group's relationship managers and one-stop service platform for private equity fund managers, respectively.

20. CONTINGENCIES**Camsing Incident**

As disclosed in Note 15, the Group offered a voluntary settlement plan in 2020 to all affected Camsing investors, and as of December 31, 2021, approximately 72.7% of the Camsing investors had accepted the settlement plan, representing approximately 75.4% of the total outstanding investments of RMB3,415.5 million under the Camsing Products. The Group currently has no new settlement plan for the remaining unsettled investors, but would not preclude to reaching settlements in the future with similar terms. The Group estimated the probable amount of future settlement taking into consideration of possible forms of settlement and estimated acceptable level, and recorded it as a contingent liability in the amount of RMB433.3 million as of December 31, 2021.

As of December 31, 2021, there were 33 investors whose legal proceedings against Shanghai Gopher and/or its affiliates, with an aggregate claim amount over RMB116.1 million were still outstanding. The Group is of the view that these proceedings will not have a material adverse effect on the Group's business. As of the date of this report, the management has assessed, based on its PRC legal counsels' advices, the Group cannot reasonably predict the timing or outcomes of, or estimate the amount of loss, or range of loss, if any, related to the pending legal proceedings.

Others

The Group is subject to periodic legal or administrative proceedings in the ordinary course of business. Other than those related to the Camsing Incident, the Group does not have any pending legal or administrative proceedings to which the Group is a party that will have a material effect on its business or financial condition.

21. SUBSEQUENT EVENTS

The Group has evaluated subsequent events through the date of the Accountants' Report, and noted no significant subsequent events.

22. DIVIDENDS

No dividends have been declared or paid by the Company in respect of the Track Record Period.

23. SUBSEQUENT FINANCIAL STATEMENTS

No audited consolidated financial statements have been prepared by the Group in respect of any period subsequent to December 31, 2021 and up to the date of this report.

**ADDITIONAL FINANCIAL INFORMATION OF PARENT COMPANY —
FINANCIAL STATEMENTS**

SCHEDULE I

**NOAH HOLDINGS PRIVATE WEALTH AND
ASSET MANAGEMENT LIMITED**

**FINANCIAL INFORMATION FOR PARENT COMPANY
CONDENSED BALANCE SHEETS**

(Amount in Thousands, Except Share and Per Share Data)

	As of December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Assets				
Current assets				
Cash and cash equivalents	1,249,401	1,359,841	224,145	35,173
Amounts due from subsidiaries and VIEs	296,523	—	—	—
Amounts due from related parties	684	778	760	119
Other current assets	9,355	40,772	—	—
Total current assets	1,555,963	1,401,391	224,905	35,292
Investments in subsidiaries and VIEs	5,237,744	6,107,489	8,538,829	1,339,930
Investments in affiliates	233,960	279,430	301,509	47,313
Non-current deferred tax assets	1,226	—	—	—
Other non-current assets	694	653	637	100
Total assets	7,029,587	7,788,963	9,065,880	1,422,635
Liabilities and Equity				
Current liabilities				
Contingent liabilities	—	530,433	433,345	68,001
Amounts due to subsidiaries and VIEs	—	56,937	575,428	90,297
Other current liabilities	14,752	13,806	16,332	2,563
Total current liabilities	14,752	601,176	1,025,105	160,861
Other non-current liabilities	1,368	2,276	—	—
Total liabilities	16,120	603,452	1,025,105	160,861
Shareholder's equity				
Class A ordinary shares (US\$0.0005 par value):				
91,394,900 shares authorized, 22,484,657				
shares issued and outstanding as of December				
31, 2019, 22,773,542 shares issued and				
22,229,340 shares outstanding as of December				
31, 2020 and 22,683,970 shares issued and				
21,764,455 shares outstanding as of December				
31, 2021	75	76	76	12
Class B ordinary shares (US\$0.0005 par value):				
8,605,100 shares authorized, 8,315,000 shares				
issued and outstanding as of December 31,				
2019, 2020 and 2021	28	28	28	4
Treasury stock (nil, 544,202 and 919,515				
ordinary shares as of December 31, 2019,				
2020 and 2021, respectively)	—	(290,913)	(541,379)	(84,954)
Additional paid-in capital	2,181,323	3,565,667	3,534,741	554,678
Retained earnings	4,734,992	3,989,767	5,187,323	814,005
Accumulated other comprehensive income (loss)	97,049	(79,114)	(140,014)	(21,971)
Total shareholders' equity	7,013,467	7,185,511	8,040,775	1,261,774
Total liabilities and shareholders' equity	7,029,587	7,788,963	9,065,880	1,422,635

**ADDITIONAL FINANCIAL INFORMATION OF PARENT COMPANY —
FINANCIAL STATEMENTS
SCHEDULE I
NOAH HOLDINGS PRIVATE WEALTH AND
ASSET MANAGEMENT LIMITED
FINANCIAL INFORMATION FOR PARENT COMPANY
CONDENSED STATEMENTS OF OPERATIONS
(Amount in Thousands)**

	Years ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Net revenues	-	-	-	-
Operating cost and expenses				
Compensation and benefits	-	-	-	-
Selling expenses	131	356	285	45
General and administrative expenses	5,556	5,588	41,955	6,584
Total operating cost and expenses	5,687	5,944	42,240	6,629
Loss from operations	(5,687)	(5,944)	(42,240)	(6,629)
Other income (expenses):				
Interest income	29,000	20,545	2,266	356
Interest expenses	(440)	-	-	-
Investment income	-	-	-	-
Settlement expenses	-	(1,828,907)	(19,908)	(3,124)
Other income (expenses)	5,057	14,713	(4,211)	(661)
Total other income (expenses)	33,617	(1,793,649)	(21,853)	(3,429)
Income (loss) before taxes and income from equity in affiliates, subsidiaries and VIEs	27,930	(1,799,593)	(64,093)	(10,058)
Income tax benefit (expenses)	(5,257)	(3,058)	-	-
Income from equity in affiliates	36,103	78,768	68,388	10,732
Income from equity in subsidiaries and VIEs	770,375	978,658	1,309,836	205,541
Net income (loss) attributable to Noah Holdings Private Wealth and Asset Management Limited shareholders	829,151	(745,225)	1,314,131	206,215

**ADDITIONAL FINANCIAL INFORMATION OF PARENT COMPANY —
FINANCIAL STATEMENTS
SCHEDULE I
NOAH HOLDINGS PRIVATE WEALTH AND
ASSET MANAGEMENT LIMITED
FINANCIAL INFORMATION FOR PARENT COMPANY
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Amount in Thousands)**

	Years Ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Net income (loss)	829,151	(745,225)	1,314,131	206,215
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	61,651	(176,934)	(60,900)	(9,557)
Fair value fluctuation of available-for-sale investment, net of tax of nil (<i>Note 4</i>)	(797)	771	–	–
Total other comprehensive income (loss), net of tax	60,854	(176,163)	(60,900)	(9,557)
Comprehensive income (loss) attributable to Noah Holdings Private Wealth and Asset Management Limited shareholders	890,005	(921,388)	1,253,231	196,658

**ADDITIONAL FINANCIAL INFORMATION OF PARENT COMPANY —
FINANCIAL STATEMENTS
SCHEDULE I
NOAH HOLDINGS PRIVATE WEALTH AND
ASSET MANAGEMENT LIMITED
FINANCIAL INFORMATION FOR PARENT COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Amount in Thousands)**

	Years Ended December 31,			
	2019	2020	2021	2021
	RMB	RMB	RMB	US\$
Cash flows from operating activities:				
Net income (loss) attributable to Noah Holding Limited shareholders	829,151	(745,225)	1,314,131	206,215
Adjustments to reconcile net income to net cash (used in) provided by operating activities:				
Income from equity in subsidiaries and VIEs	(770,375)	(978,658)	(1,309,836)	(205,541)
Income from equity in affiliates, net of dividends	(36,103)	(58,913)	(28,606)	(4,489)
Share-based settlement expenses	–	1,290,811	19,908	3,124
Changes in operating assets and liabilities:				
Amounts due from subsidiaries and VIEs	308,774	356,685	–	–
Amounts due from related parties	9,151	(94)	18	3
Amounts due to subsidiaries and VIEs	–	56,937	28,584	4,485
Other current assets	(9,331)	(31,417)	40,772	6,398
Deferred tax assets	786	1,226	–	–
Contingent liabilities	–	530,433	(11,398)	(1,789)
Other current liabilities	4,341	(10,249)	11,828	1,856
Other non-current liabilities	756	908	(2,276)	(357)
Net cash provided by operating activities	337,150	412,444	63,125	9,905
Cash flows from investing activities:				
Capital return from investments in subsidiaries and VIEs	170,589	–	–	–
Increase in investments in subsidiaries and VIEs	(78,668)	(43,690)	(1,120,785)	(175,876)
Capital return from investments in affiliates	–	101,114	–	–
Proceeds from long-term investments	43,772	–	–	–
Net cash provided by (used in) investing activities	135,693	57,424	(1,120,785)	(175,876)
Cash flows from financing activities:				
Proceeds from issuance of ordinary shares upon exercise of stock options	31,688	33,372	11,114	1,744
Proceeds from advances from subsidiaries	–	–	537,604	84,362
Repayment of advances from subsidiaries	–	–	(82,481)	(12,943)
Payment for repurchase of ordinary shares	–	(281,610)	(372,376)	(58,434)
Net cash provided by (used in) financing activities	31,688	(248,238)	93,861	14,729
Effect of exchange rate changes	43,253	(111,190)	(171,897)	(26,974)
Net increase (decrease) in cash and cash equivalents	547,784	110,440	(1,135,696)	(178,216)
Cash and cash equivalents — beginning of year	701,617	1,249,401	1,359,841	213,389
Cash and cash equivalents — end of year	<u>1,249,401</u>	<u>1,359,841</u>	<u>224,145</u>	<u>35,173</u>

Supplement disclosure of non-cash investing activities:

During the year ended December 31, 2020, an consolidated investment fund was disposed partially by the Company and thus was deconsolidated and recorded as investments in affiliates. The deconsolidation resulted in a decrease in investments in subsidiaries and VIEs amounted to RMB109.7 million with a corresponding increase in investments in affiliates.

**ADDITIONAL FINANCIAL INFORMATION OF PARENT COMPANY —
FINANCIAL STATEMENTS
SCHEDULE I
NOAH HOLDINGS PRIVATE WEALTH AND
ASSET MANAGEMENT LIMITED
FINANCIAL INFORMATION FOR PARENT COMPANY**

Notes to Schedule I

The condensed financial information has been prepared using the same accounting policies as set out in the Historical Financial Information except that the equity method has been used to account for investments in subsidiaries and VIEs. Such investments in subsidiaries and VIEs are presented on the balance sheets as investments in subsidiaries and VIEs and the profit of the subsidiaries and VIEs is presented as income from equity in subsidiaries and VIEs on the statement of operations.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. The footnote disclosure certain supplemental information relating to the operations of the Company and, as such, these statements should be read in conjunction with the notes to the accompanying Historical Financial Information.

As of December 31, 2019, 2020 and 2021, there were no material contingencies, significant provisions of long-term obligations of the Company, except for those which have been separately disclosed in the Historical Financial Information.

The following is the text of a report set out on pages IB-1 to IB-37, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. The information set out on pages IB-3 to IB-37 is the unaudited interim condensed consolidated financial statements of the Company for the three months ended March 31, 2022, and does not form part of the Accountants' Report as set out in Appendix IA to this document, and is included herein for information purpose only.



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF NOAH HOLDINGS PRIVATE WEALTH AND ASSET MANAGEMENT LIMITED

Introduction

We have reviewed the interim condensed consolidated financial statements of Noah Holdings Private Wealth and Asset Management Limited (the “Company”), its subsidiaries and consolidated variable interest entities (“VIEs”) (together, the “Group”) set out on pages IB-3 to IB-37, which comprise the condensed consolidated balance sheet of the Group as of March 31, 2022 and the related condensed consolidated statement of operations, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the three-month period then ended, and certain explanatory notes. The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with U.S. GAAP.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
June 30, 2022

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
(Amount in Thousands, Except Share and Per Share Data)

	Notes	As of		
		December 31, 2021	March 31, 2022	March 31, 2022
		RMB	RMB	US\$
Assets				
Current assets:				
Cash and cash equivalents	2(e)	3,404,603	3,899,892	615,193
Restricted cash		510	512	81
Short-term investments (including short-term investments measured at fair value of RMB63,515 and RMB44,722 as of December 31, 2021 and March 31, 2022, respectively)	4	92,803	64,347	10,150
Accounts receivable, net of allowance for credit losses of RMB458 and RMB1,288 as of December 31, 2021 and March 31, 2022, respectively	2(h)	808,029	396,485	62,544
Amounts due from related parties, net of allowance for credit losses of RMB30,128 and RMB30,021 as of December 31, 2021 and March 31, 2022, respectively	2(h)	451,389	532,533	84,005
Loans receivable, net of allowance for credit losses of RMB93,926 and RMB84,111 as of December 31, 2021 and March 31, 2022, respectively	9	595,766	578,355	91,233
Other current assets		163,710	170,813	26,945
Total current assets		5,516,810	5,642,937	890,151
Long-term investments (including long-term investments measured at fair value of RMB457,284 and RMB551,670, as of December 31, 2021 and March 31, 2022, respectively)	4	668,572	699,174	110,292
Investment in affiliates	6	1,402,083	1,430,346	225,632
Property and equipment, net		2,580,935	2,544,521	401,388
Operating lease right-of-use assets, net	10	223,652	212,993	33,599
Deferred tax assets	8	335,905	335,911	52,989
Other non-current assets, net of allowance for credit losses of RMB4,000 and RMB4,000 as of December 31, 2021 and March 31, 2022, respectively	2(h)	161,832	162,206	25,587
Total Assets		10,889,789	11,028,088	1,739,638
Liabilities and Equity				
Current liabilities: (including amounts of the consolidated VIEs without recourse to Noah Holdings Private Wealth and Asset Management Limited See Note 2(b))				
Accrued payroll and welfare expenses		946,547	880,353	138,872
Income tax payable		190,260	236,915	37,372
Deferred revenues		63,631	79,970	12,615
Contingent liabilities	17	433,345	431,080	68,001
Other current liabilities	7	649,255	518,214	81,746
Total current liabilities		2,283,038	2,146,532	338,606

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)
(Amount in Thousands, Except Share and Per Share Data)

	Notes	As of		
		December 31, 2021	March 31, 2022	March 31, 2022
		RMB	RMB	US\$
Deferred tax liabilities	8	234,134	232,848	36,731
Operating lease liabilities, non-current	10	130,956	120,790	19,054
Other non-current liabilities		100,020	83,931	13,240
Total Liabilities		2,748,148	2,584,101	407,631
Contingencies	17			
Shareholders' equity:				
Class A ordinary shares (US\$0.0005 par value):				
91,394,900 shares authorized, 22,683,970 shares issued and 21,764,455 shares outstanding as of December 31, 2021 and 22,689,970 shares issued and 21,771,747 shares outstanding as of March 31, 2022				
		76	76	12
Class B ordinary shares (US\$0.0005 par value):				
8,605,100 shares authorized, 8,315,000 shares issued and outstanding as of December 31, 2021 and March 31, 2022				
		28	28	4
Treasury stock (919,515 and 912,223 ordinary shares as of December 31, 2021 and March 31, 2022, respectively)				
		(541,379)	(537,260)	(84,751)
Additional paid-in capital				
		3,534,741	3,541,511	558,660
Retained earnings				
		5,187,323	5,489,626	865,967
Accumulated other comprehensive loss				
		(140,014)	(149,311)	(23,552)
Total Noah Holdings Private Wealth and Asset Management Limited shareholders' equity		8,040,775	8,344,670	1,316,340
Non-controlling interests		100,866	99,317	15,667
Total Shareholders' Equity		8,141,641	8,443,987	1,332,007
Total Liabilities and Equity		10,889,789	11,028,088	1,739,638

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
OPERATIONS

(Amount in Thousands, Except Share and Per Share Data)

	<i>Notes</i>	Three Months Ended March 31,		
		2021	2022	2022
		RMB	RMB	US\$
Revenues:				
Revenues from others				
One-time commissions		278,704	81,154	12,802
Recurring service fees		220,513	193,379	30,505
Performance-based income		276,524	142,911	22,544
Other service fees		23,713	38,760	6,114
Total revenues from others		799,454	456,204	71,965
Revenues from funds Gopher manages				
One-time commissions		46,146	21,155	3,337
Recurring service fees		256,697	293,052	46,228
Performance-based income		128,556	32,067	5,058
Total revenues from funds Gopher manages		431,399	346,274	54,623
Total revenues	2(f)	1,230,853	802,478	126,588
Less: VAT related surcharges and other taxes		(6,117)	(6,786)	(1,070)
Net revenues		1,224,736	795,692	125,518
Operating cost and expenses:				
Compensation and benefits				
Relationship manager compensation		(206,872)	(109,995)	(17,351)
Other compensations		(375,253)	(247,910)	(39,107)
Total compensation and benefits		(582,125)	(357,905)	(56,458)
Selling expenses		(83,455)	(59,906)	(9,450)
General and administrative expenses		(80,285)	(58,207)	(9,182)
(Provision for) reversal of credit losses	2(h)	(3,407)	9,198	1,451
Other operating expenses, net		(27,088)	(29,635)	(4,675)
Government subsidies		54,014	14,558	2,296
Total operating cost and expenses		(722,346)	(481,897)	(76,018)
Income from operations		502,390	313,795	49,500
Other income:				
Interest income		22,927	12,637	1,993
Investment income		34,361	25,373	4,002
Other expense		(486)	(278)	(44)
Total other income		56,802	37,732	5,951

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
OPERATIONS (Continued)

(Amount in Thousands, Except Share and Per Share Data)

	Notes	Three Months Ended March 31,		
		2021	2022	2022
		RMB	RMB	US\$
Income before taxes and income from equity in affiliates		559,192	351,527	55,451
Income tax expense	8	(129,846)	(77,336)	(12,199)
Income from equity in affiliates		23,513	30,020	4,736
Net income		452,859	304,211	47,988
Less: net income attributable to non-controlling interests		(1,234)	(1,031)	(163)
Net income attributable to Noah Holdings Private Wealth and Asset Management Limited shareholders		454,093	305,242	48,151
Net income per share:	3			
Basic		13.54	9.08	1.44
Diluted		13.44	9.04	1.42
Weighted average number of shares used in computation:				
Basic		33,545,890	33,617,635	33,617,635
Diluted		33,786,019	33,740,413	33,740,413

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME

(Amount in Thousands)

	<i>Notes</i>	Three Months Ended March 31,		
		2021	2022	2022
		RMB	RMB	US\$
Net income		452,859	304,211	47,988
Other comprehensive income, net of tax				
Foreign currency translation adjustments	2(g)	8,409	(9,148)	(1,443)
Total other comprehensive income, net of tax		461,268	295,063	46,545
Comprehensive income				
Less: comprehensive income attributable to non-controlling interests		(1,201)	(882)	(139)
Comprehensive income attributable to Noah Holdings Private Wealth and Asset Management Limited shareholders		462,469	295,945	46,684

The accompanying note is an integral part of these unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amount in Thousands, Except for Share Data)

	Class A Ordinary Shares		Class B Ordinary Shares		Treasury Stock		Additional Paid-in Capital		Retained Earnings		Accumulated Other Comprehensive Loss		Total Noah Holdings Private Wealth and Asset Management Limited Shareholders' Equity		Non-controlling Interests		Total Shareholders' Equity	
	Shares	RMB	Shares	RMB	Shares	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance at January 1, 2021	22,773,542	76	8,315,000	28	(544,202)	(290,913)	3,565,667	3,989,767	(79,114)	7,185,511	91,860	7,277,371	91,860	7,277,371	91,860	7,277,371	91,860	7,277,371
Net income	-	-	-	-	-	-	454,093	454,093	-	454,093	(1,234)	452,859	(1,234)	452,859	-	452,859	-	452,859
Share-based compensation	-	-	-	-	-	-	10,144	-	-	10,144	-	10,144	-	10,144	-	10,144	-	10,144
Treasury stock reissued for vesting of restricted shares, net	-	-	-	-	13,267	7,570	(1,325)	(6,245)	-	(6,245)	-	-	-	-	-	-	-	-
Treasury stock reissued for stock options exercised, net	-	-	-	-	3,421	1,952	(322)	(365)	-	(365)	-	-	-	-	-	-	-	-
Other comprehensive income — foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	-	8,376	8,376	8,376	8,376	33	8,409	33	8,409
Acquisition of non-controlling interests in subsidiaries	-	-	-	-	-	-	(187,090)	-	-	-	-	(187,090)	-	(187,090)	15,238	(171,852)	15,238	(171,852)
Repurchase of ordinary shares	-	-	-	-	(572,683)	(363,073)	-	-	-	-	-	(363,073)	-	(363,073)	-	(363,073)	-	(363,073)
Balance at March 31, 2021	22,773,542	76	8,315,000	28	(1,100,197)	(644,464)	3,387,074	4,437,250	(70,738)	7,109,226	105,897	7,215,123	105,897	7,215,123	105,897	7,215,123	105,897	7,215,123
Balance at January 1, 2022	22,683,970	76	8,315,000	28	(919,515)	(541,379)	3,534,741	5,187,323	(140,014)	8,040,775	100,866	8,141,641	100,866	8,141,641	100,866	8,141,641	100,866	8,141,641
Net income	-	-	-	-	-	-	305,242	305,242	-	305,242	(1,031)	304,211	(1,031)	304,211	-	304,211	-	304,211
Share-based compensation	-	-	-	-	-	-	10,846	-	-	10,846	-	10,846	-	10,846	-	10,846	-	10,846
Treasury stock reissued for vesting of restricted shares, net	-	-	-	-	4,854	2,809	(477)	(2,332)	-	(2,332)	-	-	-	-	-	-	-	-
Treasury stock reissued for stock options exercised, net	-	-	-	-	2,709	1,567	(266)	(607)	-	(607)	-	694	-	694	-	694	-	694
Other comprehensive income (loss) — foreign currency translation adjustments	-	-	-	-	-	-	-	-	(9,297)	(9,297)	(9,297)	(9,297)	(9,297)	(9,297)	149	(9,148)	149	(9,148)
Receipt of employees' shares to satisfy tax withholding obligations related to share-based compensation	-	-	-	-	(271)	(257)	-	-	-	-	-	(257)	-	(257)	-	(257)	-	(257)
Return of non-controlling interests of subsidiaries	-	-	-	-	-	-	(3,333)	-	-	-	-	(3,333)	-	(3,333)	333	(3,000)	333	(3,000)
Divestment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Balance at March 31, 2022	22,683,970	76	8,315,000	28	(912,223)	(537,260)	3,541,511	5,489,626	(149,311)	8,344,670	99,317	8,443,987	99,317	8,443,987	99,317	8,443,987	99,317	8,443,987

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH
FLOWS

(Amount in Thousands)

	For the three Months Ended		
	March 31,		
	2021	2022	2022
	RMB	RMB	US\$
Cash flows from operating activities:			
Net income	452,859	304,211	47,988
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from disposal of property and equipment	20	612	97
Depreciation expense	24,272	40,357	6,366
Non-cash lease expenses	20,344	23,178	3,656
Share-based compensation expenses	10,144	10,846	1,711
Income from equity in affiliates, net of dividends	(8,822)	(7,957)	(1,255)
Provision for (reversal of) credit losses	3,407	(9,198)	(1,451)
Changes in investment fair value in the consolidated funds	–	1,837	290
Fair value changes of equity investments measured at fair value	(31,898)	(31,186)	(4,919)
Changes in operating assets and liabilities:			
Accounts receivable	(9,963)	410,514	64,758
Amounts due from related parties	(189,319)	(78,733)	(12,420)
Other current assets	(4,587)	(7,103)	(1,120)
Other non-current assets	(18,172)	(1,229)	(194)
Accrued payroll and welfare expenses	138,398	(66,194)	(10,442)
Income taxes payable	103,741	46,655	7,360
Deferred revenues	13,529	16,339	2,577
Other current liabilities	15,646	(122,728)	(19,360)
Other non-current liabilities	(10)	(16,089)	(2,538)
Contingent liabilities	2,179	(2,265)	(357)
Lease assets and liabilities	(26,543)	(24,118)	(3,805)
Trading debt securities	–	14,727	2,323
Deferred tax assets and liabilities	715	(1,292)	(204)
Net cash provided by operating activities	495,940	501,184	79,061
Cash flows from investing activities:			
Purchases of property and equipment	(11,761)	(4,134)	(652)
Proceeds from redemption of held-to-maturity investments	–	9,662	1,524
Purchases of available-for-sale investments	(15,000)	–	–
Proceeds from sale or redemption of available-for-sale investments	147	2,800	442
Purchases of short-term equity securities	–	(1,701)	(268)
Proceeds from sale of short-term equity securities	–	3,800	599
Purchase of other long-term investments	(5,302)	(962)	(152)
Proceeds from sale of other long-term investments	3,821	–	–
Purchase of investments held by consolidated funds	–	(2,753)	(434)
Loans to related parties	(10,668)	(6,280)	(991)
Principal collection of loans to related parties	4,768	3,869	610
Loans disbursement to third parties	(177,396)	(82,838)	(13,066)
Principal collection of loans originated to third parties	134,944	111,302	17,557
Increase in investments in affiliates	(67,638)	(31,362)	(4,947)
Capital return from investments in affiliates	75,211	7,938	1,252
Net cash (used in) provided by investing activities	(68,874)	9,341	1,474

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH
FLOWS (Continued)
(Amount in Thousands)

	Three Months Ended March 31,		
	2021	2022	2022
	RMB	RMB	US\$
Cash flows from financing activities:			
Proceeds from issuance of ordinary shares upon exercise of stock options	1,265	694	109
Return of non-controlling interests of subsidiaries	–	(3,000)	(473)
Payments to acquire non-controlling interests in subsidiaries	(171,852)	–	–
Divestment of non-controlling interests	–	(1,000)	(158)
Payments for purchase of properties after three months	–	(8,752)	(1,381)
Payment for repurchase of ordinary shares	(372,376)	–	–
Net cash used in financing activities	(542,963)	(12,058)	(1,903)
Effect of exchange rate changes	15,004	(3,176)	(501)
Net (decrease) increases in cash, cash equivalents and restricted cash	(100,893)	495,291	78,131
Cash, cash equivalents and restricted cash — beginning of the period	5,022,704	3,412,613	538,326
Cash, cash equivalents and restricted cash — end of the period	4,921,811	3,907,904	616,457
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	25,991	31,876	5,028
Supplemental disclosure of non-cash investing and financing activities:			
Purchase of property and equipment in accounts payable	1,245	36,289	5,724
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	8,482	16,629	2,623
Reconciliation to amounts on interim condensed consolidated balance sheets:			
Cash and cash equivalents—end of the period	4,904,316	3,899,892	615,193
Restricted cash	9,995	512	81
Restricted cash — non-current included in other non-current assets	7,500	7,500	1,183
Total cash, cash equivalents and restricted cash — end of the period	4,921,811	3,907,904	616,457

**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS****(In Thousands Renminbi, except for share and per share data, or otherwise stated)****1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Noah Holdings Private Wealth and Asset Management Limited (“Company”) was incorporated on June 29, 2007 in the Cayman Islands with limited liability. The Company, through its subsidiaries and consolidated variable interest entities (“VIEs”) (collectively, the “Group”), is a leading and pioneer wealth management service provider in the People’s Republic of China (“PRC”) offering comprehensive one-stop advisory services on global investment and asset allocation primarily for high net wealth (“HNW”) investors. The Group began offering services in 2005 through Shanghai Noah Investment Management Co., Ltd. (“Noah Investment”), a consolidated VIE, founded in the PRC in August 2005.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES**(a) Basis of Presentation**

The accompanying interim condensed consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information.

The interim condensed consolidated financial statements, including these notes, are unaudited and exclude some of the disclosures required by U.S. GAAP for the consolidated financial statements. Certain information and note disclosures normally included in the Group’s annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted consistent with Article 10 of Regulation S-X. The condensed consolidated balance sheet as of December 31, 2021 was derived from the audited consolidated financial statements at that date but does not include all the information and footnotes required by U.S. GAAP. The interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and management believes it has made all necessary adjustments (consisting of only normal recurring items) so that the interim condensed consolidated financial statements are presented fairly and that estimates made in preparing its interim condensed consolidated financial statements are reasonable and prudent. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes as of and for the years ended December 31, 2019, 2020 and 2021. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year.

(b) Principles of Consolidation

The interim condensed consolidated financial statements include the financial statements of the Company, its subsidiaries and consolidated VIEs. All inter-company transactions and balances have been eliminated upon consolidation.

A consolidated subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power or has the power to: appoint or remove the majority of the members of the board of directors; cast a majority of votes at the meeting of the board of directors; or govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

U.S. GAAP provides guidance on the identification and financial reporting for entities over which control is achieved through means other than voting interests. The Group evaluates each of its interests in private companies to determine whether or not the investee is a VIE and, if so, whether the Group is the primary beneficiary of such VIE. In determining whether the Group is the primary beneficiary, the Group considers if the Group (1) has power to direct the activities that most significantly affects the economic performance of the VIE, and (2) receives the economic benefits of the VIE that could be significant to the VIE. The consolidation guidance requires an analysis to determine (i) whether an entity in which the Group holds a variable interest is a VIE and (ii) whether the Group’s involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests (for example, management and performance income), would give it a controlling financial interest. If deemed the primary beneficiary, the Group consolidates the VIE.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(b) Principles of Consolidation (Continued)***Consolidation through contractual arrangements*

The Company had been engaged in the asset management business through contractual arrangements among its PRC subsidiary, Shanghai Noah Investment (Group) Co., Ltd (“Noah Group”), its PRC VIE, Noah Investment, and Noah Investment’s shareholders (“Registered Shareholders”). The Group relies on the contractual agreements with Noah Investment and the Registered Shareholders for a portion of its operations in the PRC, including the Group’s asset management business. Because of the contractual arrangements, the Company is able to consolidate the financial results of Noah Investment and its operating subsidiaries.

Since the Company does not have any equity interests in Noah Investment, in order to exercise effective control over its operations, the Company, through its wholly owned subsidiary Noah Group, entered into a series of contractual arrangements with Noah Investment and its shareholders, pursuant to which the Company is entitled to receive effectively all economic benefits generated from Noah Investment shareholders’ equity interests in it.

Consolidation of investment funds

In evaluating whether the investment funds in the legal form of limited partnership the Group manages as general partner are VIEs or not, the Group firstly assesses whether a simple majority or lower threshold of limited partnership interests, excluding interests held by the general partner, parties under common control of the general partner, or parties acting on behalf of the general partner, have substantive kick-out rights or participating rights. If such rights exist, the limited partnership is not deemed as a VIE and no further analysis will be performed. If the limited partnership is assessed to be a VIE, the Group will further assess whether there is any interest it has constituted a variable interest. The Group concludes that the service fees it earns, including carried interest earned in the capacity of general partner, are commensurate with the level of effort required to provide such services and are at arm’s length and therefore are not deemed as variable interests. Before 2015, all limited partnerships the Group managed as general partner had substantive kick-out rights exercisable by a simple-majority of non-related limited partners and therefore were not deemed as VIEs. Since 2015, not all the newly formed limited partnerships the Group manages as general partners have substantive kick-out rights exercisable by a simple-majority of non-related limited partners and therefore constitute VIEs. The Group performed a quantitative analysis to determine if its interest could absorb losses or receive benefits that could potentially be significant to the VIEs and if it would be deemed to be the primary beneficiary of the VIEs. Such limited partnerships are deemed as VIEs not consolidated by the Group if the general partner interest to absorb losses or receive benefits is not potentially significant to the VIEs.

The Group also manages contractual funds as fund manager and earns management fee and/or performance-based income. The contractual funds are VIEs as the fund investors do not have substantive kick-out rights or participating rights. The Group from time to time invested in the contractual funds it manages for investment income. Such investments constitute variable interests to the contractual funds.

The Group determines whether it is a primary beneficiary of a VIE when it initially involves with a VIE and reconsiders that conclusion when facts and circumstances change.

The Group does not provide performance guarantees and has no other financial obligation to provide funding to consolidated VIEs other than its own capital commitments.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation (Continued)

The following amounts of Noah Investment and its subsidiaries and the consolidated funds were included in the Group's interim condensed consolidated financial statements and are presented before the elimination of intercompany transactions with the non-VIE subsidiaries of the Group.

	As of (Amount in Thousands)		
	December 31, 2021	March 31, 2022	March 31, 2022
	RMB	RMB	US\$
Cash and cash equivalents	1,181,479	1,802,730	284,374
Restricted cash	510	512	81
Short-term investments	9,662	–	–
Accounts receivable, net	475,652	79,450	12,533
Amounts due from related parties, net	276,744	335,430	52,913
Loans receivable, net	50,884	47,689	7,523
Other current assets	53,247	49,467	7,803
Long-term investments	300,720	298,577	47,099
Investment in affiliates	854,138	881,024	138,978
Property and equipment, net	43,971	41,512	6,548
Intangible Assets	–	33	5
Operating lease right-of-use assets, net	15,031	11,932	1,882
Deferred tax assets	63,312	63,312	9,987
Other non-current assets	7,620	7,928	1,251
Total assets	3,332,970	3,619,596	570,977
Accrued payroll and welfare expenses	381,653	364,084	57,433
Income tax payable	149,226	145,505	22,953
Amounts due to the Group's subsidiaries*	179,325	445,617	70,294
Deferred revenue	6,721	10,193	1,608
Other current liabilities	238,738	192,564	30,376
Deferred tax liabilities	254	254	40
Other non-current liabilities	53,119	58,292	9,195
Operating lease liabilities, non-current	15,512	11,087	1,749
Total liabilities	1,024,548	1,227,596	193,648

* Amounts due to the Group's subsidiaries are eliminated in the process of preparing the interim condensed consolidated balance sheets.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation (Continued)

	Three Months Ended March 31, (Amount in Thousands)		
	2021	2022	2022
	RMB	RMB	US\$
Revenue:			
Revenues from others			
One-time commissions	67,784	20,674	3,261
Recurring service fees	859	17,903	2,824
Performance-based income	–	95	15
Other service fees	6,153	14,442	2,278
Total revenues from others	74,796	53,114	8,378
Revenues from funds Gopher manages			
One-time commissions	28,541	8,599	1,356
Recurring service fees	135,766	163,270	25,755
Performance-based income	21,830	15,892	2,507
Total revenues from funds Gopher manages	186,137	187,761	29,618
Total revenues⁽¹⁾	260,933	240,875	37,996
Less: VAT related surcharges and other taxes	(1,620)	(1,496)	(236)
Net revenues	259,313	239,379	37,760
Total operating cost and expenses⁽²⁾	(135,819)	(143,241)	(22,596)
Total other income	3,736	4,541	716
Net income	99,293	84,759	13,369
Net income attributable to Noah Holdings			
Private Wealth and Asset Management			
Limited shareholders	99,124	83,317	13,142
Cash flows provided by operating activities ⁽³⁾	15,666	648,029	102,224
Cash flows used in by investing activities	(4,916)	(26,776)	(4,224)
Cash flows provided by (used in) financing activities	–	–	–

(1) The total revenues include intragroup transactions amounted to RMB3,118 and RMB9,781 for the three months ended March 31, 2021 and 2022, respectively, which were eliminated in the process of preparing the interim condensed consolidated statements of operations.

(2) The total operating cost and expenses include intragroup transactions amounted to RMB31,803 and RMB38,440 for the three months ended March 31, 2021 and 2022, respectively, which were eliminated in the process of preparing the interim condensed consolidated statements of operations.

(3) Cash flows provided by operating activities for the three months ended March 31, 2021 and 2022 include amounts due to the Group's subsidiaries of RMB427,040 and RMB445,617.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation (Continued)

The VIEs contributed an aggregate of 21.2% and 30.1% of the consolidated net revenues for the three months ended March 31, 2021 and 2022, respectively and an aggregate of 21.9% and 27.9% of the consolidated net income for the three months ended March 31, 2021 and 2022, respectively. As of December 31, 2021 and March 31, 2022, the VIEs accounted for an aggregate of 30.6% and 32.8%, respectively, of the consolidated total assets.

There are no consolidated assets of the VIEs and their subsidiaries that are collateral for the obligations of the VIEs and their subsidiaries and can only be used to settle the obligations of the VIEs and their subsidiaries, except for the cash held by the consolidated funds of which cash could only be used by the consolidated funds. There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests that require the Company or its subsidiaries to provide financial support to the VIEs. However, if the VIEs ever need financial support, the Company or its subsidiaries may, at its option and subject to statutory limits and restrictions, provide financial support to its VIEs through loans to the shareholders of the VIEs or entrustment loans to the VIEs. Relevant PRC laws and regulations restrict the VIEs from transferring a portion of their net assets, equivalent to the balance of its statutory reserve and its share capital, to the Group in the form of loans and advances or cash dividends.

As of December 31, 2021 and March 31, 2022, the Group had some variable interests in various investment funds and contractual funds that were VIEs but were not consolidated by the Group as the Group was not determined to be the primary beneficiary of the funds. The maximum potential financial statement loss the Group could incur if the investment funds and contractual funds were to default on all of their obligations is (i) the loss of value of the interests in such investments that the Group holds, including equity investments recorded in investments in affiliates as well as debt securities investments recorded in short-term investments and long-term investments in the consolidated balance sheet, and (ii) any management fee and/or carried interest receivables as well as loans to the funds recorded in amounts due from related parties. The following table summarizes the Group's maximum exposure to loss associated with identified non-consolidated VIEs in which it holds variable interests as of December 31, 2021 and March 31, 2022, respectively.

	As of (Amount in Thousands)		
	December 31, 2021	March 31, 2022	March 31, 2022
	RMB	RMB	US\$
Amounts due from related parties	40,401	25,920	4,089
Investments	497,154	495,787	78,208
Maximum exposure to loss in non-consolidated VIEs	<u>537,555</u>	<u>521,707</u>	<u>82,297</u>

The Group has not provided other form of financial support to these non-consolidated VIEs during the three months ended March 31, 2021 and 2022, and had no liabilities, contingent liabilities, or guarantees (implicit or explicit) related to these non-consolidated VIEs as of December 31, 2021 and March 31, 2022.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(c) Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ materially from such estimates. Significant accounting estimates reflected in the Group's interim condensed consolidated financial statements include assumptions used to determine valuation allowance for deferred tax assets, allowance for credit losses, fair value measurement of underlying investment portfolios of the funds that the Group invests, fair value of financial instruments, assumptions related to the consolidation of entities in which the Group holds variable interests, assumptions related to the valuation of share-based compensation, variable consideration for revenue recognition, impairment of long-term investments, impairment of long-lived assets, determination of the incremental borrowing rates used for operating lease liabilities and loss contingencies.

(d) Concentration of Credit Risk

The Group is subject to potential significant concentrations of credit risk consisting principally of cash and cash equivalents, accounts receivable, amounts due from related parties, loans receivable, investments and receivables from financing lease service. All of the Group's cash and cash equivalents and more than half of investments are held at financial institutions, Group's management believes, to be high credit quality. The Group also invests in equity securities of private companies, of which no single equity security accounted for more than 3% of total assets as of December 31, 2021 and March 31, 2022. In addition, the Group's investment policy limits its exposure to concentrations of credit risk.

Credit of lending business is controlled by the application of credit approvals, limits and monitoring procedures. To minimize credit risk, the Group requires collateral in form of right to securities. The Group identifies credit risk on a customer by customer basis. The information is monitored regularly by management.

There was an investment product provider which accounted for 18.5% and 11.9% of the Group's total revenues for the three months ended March 31, 2021 and 2022, respectively, other than which, no investment product providers accounted for 10% or more of total revenues.

(e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, money market funds and mutual funds, which are unrestricted as to withdrawal and use, and which have original maturities of three months or less when purchased, presenting insignificant risk of changes in value.

As of December 31, 2021 and March 31, 2022, cash and cash equivalents of RMB24,806 and RMB19,599, respectively, was held by the consolidated funds. Cash and cash equivalents held by the consolidated funds represents cash that, although not legally restricted, is not available to general liquidity needs of the Group as the use of such funds is generally limited to the investment activities of the consolidated funds.

(f) Revenue Recognition

Under the guidance of ASC 606, the Group is required to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract and (e) recognize revenue when (or as) the Group satisfies its performance obligation. In determining the transaction price, the Group has included variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur. Revenues are recorded, net of sales related taxes and surcharges.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) Revenue Recognition (Continued)

The following table summarizes the Group's main revenues streams from contracts with its customers:

Revenue Streams	Performance Obligation Satisfied Over Time or Point In Time	Payment Terms	Variable or Fixed Consideration
One-time commissions — Fund distribution services	Point in time	Typically paid within a month after investment product established	Fixed
One-time commissions — Insurance brokerage services	Point in time	Typically paid within a month after insurance policy issued and/or renewed	Fixed and Variable
Recurring service fees	Over time	Typically quarterly, semi-annually or annually	Variable
Performance-based income	Point in time	Typically paid shortly after the income has been determined	Variable
Lending services	Over time	Typically monthly in arrears	Fixed
Investor education services	Point in time	Typically paid at the beginning of each course	Fixed

Disaggregation of revenue

The Group derives revenue primarily from one-time commissions, recurring service fees and performance-based income paid by clients or investment product providers. The following tables show, by segment, revenue from contracts with customers disaggregated by service lines for the three months ended March 31, 2021 and 2022:

Three Months Ended March 31, 2021
(Amount in Thousands)

	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
One-time commissions	294,733	30,117	—	324,850
Recurring service fees	315,290	161,920	—	477,210
Performance-based income	327,250	77,830	—	405,080
Other service fees	14,017	1,390	8,306	23,713
Lending services	—	—	8,282	8,282
Other services ⁽¹⁾	14,017	1,390	24	15,431
Total revenues	951,290	271,257	8,306	1,230,853

Three Months Ended March 31, 2022
(Amount in Thousands)

	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
One-time commissions	93,013	9,296	—	102,309
Recurring service fees	312,250	174,181	—	486,431
Performance-based income	156,779	18,199	—	174,978
Other service fees	19,113	—	19,647	38,760
Lending services	—	—	10,269	10,269
Other services ⁽¹⁾	19,113	—	9,378	28,491
Total revenues	581,155	201,676	19,647	802,478

(1) The Group also provides other services including education services, family trust and other services.

For the Group's revenues generated by the different geographic location, please see Note 15 segment information.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(f) Revenue Recognition (Continued)***One-time commissions*

The Group earns one-time commissions from fund raising services provided to clients or investment product providers. The Group enters into one-time commission agreements with clients or investment product providers which specify the key terms and conditions of the arrangement. One-time commissions are separately negotiated for each transaction and generally do not include rights of return, credits or discounts, rebates, price protection or other similar privileges, and typically paid on or shortly after the transaction is completed. Upon establishment of an investment product, the Group earns one-time commission from clients or investment product providers, calculated as a percentage of the investment products purchased by its clients. The Group defines the “establishment of an investment product” for its revenue recognition purpose as the time when both of the following two criteria are met: (1) the investor referred by the Group has entered into a purchase or subscription contract with the relevant product provider and, if required, the investor has transferred a deposit to an escrow account designated by the product provider and (2) the product provider has issued a formal notice to confirm the establishment of an investment product. After the contract is established, there are no significant judgments made when determining the one-time commission price. Therefore, one-time commissions is recorded at point in time when the investment product is established. For certain contracts that require a portion of the payment be deferred until the end of the investment products’ life or other specified contingency, the Group evaluates each variable consideration and recognizes revenue only when the Group concludes that it is probable that changes in its estimate of such consideration will not result in significant reversals of revenue in subsequent periods.

The Group earns one-time commissions from insurance companies by referring clients to purchase the insurance products from them, and recognizes revenues when the underlying insurance contracts become effective. The Group is also entitled to subsequent renewal commissions under certain contracts, and does not identify any additional performance obligation. The renewal commission is treated as variable consideration and the Group estimates the consideration incorporating a constraint applied to renewal. Revenue related to the variable consideration is recorded when it is probable that a significant reversal of revenue recognized will not occur.

Recurring service fees

The Group also provides investment management services to investment funds and other vehicles in exchange for recurring service fees. Recurring service fees are determined based on the types of investment products the Group distributes and/or manages and are calculated as either (i) a percentage of the total capital commitments of investments made by the investors or (ii) as a percentage of the fair value of the total investment in the investment products, calculated daily. These customer contracts require the Group to provide investment management services, which represents a performance obligation that the Group satisfies over time. After the contract is established, there are no significant judgments made when determining the transaction price. As the Group provides these services throughout the contract term, for either method of calculating recurring service fees, revenue is calculated on a daily basis over the contract term. Recurring service agreements do not include rights of return, credits or discounts, rebates, price protection or other similar privileges. Payment of recurring service fees are normally on a regular basis (typically quarterly or annually) and are not subject to clawback once determined.

Performance-based income

In a typical arrangement in which the Group serves as fund manager, and in some cases in which the Group serves as distributor, the Group is entitled to a performance-based fee based on the extent by which the fund’s investment performance exceeds a certain threshold based on the contract term. Such performance-based fees earned based on the performance of the underlying fund are a form of variable consideration in its contracts with customers to provide investment management services. Those performance-based income is typically calculated and distributed when the cumulative return of the fund can be determined. Performance-based income will not be recognized as revenue until (a) it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur, or (b) the uncertainty associated with the variable consideration is subsequently resolved. At each reporting date, the Group updates its estimate of the transaction price and concludes that it cannot include its estimate of performance-based income in the transaction price because performance-based income has various possible consideration amounts and the experience that the Group has with similar contracts is of little predictive value in determining the future performance of the funds, thus the Group cannot conclude that it is probable that a significant reversal in the cumulative amount of revenue recognized would not occur.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(f) Revenue Recognition (Continued)***Other service fees*

The Group mainly derived other service fees from lending services, investor education services and other services.

Revenue from lending services represents interest income from loan origination services, and is recognized monthly in accordance with their contractual terms and recorded as part of other service fees in the consolidated statement of operations. The Group does not charge prepayment penalties from its customers.

The Group also provides investor education services, offering various types of training programs to HNW individuals and their families. Such programs normally last several days. The service fees charged to the attendees are not refundable. The revenues are recognized at point in time when the service is completed considering the programs normally last only for a few days.

Transaction price allocation

For certain contracts that the Group provides both fund raising and investment management services involving two separate performance obligations which belong to two major streams (i.e., one time and recurring services), the Group allocates transaction price between these two performance obligations at the relative stand-alone selling price ("SSP"). Judgment is required to determine the SSP for each distinct performance obligation. As the service fee rate for each service contained in the contract is typically negotiated separately, the Group determines that those fee rates are generally consistent with SSP, and can be deemed as the transaction price allocated to each performance obligation.

Accounts receivable

Timing of revenue recognition may differ from the timing of invoicing to customers. Amounts due from related parties (receivables from funds that Gopher manages) and accounts receivable represent amounts invoiced or the Group has the right to invoice, and revenue recognized prior to invoicing when the Group has satisfied its performance obligations and has the unconditional right to consideration. As the Group is entitled to unconditional right to consideration in exchange for services transferred to customers, the Group therefore does not recognize any contract asset. The balances of accounts receivable as of March 31, 2022 were substantially within one year.

Contract liability

Contract liability (deferred revenue) relates to unsatisfied performance obligations at the end of each reporting period which consists of cash payment received in advance for recurring service fees and/or from customers of investment management services. The prepayment was normally paid on a quarterly basis and the majority of the performance obligations are satisfied within one year. The amount of revenue recognized for the three months ended March 31, 2021 and 2022 that was included in deferred revenue balance at the beginning of the year was RMB45.1 million and RMB21.3 million, respectively.

Practical expedients

The Group has used the following practical expedients as allowed under ASC 606:

The Group expenses sales commissions as incurred when the amortization period is one year or less. Sales commission expenses are recorded within "Relationship manager compensation" in the interim condensed consolidated statements of operations.

The Group assessed and concluded that there is no significant financing component given that the period between performance and payment is generally one year or less.

The Group has also applied the practical expedient for certain revenue streams to not disclose the value of remaining performance obligations for (i) contracts with an original expected term of one year or less or (ii) contracts for which the Group recognizes revenue in proportion to the amount the Group has the right to invoice for services performed.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)**(g) Foreign Currency Translation**

The Company's reporting currency is Renminbi ("RMB"). The Company's functional currency is the United States dollar ("U.S. dollar or US\$"). The Company's operations are principally conducted through the subsidiaries and VIEs located in the PRC where RMB is the functional currency. For those subsidiaries and VIEs which are not located in the PRC and have the functional currency other than RMB, the financial statements are translated from their respective functional currencies into RMB.

Assets and liabilities of the Group's overseas entities denominated in currencies other than the RMB are translated into RMB at the rates of exchange ruling at the balance sheet date. Equity accounts are translated at historical exchange rates and revenues, expenses, gains and losses are translated using the average rate for the year. Translation adjustments are reported as foreign currency translation adjustment and are shown as a separate component of other comprehensive income (loss) in the interim condensed consolidated statements of comprehensive income (loss).

Translations of amounts from RMB into US\$ are included solely for the convenience of the readers and have been made at the rate of US\$1 = RMB6.3393 on March 31, 2022, representing the certificated exchange rate published by the Federal Reserve Board. No representation is intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into US\$ at that rate, or at any other rate.

(h) Allowance for credit losses

The Group utilizes a current expected credit losses model for financial instruments measured at amortized cost, including loans receivable, amount due from related parties, accounts receivable and other receivable, and held-to-maturities debt investments. CECL estimates on those financial instruments are recorded as allowance for credit losses on the Group's interim condensed consolidated statements of operations. The Group continues to monitor the financial implications of the COVID-19 pandemic and regulatory change of certain industries on expected credit losses.

Allowance for loan losses. The expected loss is computed for each loan on an individual basis considering its own risk characteristics. For loans secured by investment products issued by the Group, the expected loss is estimated using a probability of default and loss given assumption derived from a statistical model which incorporates the estimated value of collaterals, term of the loan and historical loss information. For loans secured by real estate properties, the expected loss is derived using discounted cash flow methodology. The projection of cash flows is determined by a combination of factors including the value of collaterals, historical collection experience, industry recovery rates of loans with similar risk characteristics and other available relevant information about the collectability of cash flows.

The Group estimates the allowance for loan losses on a quarterly basis and qualitatively adjusts model results, if needed, for risk factors that are not considered within the models, which are relevant in assessing the expected credit losses within the loan balances. Charge-offs of principal amounts, net of recoveries are deducted from the allowance. The changes of allowances for loan losses are detailed in Note 9.

Allowance for accounts receivable and other financial assets. The Group has identified the relevant risk characteristics of accounts receivable and amounts due from related parties which include size, type of the services or the products the Group provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Group considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include types of investment products that the Group distributes, the NAV of underlying funds and payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Group's receivables. Additionally, external data and macroeconomic factors are also considered. When specific customers are identified as no longer sharing the same risk profile as their current pool, they are removed from the pool and evaluated separately. This is assessed at each quarter based on the Group's specific facts and circumstances. Accounts are written off against the allowance when it becomes evident that collection will not occur.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Allowance for credit losses (Continued)

The Group evaluates CECL on other forms of financial assets, including other current assets and other non-current assets with the similar approach of accounts receivable.

The following table summarizes the changes of allowances for each category of affected assets:

	Amount due from related parties	Accounts receivable	Other financial receivables
	RMB	RMB	RMB
Balance at January 1, 2022	30,128	458	4,000
Provisions	–	830	–
Foreign currency adjustments	(107)	–	–
	<u>30,021</u>	<u>1,288</u>	<u>4,000</u>
Balance at March 31, 2022	<u>30,021</u>	<u>1,288</u>	<u>4,000</u>

(i) Recently Adopted Accounting Pronouncements

In November 2021, the FASB issued ASU 2021-10, Government Assistance (Topic 832) — Disclosures by Business Entities about Government Assistance. The amendments in this ASU require disclosures about transactions with a government that have been accounted for by analogizing to a grant or contribution accounting model to increase transparency about (1) the types of transactions, (2) the accounting for the transactions, and (3) the effect of the transactions on an entity's financial statements. The amendments in this ASU are effective for all entities within their scope for financial statements issued for annual periods beginning after December 15, 2021. The Group has adopted this guidance since January 1, 2022 and the adoption does not have a material impact on its interim condensed consolidated financial statements.

3. NET INCOME PER SHARE

The following table sets forth the computation of basic and diluted net income per share attributable to ordinary shareholders:

	Three Months Ended March 31, (Amount in Thousands, Except Share and Per Share Data)	
	2021	2022
	Class A and Class B	Class A and Class B
Net income attributable to Class A and Class B ordinary shareholders — basic and diluted	<u>454,093</u>	<u>305,242</u>
Weighted average number of Class A and Class B ordinary shares outstanding — basic	33,545,890	33,617,635
Plus: share options and non-vested restricted shares	<u>240,129</u>	<u>122,778</u>
Weighted average number of Class A and Class B ordinary shares outstanding — diluted	<u>33,786,019</u>	<u>33,740,413</u>
Basic net income per share	13.54	9.08
Diluted net income per share	13.44	9.04

3. NET INCOME PER SHARE (Continued)

In January 2016, the Company's shareholders voted in favor of a proposal to adopt a dual-class share structure, pursuant to which authorized share capital was reclassified and re-designated into Class A ordinary shares and Class B ordinary shares, with each Class A ordinary share being entitled to one vote and each Class B ordinary share being entitled to four votes on all matters that are subject to shareholder vote. As economic rights and obligations are applied equally to both Class A and Class B ordinary shares, earnings are allocated between the two classes of ordinary shares evenly with the same allocation on a per share basis.

Shares issuable to the investors of Camsing Incident (as defined in Note 13) are included in the computation of basic earnings per share as the shares will be issued for no cash consideration and all necessary conditions have been satisfied upon the settlement.

Diluted net income per share does not include the following instruments as their inclusion would be antidilutive:

	Three Months Ended March 31,	
	2021	2022
	Class A and Class B	Class A and Class B
Share options	3,087	362,399
Non-vested restricted shares under share incentive plan	1,920	56,067
Total	<u>5,007</u>	<u>418,466</u>

4. INVESTMENTS

The following table summarizes the Group's investment balances:

	As of		
	(Amount in Thousands)		
	December 31, 2021	March 31, 2022	March 31, 2022
	RMB	RMB	US\$
Short-term investments			
Held-to-maturity investments	29,288	19,625	3,095
Available-for-sale investment	13,805	13,733	2,166
Trading debt securities	14,804	–	–
Equity securities measured at fair value	7,925	4,055	640
Investments held by consolidated investment funds measured at fair value	26,981	26,934	4,249
Total short-term investments	<u>92,803</u>	<u>64,347</u>	<u>10,150</u>

4. INVESTMENTS (Continued)

	As of (Amount in Thousands)		
	December 31, 2021	March 31, 2022	March 31, 2022
	RMB	RMB	US\$
Long-term investments			
Available-for-sale investments	–	–	–
Investments held by consolidated investment funds measured at fair value	80,327	78,489	12,382
– Other long-term investments			
– Investments measured at fair value	376,957	473,181	74,642
– Investments measured at cost less impairment			
– Private equity funds products	96,302	96,392	15,205
– Other investments measured at cost less impairment	114,986	51,112	8,063
Total other long-term investments	588,245	620,685	97,910
Total long-term investments	668,572	699,174	110,292
Total investments	761,375	763,521	120,442

Held-to-maturity investments consist of investments managed by the Group that have stated maturity and normally pay a prospective fixed or floating rate of return, carried at amortized cost. The Group recorded investment income on these products of RMB1,317 and RMB183 for the three months ended March 31, 2021 and 2022, respectively. The gross unrecognized holding gain was RMB612 and RMB289 as of December 31, 2021 and March 31, 2022, respectively. No credit loss related to held-to-maturity investments was recognized for the three months ended March 31, 2021 and 2022, respectively.

Available-for-sale investment consists of a investment that has stated maturity and normally pay a prospective fixed rate of return, carried at fair value. The available-for-sale investment as of March 31, 2022 of RMB13,733 will mature in 2022. No changes in fair value or realized gains of available-for-sale investment incurred for the periods presented. The amortized cost of the available-for-sale investment was RMB13,805 and RMB13,733 as of December 31, 2021 and March 31, 2022, respectively.

The consolidated investment funds are, for GAAP purposes, investment companies and reflect their investments at fair value. The Group has retained this specialized accounting for the consolidated funds in consolidation. Accordingly, the unrealized gains and losses resulting from changes in fair value of the investments held by the consolidated investment funds are recorded in the interim condensed consolidated statements of operations as investment income.

Other long-term investments consist of investments in several private equity funds as a limited partner with insignificant equity interest and equity investments of common shares of several companies with less than 20% interest. The Group elects to measure these investments at fair value or at cost, less impairment depending on whether the investments have readily determinable fair value. No impairment loss related to investments measured at cost, less impairment was recognized for the three months ended March 31, 2021 and 2022, respectively.

5. FAIR VALUE MEASUREMENT

As of December 31, 2021 and March 31, 2022, information about (i) inputs into the fair value measurements of the Group's assets that are measured at fair value on a recurring basis in periods subsequent to their initial recognition and (ii) investments measured at NAV or its equivalent as a practical expedient is as follows:

Description	Fair Value Measurements at Reporting Date Using (Amount in Thousands)				
	As of December 31, 2021 (Amount in Thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
	RMB	RMB	RMB	RMB	RMB
Short-term investments					
Available-for-sale investment	13,805	-	13,805	-	-
Trading debt securities	14,804	14,804	-	-	-
Equity securities measured at fair value	7,925	7,925	-	-	-
Investments held by consolidated investment fund	26,981	-	26,981	-	-
Long-term investments					
Investments held by consolidated investment fund	80,327	-	80,327	-	-
Other long-term investments measured at fair value	376,957	3,766	127,678	217,269	28,244

Description	Fair Value Measurements at Reporting Date Using (Amount in Thousands)				
	As of March 31, 2022 (Amount in Thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
	RMB	RMB	RMB	RMB	RMB
Short-term investments					
Available-for-sale investment	13,733	-	13,733	-	-
Equity securities measured at fair value	4,055	4,055	-	-	-
Investments held by consolidated investment fund	26,934	-	26,934	-	-
Long-term investments					
Investments held by consolidated investment fund	78,489	-	78,489	-	-
Other long-term investments measured at fair value	473,181	2,959	223,117	218,823	28,282

Short-term trading debt securities investments are classified as Level 1 because they are valued using quoted prices of the same securities as they consist of bonds issued by public companies and publicly traded. Short-term equity securities measured at fair value are valued based on the quoted stock price of its investees in the active market and are classified within Level 1.

The fair value of available-for-sale investments is measured using discounted cash flow model based on contractual cash flow and a discount rate of prevailing market yield for products with similar terms as of the measurement date, as such, it is classified within Level 2 measurement.

5. FAIR VALUE MEASUREMENT (Continued)

As of December 31, 2021 and March 31, 2022, the Group had several consolidated investment funds whose underlying investments were either bonds or asset management plans. The bonds have stated maturity and normally pay a prospective fixed rate of return and using discounted cash flow model based on contractual cash flow and a discount rate of prevailing market yield for products with similar terms as of the measurement date, as such, it is classified within Level 2 measurement. The asset management plans measured at recent observable transaction prices are classified within Level 2 as well.

Other long-term investments measured at fair value are (i) equity investments in listed companies whose fair value can be obtained through active markets which is classified within Level 1 measurement, (ii) private equity funds categorized within Level 2 or Level 3 of the fair value hierarchy, and (iii) private equity funds measured at NAV.

With respect to the private equity funds within Level 3 measurement, the Group generally uses a market comparable analysis. The valuation methodology requires a subjective process in determining significant inputs and making assumptions and judgments, for which the Group considers and evaluates including, but not limited to, (1) comparable data wherever possible to quantify or adjust the fair value, (2) quantitative information about significant unobservable inputs used by the third party and (3) prevailing market conditions. The uncertainty of the fair value measurement due to the use of these unobservable inputs and assumptions could have resulted in higher or lower determination of fair value. Accordingly, an increase (a decrease) in valuation multiple (e.g. Enterprise Value/EBITDA Multiple and Enterprise Value/Sales Multiple) in isolation would have resulted in a significantly higher (lower) fair value and an increase (a decrease) in illiquidity discount in isolation would have resulted in a significantly lower (higher) fair value of these private equity funds within Level 3 measurement. There is inherent uncertainty involved in the valuation of level 3 investments and therefore there is no assurance that, upon liquidation or sale, the Group could realize the values reflected in the valuations.

A reconciliation of the beginning and ending balances of the investments measured at fair value using significant unobservable inputs (Level 3) for the three months ended March 31, 2022, presented as follows:

	RMB
	(Amount in Thousands)
Level 3 investments as of January 1, 2022	217,269
Changes in fair value included in investment income	1,724
Foreign currency translation adjustments	(170)
	<hr/>
Level 3 investments as of March 31, 2022	218,823
	<hr/> <hr/>
Changes in net unrealized gains included in investment income related to Level 3 investments still held as of March 31, 2022	6,317

Total realized and unrealized gains and losses recorded for Level 3 investments are reported in investment income (loss) in the interim condensed consolidated statements of operations.

The Group also has financial instruments that are not reported at fair value on the consolidated balance sheets but whose fair value is practicable to estimate, which include cash and cash equivalents, restricted cash, accounts receivable, amounts due from related parties, short-term held-to-maturity investments, loans receivable, other receivables and payables. The carrying amount of these short-term financial instruments approximates their fair value due to the short-term nature.

6. INVESTMENTS IN AFFILIATES

The following table summarizes the Group's balances of investments in affiliates:

	As of (Amount in Thousands)		
	December 31, 2021	March 31, 2022	March 31, 2022
	RMB	RMB	US\$
Kunshan Jingzhao	8,480	7,600	1,199
Wanjia Win-Win	93,223	93,118	14,689
Others	10,780	8,492	1,340
Funds that the Group serves as general partner	1,289,600	1,321,136	208,404
– Gopher Transform Private Fund	108,385	107,516	16,960
– Real estate funds and real estate funds of funds	36,033	36,035	5,684
– Private equity funds of funds	1,133,336	1,166,338	183,985
– Others	11,846	11,247	1,775
Total investments in affiliates	1,402,083	1,430,346	225,632

In May 2011, the Group injected RMB4.0 million into Kunshan Jingzhao Equity Investment Management Co., Ltd (“Kunshan Jingzhao”), a newly setup joint venture, for 40% of the equity interest. Kunshan Jingzhao principally engages in real estate fund management business.

In February 2013, Gopher Asset Management injected RMB21.0 million into Wanjia Win-Win Assets Management Co., Ltd (“Wanjia Win-Win”), a newly setup joint venture, for 35% of the equity interest. Wanjia Win-Win principally engages in wealth management plan management business. In December 2017, the share owned by the Group had been diluted to 28%.

In the fourth quarter of 2016, the Group injected RMB150 million into Gopher Transformation Private Fund, which accounted for 48% of total actual distribution volume. The fund principally invested in a limited partnership to invest one real-estate company. Although managed by Gopher, the fund are not consolidated by the Group based on the fact that substantive kick-out rights exist which are exercisable by a simple-majority of non-related limited partners of the fund to dissolve (liquidate) the fund or remove the Group as the general partner of the fund without cause. In the year 2017, due to capital subscription by limited partners, the equity interest owned by the Group had been diluted to 35%.

The Group invested in private equity funds of funds, real estate funds and real estate funds of funds, and other public securities funds of funds that Gopher serves as general partner or fund manager. The Group held less than 10% equity interests in these funds as a general partner. The Group accounts for these investments using the equity method of accounting due to the fact that the Group can exercise significant influence on these investees in the capacity of general partner or fund manager.

The Group recognized impairment losses totaling nil related to investments in affiliates for the three months ended March 31, 2021 and 2022, respectively.

7. OTHER CURRENT LIABILITIES

Components of other current liabilities are as follows:

	As of (Amount in Thousands)		
	December 31, 2021	March 31, 2022	March 31, 2022
	RMB	RMB	US\$
Accrued expenses	265,212	204,460	32,253
Advance from customers	26,435	28,518	4,499
Deposits from other business	6,634	6,735	1,062
Payable to individual investors of other business	10,831	10,392	1,639
Payable for purchases of property and equipment	44,875	36,289	5,724
Other tax payable	71,939	37,430	5,904
Operating lease liability — current	91,288	89,855	14,174
Payable to individual for trust service	26,928	7,655	1,208
Payables to suppliers	71,590	63,677	10,045
Other payables	33,523	33,203	5,238
Total	649,255	518,214	81,746

Accrued expenses mainly consist of payables for marketing expenses and professional service fees.

8. INCOME TAXES

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on its income or capital gains. In addition, the Cayman Islands do not impose withholding tax on dividend payments.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the first HK\$2 million of profits earned by the Company's subsidiaries incorporated in Hong Kong will be taxed at half the current tax rate (i.e. 8.25%) while the remaining profits will continue to be taxed at the existing 16.5% tax rate. The profits of group entities incorporated in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. In addition, payments of dividends from Hong Kong subsidiaries to their shareholders are not subject to any Hong Kong withholding tax.

PRC

Under the Law of the People's Republic of China on Enterprise Income Tax, domestically-owned enterprises and foreign-invested enterprises are subject to a uniform tax rate of 25%. Zigong Noah Financial Service Co., Ltd. falls within the encouraged industries catalogue in Western China, which is eligible for preferential income tax rate of 15%. Ark (Shanghai) Network Technology Co., Ltd. obtained the approval for preferential income tax rate of 15% due to High and New Technology Enterprise in November 2020 and such preferential income tax rate will expire in 2023.

8. INCOME TAXES (Continued)

The tax expense comprises:

	Three Months Ended March 31, (Amount in Thousands)		
	2021	2022	2022
	RMB	RMB	US\$
Current Tax	129,732	78,531	12,387
Deferred Tax	114	(1,195)	(188)
Total	129,846	77,336	12,199
Effective income tax rate	23.0%	22.0%	22.0%

For interim income tax reporting, the Group estimates its annual effective tax rate and applies it to its year-to-date ordinary income.

9. LOANS RECEIVABLE, NET

Loans receivable as of December 31, 2021 and March 31, 2022 consists of the following:

	As of (Amount in Thousands)		
	December 31, 2021	March 31, 2022	March 31, 2022
	RMB	RMB	US\$
Loans receivable:			
– Within credit term	536,758	517,675	81,661
– Past due	152,934	144,791	22,840
Total loans receivable	689,692	662,466	104,501
Allowance for credit losses	(93,926)	(84,111)	(13,268)
Loans receivable, net	595,766	578,355	91,233

The loan interest rates range between 4% and 17% for the three months ended March 31, 2021 and 2022. Majority of loans were short-term loans and recorded within loans receivable, net, and long-term loans of RMB65.5 million were recorded in other non-current assets as of March 31, 2022. RMB620.8 million and RMB649.3 million of the balance is secured by collateral as of December 31, 2021 and March 31, 2022, respectively. The Group also purchased past due loans from third parties with the amount of RMB18.1 million and nil for the three months ended March 31, 2021 and 2022, respectively. The purchased past due loans of RMB17.4 million and RMB4.3 million were collected or transferred to other investors, for the three months ended March 31, 2021 and 2022, respectively.

9. LOANS RECEIVABLE, NET (Continued)

The following table presents the activity in the allowance for loan losses as of and for the three months ended March 31, 2022.

	(Amount in Thousands)	
	RMB	US\$
Loans receivable — January 1, 2022	93,926	14,816
Provisions	24	4
Reversal of allowance provided	(9,839)	(1,552)
	<u> </u>	<u> </u>
Loans receivable — March 31, 2022	<u>84,111</u>	<u>13,268</u>

During the three months ended March 31, 2022, loans receivable of RMB213 written off previously was recovered and recorded as credits to provision for credit losses.

10. LEASE**As a lessee:**

Operating lease assets primarily represents various facilities under non-cancelable operating leases expiring within one to ten years. Lease costs are included in either selling or general, and administrative expenses depending on the use of the underlying asset. Operating lease expenses, including the short-term lease cost which was immaterial, were RMB23,828 and RMB24,431 for the three months ended March 31, 2021 and 2022, respectively. Cash payments against operating lease liabilities were RMB23,485 and RMB26,233 for the three months ended March 31, 2021 and 2022, respectively.

Supplemental consolidated balance sheet information related to leases was as follows:

	As of		
	(Amount in Thousands)		
	December 31, 2021	March 31, 2022	March 31, 2022
	RMB	RMB	US\$
Operating leases:			
Operating leases right-of-use assets	223,652	212,993	33,599
Current portion of lease liabilities	91,288	89,855	14,174
Non-current portion of lease liabilities	130,956	120,790	19,054
	<u> </u>	<u> </u>	<u> </u>
Total operating lease liabilities	<u>222,244</u>	<u>210,645</u>	<u>33,228</u>
Weighted average remaining lease term (years)	2.85	2.72	
Weighted average discount rate	4.38%	4.38%	

10. LEASE (Continued)

The maturities of operating lease liabilities for the next five years and thereafter as of March 31, 2022, are as follows:

	<u>As of March 31, 2022</u>
	<u>(Amount in Thousands)</u>
	<u>RMB</u>
Within 1 year	93,795
Between 1 and 2 years	70,652
Between 2 and 3 years	42,874
Between 3 and 4 years	11,740
Between 4 and 5 years	1,879
Total lease payment	220,940
Less imputed interest	(10,295)
	<u>210,645</u>
Total	<u>210,645</u>

11. SHARE REPURCHASE

On December 1, 2020, the Company announced that its board of directors authorized a share repurchase program (the “Share Repurchase Program”) under which the Company may repurchase up to US\$100 million worth of its ADSs over the following two years. The Company completed the Share Repurchase Program on February 25, 2021. For the three months period ended March 31, 2021, the Company purchased an aggregate of 1,145,366 ADSs (represents 572,683 ordinary shares) for a total cash consideration of RMB363,073, including repurchase commissions.

12. SHARE-BASED COMPENSATION

The following table presents the Company’s share-based compensation expense by type of award:

	<u>Three Months Ended March 31,</u>		
	<u>(Amount in Thousands)</u>		
	<u>2021</u>	<u>2022</u>	<u>2022</u>
	<u>RMB</u>	<u>RMB</u>	<u>US\$</u>
Share options	2,691	5,022	792
Non-vested restricted shares	7,453	5,824	919
	<u>10,144</u>	<u>10,846</u>	<u>1,711</u>
Total share-based compensation	<u>10,144</u>	<u>10,846</u>	<u>1,711</u>

During the year ended December 31, 2017, the Group adopted its 2017 share incentive plan (the “2017 Plan”). Under the 2017 Plan, the maximum aggregate number of shares in respect of which options, restricted shares, or restricted share units may be issued shall be 2,800,000 shares. The term of any options, restricted shares, or restricted share units granted under the 2017 Plan shall not exceed ten years. Options, restricted shares or restricted share units generally vest 25% on the first anniversary of the grant date with the remaining 75% vesting ratably over the following 36 months. No share options or non-vested restricted shares were granted for the three months ended March 31, 2021 and 2022, respectively. As of March 31, 2022, there was RMB70,519 of unrecognized compensation expense related to unvested share options, which is expected to be recognized over a weighted average period of 4.90 years. The total fair value of non-vested restricted shares vested during the three months ended March 31, 2021 and 2022 was RMB8,287 and RMB1,716, respectively. As of March 31, 2022, there was RMB37,654 in total unrecognized compensation expense related to such non-vested restricted shares, which is expected to be recognized over a weighted-average period of 4.44 years.

13. SETTLEMENT FOR CAMSING INCIDENT

In July 2019, in connection with certain funds managed (“Camsing Credit Funds” or “Camsing Products”) by Shanghai Gopher Asset Management Co., Ltd. (“Shanghai Gopher”), a consolidated affiliated subsidiary of the Company, it is suspected that fraud had been committed by third parties related to the underlying investments (the “Camsing Incident”). A total of 818 investors were affected, and the outstanding amount of the investments that is potentially subject to repayment upon default amounted to RMB3,415.5 million.

Settlement Plan

To preserve the Group’s goodwill with affected investors, it voluntarily made an ex gratia settlement offer (the “Settlement Plan”) to affected investors. An affected investor accepting the offer shall receive restricted share units (“RSUs”), which upon vesting will become Class A ordinary shares of the Company, and in return forgo all outstanding legal rights associated with the investment in the Camsing Credit Funds and irrevocably release the Company and all its affiliated entities and individuals from any and all claims immediately, known or unknown, that relate to the Camsing Credit Funds. The number of Class A ordinary shares each investor is entitled to is determined based on a fixed ratio of the investor’s outstanding investments in Camsing Products at 2,886 ADSs per RMB1 million.

On August 24, 2020, the Settlement Plan was approved by the Board of Directors of the Company that a total number of new Class A ordinary shares not exceeding 1.6% of the share capital of the Company has been authorized to be issued each year for a consecutive ten years for the Settlement Plan.

Two plans (“Plan A” or “Plan B”) were offered for the investors to choose. Under Plan A, the Group will issue RSUs to the investor’s designated trust plan. 1/10 of the RSUs shall be vested immediately at contract inception and the remaining 9/10 will be vested evenly in the following 9 years subject to certain performance conditions by the investors. Plan B has the same terms as those of Plan A, except that the investor has an option (the “Option”) to call back the beneficial rights of transferred Camsing Products (but not the legal title) or keep the RSUs at the third anniversary of contact (“Year 3”). All RSUs issued within the period from contract inception to Year 3 cannot be vested until the investor chooses to retain the RSUs. Under either plan, mutual understandings are established that the Group has committed and has contractual obligations to issue the shares to the settled investors regardless of the actual execution of the Option, which is deemed remote to occur, and/or the fulfillment of the performance conditions.

The Group evaluated and concluded the financial instruments to be issued under the Settlement Plan meet equity classification under ASC 815-40-25-10. Therefore, such instruments were initially measured at fair value and recognized as part of additional-paid-in-capital.

To value the RSUs, the Group uses the Black-Scholes pricing model to calculate the discounts for lack of marketability. Determining the appropriate fair-value model and calculating the fair value of RSUs requires considerable judgment, including estimating stock price volatility. The computation of expected volatility was based on the historical volatility of the Company’s common shares for a period that coincides with restriction period of the RSUs.

As of March 31, 2022, 595 out of the total 818 investors (approximately 72.7%) had accepted settlements under the plan, representing RMB2,574.9 million out of the total outstanding investments of RMB3,415.5 million (approximately 75.4%) under the Camsing Products. The total number of RSUs to be issued is 3,533,420 shares. No settlement incurred for the periods presented.

The Option under Plan B can be exercised separately from the RSUs and is determined to be a freestanding derivative liability and measured at estimated fair value based on the recovery value of Camsing Products. The Group used the available information and determined the fair value of Option to be nil as of December 31, 2021 and March 31, 2022, respectively. The fair value of the derivative will be re-assessed at each reporting period.

14. EMPLOYEE BENEFIT PLANS

Majority of full time employees of the Group participate in a PRC government-mandated multi-employer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. PRC labor regulations require the Group to accrue for these benefits based on a certain percentage of the employees' salaries. The total contribution for such employee benefits were RMB53,913 and RMB62,128 for the three months ended March 31, 2021 and 2022, respectively. The Group has no ongoing obligation to its employees subsequent to its contributions to the PRC plan.

15. SEGMENT INFORMATION

The Group uses the management approach to determine operating segments. The management approach considers the internal organization and reporting used by the Group's chief operating decision maker ("CODM") for making decisions, allocating resources and assessing performance. The Group's CODM has been identified as the chief executive officer, who reviews consolidated results including revenues, operating cost and expenses and income (loss) from operations when making decisions about allocating resources and assessing performance of the Group.

The Group believes it operates in three reportable segments: wealth management, asset management and, other business. The Group's CODM does not review balance sheet information of the segments.

Segment information of the Group's business is as follow:

	Three Months Ended March 31, 2021 (Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
Revenues:				
Revenues from others				
One-time commissions	278,463	241	–	278,704
Recurring service fees	219,319	1,194	–	220,513
Performance-based income	276,524	–	–	276,524
Other service fees	14,017	1,390	8,306	23,713
	<u>788,323</u>	<u>2,825</u>	<u>8,306</u>	<u>799,454</u>
Total revenues from others				
Revenues from funds Gopher manages				
One-time commissions	16,270	29,876	–	46,146
Recurring service fees	95,971	160,726	–	256,697
Performance-based income	50,726	77,830	–	128,556
	<u>162,967</u>	<u>268,432</u>	<u>–</u>	<u>431,399</u>
Total revenues from funds Gopher manages				
Total revenues	951,290	271,257	8,306	1,230,853
Less: VAT related surcharges and other taxes	(4,838)	(1,229)	(50)	(6,117)
	<u>946,452</u>	<u>270,028</u>	<u>8,256</u>	<u>1,224,736</u>
Net revenues				
Operating cost and expenses:				
Compensation and benefits				
Relationship manager compensation	(206,790)	(82)	–	(206,872)
Other compensations	(215,289)	(138,854)	(21,110)	(375,253)

15. SEGMENT INFORMATION (Continued)

	Three Months Ended March 31, 2021 (Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
Total compensation and benefits	(422,079)	(138,936)	(21,110)	(582,125)
Selling expenses	(66,827)	(12,001)	(4,627)	(83,455)
General and administrative expenses	(55,924)	(18,094)	(6,267)	(80,285)
Provision for credit losses	–	–	(3,407)	(3,407)
Other operating expenses	(22,083)	(1,805)	(3,200)	(27,088)
Government subsidies	38,596	15,283	135	54,014
Total operating cost and expenses	(528,317)	(155,553)	(38,476)	(722,346)
Income (loss) from operations	418,135	114,475	(30,220)	502,390
	Three Months Ended March 31, 2022 (Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
Revenues:				
Revenues from others				
One-time commissions	81,154	–	–	81,154
Recurring service fees	193,379	–	–	193,379
Performance-based income	142,911	–	–	142,911
Other service fees	19,113	–	19,647	38,760
Total revenues from others	436,557	–	19,647	456,204
Revenues from funds Gopher manages				
One-time commissions	11,859	9,296	–	21,155
Recurring service fees	118,871	174,181	–	293,052
Performance-based income	13,868	18,199	–	32,067
Total revenues from funds Gopher manages	144,598	201,676	–	346,274
Total revenues	581,155	201,676	19,647	802,478
Less: VAT related surcharges and other taxes	(2,711)	(1,039)	(3,036)	(6,786)
Net revenues	578,444	200,637	16,611	795,692
Operating cost and expenses:				
Compensation and benefits				
Relationship manager compensation	(99,688)	(10,307)	–	(109,995)
Other compensations	(148,135)	(89,517)	(10,258)	(247,910)

15. SEGMENT INFORMATION (Continued)

	Three Months Ended March 31, 2022 (Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
Total compensation and benefits	(247,823)	(99,824)	(10,258)	(357,905)
Selling expenses	(52,043)	(4,234)	(3,629)	(59,906)
General and administrative expenses	(42,754)	(10,029)	(5,424)	(58,207)
Provision for credit losses	(603)	(227)	10,028	9,198
Other operating expenses	(5,516)	(1,270)	(22,849)	(29,635)
Government subsidies	5,639	8,885	34	14,558
Total operating cost and expenses	(343,100)	(106,699)	(32,098)	(481,897)
Income (loss) from operations	235,344	93,938	(15,487)	313,795

The following table summarizes the Group's revenues generated by the different geographic location.

	Three Months Ended March 31, 2021 (Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
Mainland China	697,471	187,621	8,306	893,398
Hong Kong	230,621	76,431	–	307,052
Others	23,198	7,205	–	30,403
Total revenues	951,290	271,257	8,306	1,230,853

	Three Months Ended March 31, 2022 (Amount in Thousands)			
	Wealth Management Business	Assets Management Business	Other Businesses	Total
	RMB	RMB	RMB	RMB
Mainland China	425,237	166,774	19,647	611,658
Hong Kong	90,431	11,991	–	102,422
Others	65,487	22,911	–	88,398
Total revenues	581,155	201,676	19,647	802,478

Substantially all of the Group's revenues are derived from, and its assets are located in the Mainland China and Hong Kong.

16. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The table below sets forth major related parties and their relationships with the Group:

Company Name	Relationship with the Group
Sequoia Capital Investment Management (Tianjin) Co., Ltd.	Affiliate of shareholder of the Group
Wanjia Win-Win	Investee of Gopher Asset Management Co., Ltd. (“Gopher Assets”)
Zhejiang Vanke-Noah Asset Management Co., Ltd. (“Zhejiang Vanke”)	Investee of Gopher Assets
Shanghai Dingnuo Technology Co., Ltd. (“Dingnuo”)	Affiliate of shareholder of the Group
Investee funds of Gopher Assets	Investees of Gopher Assets, a consolidated VIE of the Group
Investee funds of Gopher Capital GP Ltd.	Investees of Gopher Capital GP Ltd., a subsidiary of the Group
Shanghai Noah Charity Fund	A charity fund established by the Group

During the three months ended March 31, 2021 and 2022, related party transactions were as follows:

	Three Months Ended March 31, (Amount in Thousands)		
	2021	2022	2022
	RMB	RMB	US\$
One-time commissions			
Investee funds of Gopher Assets	46,145	21,156	3,337
Recurring service fees			
Investee funds of Gopher Assets	186,922	187,915	29,643
Sequoia Capital Investment Management (Tianjin) Co., Ltd.	5,818	4,198	662
Investee funds of Gopher Capital GP Ltd.	67,061	100,939	15,923
Total recurring services fee	259,801	293,052	46,228

16. RELATED PARTY TRANSACTIONS (Continued)

	Three Months Ended March 31, (Amount in Thousands)		
	2021	2022	2022
	RMB	RMB	US\$
Performance-based income			
Investee funds of Gopher Assets	21,830	15,839	2,499
Investee funds of Gopher Capital GP Ltd.	106,726	16,227	2,560
Total performance-based income	128,556	32,066	5,059
Other service fees			
Investee funds of Gopher Assets	–	418	66
Total	434,502	346,692	54,690

As of December 31, 2021 and March 31, 2022, amounts due from related parties associated with the above trading transactions were comprised of the following:

	As of (Amount in Thousands)		
	December 31, 2021	March 31, 2022	March 31, 2022
	RMB	RMB	US\$
Investee funds of Gopher Assets	303,280	394,274	62,195
Investee funds of Gopher Capital GP Ltd.	97,378	85,117	13,427
Total	400,658	479,391	75,622

As of December 31, 2021 and March 31, 2022, amounts due from related parties associated with loan distributed were comprised of the following:

	As of (Amount in Thousands)		
	December 31, 2021	March 31, 2022	March 31, 2022
	RMB	RMB	US\$
Investee funds of Gopher Assets	18,850	21,716	3,426
Investee funds of Gopher Capital GP Ltd.	31,881	31,426	4,957
Total	50,731	53,142	8,383

These non-trade loans are due on demand and expected to be matured within one year, most of which are interest free.

16. RELATED PARTY TRANSACTIONS (Continued)

As of December 31, 2021 and March 31, 2022, deferred revenues related to the recurring management fee received in advance from related parties were comprised of the following:

	As of (Amount in Thousands)		
	December 31, 2021	March 31, 2022	March 31, 2022
	RMB	RMB	US\$
Investee funds of Gopher Assets	16,373	21,666	3,418
Investee funds of Gopher Capital GP Ltd.	738	2,199	347
Total	17,111	23,865	3,765

During the three months ended March 31, 2021 and 2022, donation made to Shanghai Noah Charity Fund were nil and RMB0.2 million, respectively.

During the three months ended March 31, 2021 and 2022, the Group paid nil and RMB0.2 million as service fees to Dingnuo for development of an online mutual fund work station for the Group's relationship managers and one-stop service platform for private equity fund managers, respectively.

17. CONTINGENCIES

Camsing Incident

As disclosed in Note 13, the Group offered a voluntary settlement plan in 2020 to all affected Camsing investors, and as of March 31, 2022, approximately 72.7% of the Camsing investors had accepted the settlement plan, representing approximately 75.4% of the total outstanding investments of RMB3,415.5 million under the Camsing Products. The Group currently has no new settlement plan for the remaining unsettled investors, but would not preclude reaching settlements in the future with similar terms. The Group estimated the probable amount of future settlement taking into consideration of possible forms of settlement and estimated acceptable level, and recorded it as a contingent liability in the amount of RMB431.1 million as of March 31, 2022.

As of March 31, 2022, there were 31 investors whose legal proceedings against Shanghai Gopher and/or its affiliates, with an aggregate claim amount approximately RMB109.6 million were still outstanding. The Group is of the view that these proceedings will not have a material adverse effect on the Group's business. As of the date of the approval of these interim condensed consolidated financial statements by the Board of Directors of the Company, the management has assessed, based on its PRC legal counsels' advices, the Group cannot reasonably predict the timing or outcomes of, or estimate the amount of loss, or range of loss, if any, related to the pending legal proceedings.

Others

The Group is subject to periodic legal or administrative proceedings in the ordinary course of business. Other than those related to the Camsing Incident, the Group does not have any pending legal or administrative proceedings to which the Group is a party that will have a material effect on its business or financial condition.

18. SUBSEQUENT EVENTS

The Group has evaluated subsequent events through June 30, 2022, being the date of approval of these interim condensed consolidated financial statements by the Board of Directors of the Company, and noted no significant subsequent events.

The following information set out in this appendix does not form part of the accountants' report on the historical financial information of the Group for the three years ended December 31, 2021 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of Noah Holding Limited (the "Company"), as set out in Appendix IA to this document and is included in this document for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this document and the Accountants' Report set out in Appendix IA to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

The following unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is set out to illustrate the effect of the Global Offering on the audited consolidated net tangible assets of the Group attributable to the ordinary shareholders of the Company as of December 31, 2021, as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group, had the Global Offering been completed as of December 31, 2021 or at any future dates. It is prepared based on the audited consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of December 31, 2021 as derived from the Accountants' Report, the text of which is set out in Appendix IA to the Prospectus, and adjusted as described below.

Audited consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of December 31, 2021	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of December 31, 2021	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per Share	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per ADS	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per Share	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per ADS
(in thousands of RMB) (Note 1)	(in thousands of RMB) (Note 2)	(in thousands of RMB)	RMB (Note 3)	RMB (Note 4)	HK\$ (Note 5)	HK\$ (Note 5)

Based on the indicative offer price of HK\$307.00 per Offer Share

8,040,775	244,443	8,285,218	265.74	132.87	310.60	155.30
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Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of December 31, 2021 is derived from the Accountants' Report set out in Appendix IA to the Prospectus, which is based on the audited consolidated net assets of the Group attributable to ordinary shareholders of the Company as of December 31, 2021 of RMB8,040,775,000.
- (2) The estimated net proceeds from the Global Offering are based on 1,100,000 Offer Shares at the indicative offer share price of HK\$307.00 per Offer Share after deduction of the estimated listing expenses and share issue costs (including underwriting fees and other related expenses) expected to be incurred by the Company subsequent to December 31, 2021 and without taking into account any allotment and issuance of any Shares upon the exercise of the Over-allotment Option, the vesting of restricted share units ("RSUs") under the Settlement Plan, the Shares to be issued pursuant to the Share Incentive Plan, including pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time and any issuance or repurchase of Shares and/or ADSs by the Company. For the purpose of calculating the estimated net proceeds from the Global Offering, the translation of Hong Kong dollars into Renminbi was made at the exchange rate of HK\$1.00 to RMB0.8556, which is derived from the respective exchange rate of Hong Kong dollars and Renminbi against U.S. Dollars on June 17, 2022 set forth in the H.10 statistical release of the Federal Reserve Board. No representation is made that Hong Kong dollars have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 31,179,455 Shares are in issue assuming that the Global Offering had been completed on December 31, 2021, without taking into account any allotment and issuance of any Shares upon the exercise of the Over-allotment Option, the vesting of RSUs under the Settlement Plan, the Shares to be issued pursuant to the Share Incentive Plan, including pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time and any issuance or repurchase of Shares and/or ADSs by the Company.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per ADS is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that two ADSs represents one Share.
- (5) For the purpose of this unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company, the balances stated in Renminbi are converted into Hong Kong dollars at the exchange rate of RMB1.00 to HK\$1.1688, which is derived from the respective exchange rate of Hong Kong dollars and Renminbi against U.S. Dollars on June 17, 2022 set forth in the H.10 statistical release of the Federal Reserve Board. No representation is made that Hong Kong dollars have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.
- (6) As of March 31, 2022, one of the Group's property interests were valued by Savills Valuation and Professional Services Limited, an independent valuer, whose valuation report is set out in Appendix III to the Prospectus. Based on the valuation report, the property interests of the Group attributable to ordinary shareholders of the Company had a revaluation surplus up to December 31, 2021 of approximately RMB140.2 million, which represents the excess of market value over the carrying amount of the property interests as of December 31, 2021. The valuation surplus has not been included in this unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of December 31, 2021, and will not be incorporated in the Group's consolidated financial statements in the future. If the valuation surplus were to be included in the consolidated financial statements, an additional annual amortization charge of approximately RMB4.7 million would be incurred.
- (7) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2021. Accordingly, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to shareholders of the Company per Share/ADS does not take into account the 9,778 treasury shares reissued for vesting of restricted shares and stock options exercise during the period from January 1, 2022 to the Latest Practicable Date as disclosed in the reconciliation statement "Share Capital immediately following the completion of the Global Offering" under the section headed Share Capital in the Prospectus, which would have increased the total shares in issue to 31,189,233 as of the Latest Practicable Date. Also, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per Share/ADS have not been adjusted to illustrate the effect of the vesting of RSUs under the Settlement Plan. The vesting of RSUs under the Settlement Plan would have increased the total shares in issue by 3,533,420 shares, which together with the 9,778 treasury shares reissued during the period from January 1, 2022 to the Latest Practicable Date would have increased the total shares in issue to 34,722,653 shares. After the vesting of RSUs under the Settlement Plan subsequent to December 31, 2021 and reissuance of the 9,778 treasury shares during the period from January 1, 2022 to the Latest Practicable Date being taken into account, based on the indicative offer price of HK\$307.00 per Offer Share, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company per Share/ADS would be RMB238.62 or HK\$278.90 per Share, and RMB119.31 or HK\$139.45 per ADS, respectively.

B. REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this document.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Noah Holdings Private Wealth and Asset Management Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Noah Holdings Private Wealth and Asset Management Limited (the "Company") and its subsidiaries and consolidated variable interest entities (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to ordinary shareholders of the Company as of December 31, 2021 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated June 30, 2022 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of Global Offering on the Group's financial position as of December 31, 2021 as if the Global Offering had taken place at December 31, 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended December 31, 2021, on which an accountants' report set out in Appendix IA to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at December 31, 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
June 30, 2022

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this document received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their opinion of value of the Property as at March 31, 2022.



The Directors
Noah Holdings Private Wealth and
Asset Management Limited
34 Floor, Tower Two
Times Square, 1 Matheson Street
Causeway Bay, Hong Kong

Savills Valuation and
Professional Services Limited
Room 1208, 12/F
1111 King's Road
Taikoo Shing, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA LICENCE: C-023750
savills.com

June 30, 2022

Dear Sirs,

RE: NOAH WEALTH CENTER, NO. 218 SHAOHONG ROAD AND NOS. 1226 AND 1256 SOUTH SHENBIN ROAD, MINHANG DISTRICT, SHANGHAI, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTY")

INSTRUCTIONS

In accordance with the instructions from Noah Holdings Private Wealth and Asset Management Limited (the "Company") for us to value the Property situated in the People's Republic of China (the "PRC") in which the Company and its subsidiaries (hereinafter together referred to as the "Group") have interests, we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at March 31, 2022 (the "valuation date") for incorporation in a public offering document.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Moreover, market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors (“HKIS”), which incorporates the International Valuation Standards (“IVS”), and (where applicable) the relevant HKIS or jurisdictional supplement. We have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

IDENTIFICATION AND STATUS OF THE VALUER

The subject valuation exercise is handled by Mr Anthony C.K. Lau, who is a Director of Savills Valuation and Professional Services Limited (“SVPSL”) and a member of HKIS (General Practice Division) with over 29 years’ experience in valuation of properties in the PRC and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide valuation services in respect of the Property, SVPSL and Mr Lau did not involve in valuation of the Property in the last 12 months. However, Savills Real Estate Valuation (Guangzhou) Limited Shanghai Branch, which is one of the companies in Savills Group, involved in valuation of the Property for internal reference in the aforesaid period.

We are independent of the Group. We are not aware of any instances which would give rise to potential conflict of interest from SVPSL or Mr Lau in the subject exercise. We confirm SVPSL and Mr Lau are in the position to provide objective and unbiased valuation for the Property.

VALUATION METHODOLOGY

In undertaking our valuation of the Property, which is held by the Group for owner occupation in the PRC, we have adopted the income capitalization method whereby the rental incomes of contractual tenancies are capitalized for the unexpired terms of tenancies. We have also taken into account the reversionary market rents after the expiry of tenancies in capitalization.

We have also considered the direct comparison method for cross-checking purpose. In this regard, we have made reference to sales of comparable properties as available in the market.

TITLE INVESTIGATION

We have been provided with copies of title documents relating to the Property. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have been provided with a copy of the legal opinion issued by the Company’s PRC legal adviser, Zhong Lun Law Firm, regarding the title to the Property in the PRC.

SOURCES OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on information given by the Group and also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, site and floor areas, completion date, tenancy agreements and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We are also advised by the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

VALUATION ASSUMPTIONS

In valuing the Property in the PRC, unless otherwise stated, we have assumed that transferable land use rights of the Property for its specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. Unless otherwise stated, we have also assumed that the owner of the Property has good legal title to the Property and has free and uninterrupted rights to occupy, use, transfer or lease the Property for the whole of the unexpired term as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoing of an onerous nature which could affect its value.

SITE INSPECTION

We have inspected the exterior of the Property and, where possible, the interior of the Property. Site inspection of the Property was undertaken by Mr Tony Li (MRICS, CIREA) of our Shanghai office on February 23, 2022. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the Property is free from rot, infestation or any other structural defect. No test has been carried out to any of the services.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi (“RMB”).

We enclose herewith our valuation report.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C K Lau
MRICS MHKIS RPS(GP)
Director

Note: Mr Anthony C.K. Lau is a professional surveyor who has over 29 years’ experience in valuation of properties in the PRC.

VALUATION REPORT

The Property held for owner occupation by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2022												
Noah Wealth Center, No. 218 Shaohong Road and Nos. 1226 and 1256 South Shenbin Road, Minhang District, Shanghai, PRC	<p>Noah Wealth Center (the “Development”) is a commercial development erected on a parcel of land with a site area of approximately 15,700.25 sq m and was completed in 2017.</p> <p>The Development is situated in the southeast of Suhong Road, northeast of Shenbin South Road, northwest of Shaohong Road and southwest of Shenwu Road of Minhang District in Shanghai. The locality has been developing into a regional business center known as Hongqiao Business District. Developments in the neighbourhood mainly comprise office buildings and shopping outlets. It takes about 5 minutes’ walking distance to Hongqiao Train Station and 10 minutes’ walking distance to Shanghai Hongqiao International Airport.</p> <p>The Property comprises four office buildings together with a shopping mall, an underground car park and ancillary facilities with a total gross floor area of approximately 72,211.42 sq m. Details of its usages and approximate gross floor areas are listed as follows:</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td style="text-align: right;">49,461.49</td> </tr> <tr> <td>Shopping Mall</td> <td style="text-align: right;">13,652.07</td> </tr> <tr> <td>Car Park</td> <td style="text-align: right;">8,052.50 (100 Parking Lots)</td> </tr> <tr> <td>Ancillary Facilities</td> <td style="text-align: right;">1,045.36</td> </tr> <tr> <td>Total:</td> <td style="text-align: right;">72,211.42</td> </tr> </tbody> </table> <p>The land use rights of the Property have been granted for two concurrent terms expiring on August 24, 2051 for commercial and cultural recreation uses and August 24, 2061 for office and exhibition uses respectively.</p>	Use	Approximate Gross Floor Area (sq m)	Office	49,461.49	Shopping Mall	13,652.07	Car Park	8,052.50 (100 Parking Lots)	Ancillary Facilities	1,045.36	Total:	72,211.42	<p>As at the valuation date, portion of the Property with a total gross floor area of approximately 24,739.26 sq m was subject to various tenancies with the latest term due to expire on August 31, 2024 at a total monthly rent of approximately RMB4,500,000.</p> <p>The remaining portions of the Property were either vacant or occupied by the Group.</p>	<p>RMB2,510,000,000 (Renminbi Two Billion Five Hundred and Ten Million)</p> <p>(100% interests attributable to the Group: RMB2,510,000,000 (Renminbi Two Billion Five Hundred and Ten Million))</p>
Use	Approximate Gross Floor Area (sq m)														
Office	49,461.49														
Shopping Mall	13,652.07														
Car Park	8,052.50 (100 Parking Lots)														
Ancillary Facilities	1,045.36														
Total:	72,211.42														

Notes:

1. Pursuant to two Real Estate Title Certificates – Hu (2021) Min Zi Bu Dong Chan Quan Nos. 061683 and 061684, the building ownership rights of the Property with a total gross floor area of approximately 72,211.42 sq m together with its corresponding land use right with a site area of approximately 15,700.25 sq m are vested in Shanghai Nuohong Real Estate Co., Ltd. (上海諾虹置業有限公司) (“Shanghai Nuohong”), a wholly-owned subsidiary of the Company, for two concurrent terms expiring on August 24, 2051 for commercial and cultural recreation uses and August 24, 2061 for office and exhibition uses respectively.
2. We have been provided with a legal opinion on the title to the Property issued by the Company’s PRC legal adviser, which contains, inter alia, the following information:
 - i. Shanghai Nuohong has legally obtained the real estate rights of the Property and is entitled to occupy, use, earn profit from and dispose of the Property under the PRC laws; and
 - ii. the Property is not subject to any mortgages, seizures or freezes.
3. In undertaking our valuation of the Property, we have made reference to various market comparables of similar developments which have characteristics comparable to the Property. The unit rents of these comparables are in a range between RMB210 and 300 per sq m per month for commercial units (Level 1), between RMB200 and 240 per sq m per month for office units and between RMB1,000 and 1,100 per lot per month for car parking spaces. Due adjustments to the unit rates of these comparables have been made to reflect factors including but not limited to time, location, size, building age and building quality in arriving at the key assumptions.

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on 28 January 2016 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available on display at the websites specified in Appendix VI in the section headed “Documents Available on Display”.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on 18 January 2016 and include provisions to the following effect:

2.1 Ordinary Shares

The Company’s ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Ordinary shares are issued in registered form. Shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

Upon (a) any direct or indirect sale, transfer, assignment or disposition of any Class B ordinary share by a holder thereof or an affiliate of such holder or the direct or indirect transfer or assignment of the voting power attached to such number of Class B ordinary shares through voting proxy or otherwise to any person or entity that is not a charitable trust for which the voting control remains with such holder, (b) Ms. Jingbo Wang and Mr. Zhe Yin ceasing to be a director, officer or employee of the Company, (c) the total number of issued and outstanding Class B ordinary shares beneficially owned by Ms. Jingbo Wang and Mr. Zhe Yin collectively is less than 5% of the total number of issued and outstanding Shares, or (d) Ms. Jingbo Wang and Mr. Zhe Yin being permanently unable to attend Board meetings and manage the business affairs of the Company as a result of incapacity solely due to his or her then physical and/or mental condition, such Class B ordinary shares shall be automatically and immediately converted into an equal and corresponding number of Class A ordinary shares.

In addition, all of the issued and outstanding Class B ordinary shares shall automatically convert into Class A ordinary shares, at a ratio of one (1) Class A ordinary share for each Class B ordinary share, in the event that the total number of issued and outstanding Class B ordinary shares beneficially owned by Ms. Jingbo Wang and Mr. Zhe Yin is less than 5% of the total number of issued and outstanding Shares.

2.2 Dividends

The holders of ordinary shares are entitled to such dividends as may be declared by the Board of Directors. In addition, shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by the directors. Under Cayman Islands law, dividends may be declared and paid only out of funds legally available therefor, namely out of either profit or the Company's share premium account, and provided further that a dividend may not be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business.

Dividends received by each Class B ordinary share and Class A ordinary share in any dividend distribution shall be the same.

2.3 Voting Rights

Holders of Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of the shareholders, except as may otherwise be required by law or provided for in the Memorandum and Articles of Association. In respect of matters requiring shareholders' vote, on a show of hands, each shareholder is entitled to one vote for each ordinary shares registered in his name on the register of members of the Company or, on a poll, each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to four votes. Voting at any shareholders' meeting is by show of hands unless a poll is demanded. A poll may be demanded by one or more shareholders present in person or by proxy entitled to vote and who together hold not less than 10 per cent. of the paid up voting share capital of the Company.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. Holders of the ordinary shares may, among other things, divide or consolidate their shares by ordinary resolution. A special resolution requires the affirmative vote of no less than two-thirds of the votes cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. A special resolution will be required for important matters such as a change of name or making changes to the Memorandum and Articles of Association. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of the Company, as permitted by the Companies Act and the Memorandum and Articles of Association.

2.4 Transfer of Shares

Any of the shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in writing and in the usual or common form or any other form approved by the Board of Directors.

However, the Board of Directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which the Company has a lien. The Board of Directors may also decline to register any transfer of any ordinary share unless:

- (a) the instrument of transfer is lodged with the Company, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as the Board of Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped, if required;
- (d) in the case of a transfer to joint holders, the transfer is not to more than four joint holders; or
- (e) any fee related to the transfer has been paid to the Company.

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

2.5 *Liquidation*

On a winding up of the Company, the liquidator may, with the sanction of an ordinary resolution of the Company, divide amongst the shareholders in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the shareholders as the liquidator, with the like sanction, shall think fit, but so that no shareholder shall be compelled to accept any asset upon which there is a liability.

2.6 *Redemption, Repurchase and Surrender of Shares*

The Company may issue shares on terms that such shares are subject to redemption, at the option of the Company or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by the Board of Directors. The Company may also repurchase any of the Company's shares (including any redeemable shares) provided that the manner of such purchase have been approved by the Board of Directors or by ordinary resolution of the shareholders, or are otherwise authorized in accordance with the Memorandum and Articles of Association. Under the Companies Act, the redemption or repurchase of any share may be paid out of the 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, the Company may accept the surrender of any fully paid share for no consideration.

2.7 Variation of Rights of Shares

The rights attaching to any class of shares may, subject to any rights or restrictions for the time being attached to any class, be varied or abrogated with the consent in writing of the holders of a majority of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

2.8 General Meetings of Shareholders

Shareholders' general meetings may be held in such place within or outside the Cayman Islands as the Board of Directors considers appropriate.

As a Cayman Islands exempted company, the Company is not obliged by the Companies Act to call shareholders' annual general meetings. The Memorandum and Articles of Association provide that the Company may in each year hold a general meeting as its annual general meeting.

Shareholders' annual general meetings and any other general meetings of the shareholders may be convened by a majority of the Board of Directors. The Board of Directors shall give not less than seven calendar days' notice of a shareholders' meeting to those persons whose names appear as members in the Company's register of members on the date the notice is given (or on any other date determined by the directors to be the record date for such meeting) and who are entitled to vote at the meeting.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. The Memorandum and Articles of Association allow one or more shareholder holding shares representing in aggregate not less than one-third of the share capital of the Company as at that date carries the right of voting at general meetings of the Company, to requisition an extraordinary general meeting, in which case the directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, the Memorandum and Articles of Association do not provide the shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

2.9 Appointment and Removal of Directors

The Articles of Association provide that unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than five, provided that the Company may from time to time by ordinary resolution increase or decrease the number of Directors on the Board.

The Articles of Association provide that the Company may by ordinary resolution appoint any person to be a Director or remove any Director. In addition, the Board may, by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting, appoint any person as a Director to fill a casual vacancy or as an addition to the existing Board. Each Director shall hold office until the expiration of his term and until his successor shall have been elected and qualified, unless he is otherwise removed from office in accordance with the provisions of the Articles of Association or if his office is otherwise vacated.

There is no shareholding qualification for Directors nor is there any specific age limit for Directors.

The office of a Director shall be vacated if the Director:

- (a) Dies, becomes bankrupt or makes any arrangement or composition with his creditors;
- (b) is found to be or becomes of unsound mind;
- (c) resigns his office by notice in writing to the Company; or
- (d) is removed from office pursuant to any other provision of the Articles.

2.10 Proceedings of the Board

The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be three Directors then in office.

The Directors may meet together (whether within or outside the Cayman Islands) for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes and each Director shall be entitled to one (1) vote in deciding matters deliberated at any meeting of the Board. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.11 Changes in Share Capital

The Company may by ordinary resolution:

- (a) increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares or larger amount than its existing shares;
- (c) subdivide its existing shares, or any of them, into shares of an amount smaller than that fixed by the Memorandum, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; and

- (d) cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

2.12 Directors' Power to Issue Shares

Subject to the provisions, if any, in the Memorandum and Articles of Association and to any direction that may be given by the Company in a general meeting, the Directors may in their absolute discretion and without approval of the shareholders, issue shares, grant rights over existing shares or issue other securities in one or more series as they deem necessary and appropriate and determine designations, powers, preferences, privileges and other rights, including dividend rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers and rights associated with the shares held by existing shareholders, at such times and on such other terms as they think proper.

2.13 Directors Borrowing Powers

The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other such securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

2.14 Disclosure of Interest in Contracts with the Company or any of its Subsidiaries

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or transaction which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made or transaction so consummated.

A Director may vote in respect of any contract or proposed contract 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 shall come before the meeting for consideration.

2.15 Remuneration of Directors

The remuneration of the Directors may be determined by the Directors.

The Directors may be entitled to be paid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending meetings of the Directors, or committee of the Directors, or general meetings or separate meetings of any class of shares or of debentures of the Company, or otherwise in connection with the business of discharge of his duties as a Director.

2.16 Restriction on Ownership of Securities

There are no provisions in the Articles of Association relating to restrictions on ownership of the Company's shares or securities.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 June 2007 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);
- (d) writing-off the preliminary expenses of the company;

- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised

by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available on display as referred to in the section headed "Documents Available on Display" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT THE GROUP**Incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on June 29, 2007. Our Company has registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance with an address at 34 Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Ms. Mei Yu Wang has been appointed as our Company's authorized representative for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, its corporate structure and Memorandum and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Memorandum and Articles of Association is set out in "Summary of the Constitution of the Company and Cayman Islands company law" in Appendix IV.

Changes in Share Capital

As of the Latest Practicable Date, our Company had an authorized share capital of US\$50,000 divided into 91,394,900 Class A ordinary shares of a nominal or par value of US\$0.0005 each, and 8,605,100 Class B ordinary shares of a nominal or par value of US\$0.0005 each, and the total outstanding shares was 21,774,233 Class A ordinary shares and 8,315,000 Class B ordinary shares.

The following tables set out the changes in the share capital of our Company during the periods presented in this document:

	Year ended December 31, 2019		
	Class A ordinary share	Class B ordinary share	Shareholders' equity (US\$)
Balances as of January 1, 2019	21,890,253	8,315,000	15,102.62
Issuance of Shares	734,883	–	367.45
Retirement of treasury Shares	(140,479)	–	(70.24)
Balances as of December 31, 2019	<u>22,484,657</u>	<u>8,315,000</u>	<u>15,399.83</u>

	Year ended December 31, 2020		
	Class A ordinary share	Class B ordinary share	Shareholders' equity (US\$)
Balances as of January 1, 2020	22,484,657	8,315,000	15,399.83
Issuance of Shares	288,885	–	144.44
Balances as of December 31, 2020	<u>22,773,542</u>	<u>8,315,000</u>	<u>15,544.27</u>

	Year ended December 31, 2021		
	Class A ordinary share	Class B ordinary share	Shareholders' equity (US\$)
Balances as of January 1, 2021	22,773,542	8,315,000	15,544.27
Retirement of treasury Shares	(89,572)	–	(44.78)
Balances as of December 31, 2021	<u>22,683,970</u>	<u>8,315,000</u>	<u>15,499.49</u>

Changes in the Share Capital of the Significant Subsidiaries

The following alterations in the share capital of the Significant Subsidiaries have taken place within the two years immediately preceding the date of this document:

1. On April 19, 2021, the registered capital of Noah Group was increased from US\$30,000,000 to US\$213,300,000; and
2. On June 9, 2021, the registered capital of Zigong Noah Financial Service Co., Ltd. was increased from RMB10,000,000 to RMB660,000,000.

FURTHER INFORMATION ABOUT THE COMPANY'S BUSINESS

Summary of Material Contract

The following contract (not being a contract entered into in the ordinary course of business) was entered into by our Company or its subsidiaries within the two years preceding the date of this document and is or may be material:

- (1) the Hong Kong Underwriting Agreement.

Summary of the Contractual Arrangements


As described in “History and Corporate Structure — Contractual Arrangements”, our Group entered into the following contracts in relation to the Contractual Arrangements:

1. an exclusive option agreement dated September 3, 2007 and entered into between the Registered Shareholders and Noah Group, pursuant to which, among others, the Registered Shareholders agree to grant Noah Group or its third-party designee an irrevocable and exclusive option to purchase their equity interests in Noah Investment;
2. an exclusive support service agreement dated September 3, 2007 and entered into by Noah Investment and Noah Group, pursuant to which, among others, Noah Investment has engaged Noah Group as its exclusive technical and operational consultant to support Noah Investment’s operational activities;
3. share pledge agreements dated September 3, 2007 and entered into by each of the Registered Shareholders and Noah Group, pursuant to which the Registered Shareholders pledged all of their equity interests in Noah Investment to Noah Group as collateral;
4. powers of attorney dated September 3, 2007 and executed by each of the Registered Shareholders, pursuant to which, each of the Registered Shareholders has granted Noah Group or its designee the power of attorney to act on his or her behalf on all matters pertaining to Noah Investment and to exercise all of his or her rights as the registered shareholder of Noah Investment;

These contracts are available on our Company’s website at ir.noahgroup.com pursuant to Guidance Letter HKEX-GL94-18 and Listing Decision HKEX-LD43-3.

Intellectual Property Rights

Our Company believes the protection of its brand, trade names, domain names, trademarks, trade secrets, patents, and other intellectual property rights is critical to its business. It also distinguishes the products our Group distributes and the services it provides from those of competitors and contributes to our competitive advantage in both wealth management and asset management industries. Our Group relies on a combination of copyright, trade secret, trademark and competition laws and contractual arrangements to protect its intellectual property rights. Our Group has entered into confidentiality agreements and non-compete covenants with all of its employees and third-party investment product providers as of the Latest Practicable Date. As of December 31, 2021, our Company had 462 registered trademarks in mainland China, and 119 registered trademarks in Hong Kong, Taiwan, U.S., Europe, Singapore, Canada, India, Australia and several other countries and regions. As of December 31, 2021, our Company had 101 software copyrights, 100 registered domain names, and three issued invention patents in mainland China in connection with its technological research and development.

Further, “諾亞財富”, our Company’s name “Noah Wealth Management” in Chinese, and “”, the asset management subsidiary’s name “Gopher” in Chinese, have both been recognized as well-known trademarks in China by the Trademark Office under the SAIC in 2018.

FURTHER INFORMATION ABOUT DIRECTORS AND SENIOR MANAGEMENT**Disclosure of Interests**

See “Major Shareholders” for disclosure of interests of the Directors and senior management.

Directors’ Service Contracts

Our Company has entered into employment agreements with each of the Directors who is also an officer. See “Directors and Senior Management — Compensation — Employment Agreements.”

Directors’ Remuneration

See “Directors and Senior Management — Compensation” for a discussion of Directors’ remuneration.

Disclosures relating to Directors and Experts

Save as disclosed in this document:

- None of the Directors nor any of the persons listed in “— Other Information — Qualification of Experts” below is materially interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to the subsidiaries and the Consolidated Affiliated Entities, or are proposed to be acquired or disposed of by or leased to the subsidiaries and the Consolidated Affiliated Entities.
- None of the Directors are materially interested in any contract or arrangement with our Company subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to our Group’s business as a whole.

SHARE INCENTIVE PLANS

See “Directors and Senior Management — Compensation” for details about the Share Incentive Plans.

OTHER INFORMATION**Estate duty**

The Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries.

Litigation

See “Business — Legal and Administrative Proceedings” for further information.

Sole Sponsor

The Sole Sponsor made an application on behalf of our Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Class A ordinary shares in issue and to be issued pursuant to the Global Offering (including the additional Class A ordinary shares which may be issued pursuant to the exercise of the Over-allotment Option), the Class A ordinary shares to be converted from the Class B ordinary shares upon the completion of the Global Offering and the Class A ordinary shares to be issued pursuant to the Share Incentive Plans and the RSU Plan, including pursuant to the exercise of options or the vesting of RSUs or other awards that have been or may be granted from time to time. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

Goldman Sachs (Asia) L.L.C. satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Hong Kong Listing Rules.

The fee payable to the Sole Sponsor is US\$500,000 and is payable by our Company.

No Material Adverse Change

The Directors confirm that there has been no material adverse change in our Company's financial or trading position since December 31, 2021 (being the latest date to which our Company's audited consolidated financial statements were made up).

Qualification of Experts

The following are the qualifications of the experts (as defined under the Hong Kong Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

Name	Qualification
Goldman Sachs (Asia) L.L.C.	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified public accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)
Zhong Lun Law Firm	Legal adviser as to PRC law
Maples and Calder (Hong Kong) LLP	Legal adviser as to Cayman Islands law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Savills Valuation and Professional Services Limited	Independent property valuer

Consents of experts

Each of the experts above has given and has not withdrawn its consent to the issue of this document with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of its subsidiaries.

Preliminary Expenses

Our Company did not incur any material preliminary expenses.

Promoter

Our Company has no promoter for the purpose of the Hong Kong Listing Rules. Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this document.

Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

Save as disclosed in this document or otherwise waived or exempted from disclosure pursuant to the waivers and exemptions disclosed in this document, within the two years immediately preceding the date of this document:

- to the best of our Company's knowledge, neither our Company nor any of its Significant Subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;
- no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any share capital or debentures of our Company or any of its Significant Subsidiaries;

- save as disclosed in the section headed “Financial Information” in this prospectus, there are no bank overdrafts or other similar indebtedness by our Company or member of our Group;
- no founder, management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued; and
- there is no arrangement under which future dividends are waived or agreed to be waived.

Our Company’s branch register of members will be maintained in Hong Kong by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by the share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS.

The Directors confirm that save as disclosed in this document:

- there has not been any interruption in the business which may have or have had a material adverse effect on our Company’s financial position in the 12 months immediately preceding the date of this document;
- there are no hire purchase commitments, guarantees or other material contingent liabilities of our Company or any member of our Group; and
- our Company and its Significant Subsidiaries have no outstanding debentures or convertible debt securities.

The English version of this document shall prevail over the Chinese version.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The following documents, among others, were delivered to the Registrar of Companies in Hong Kong for registration together with this document:

- a copy of the **GREEN** Application Form;
- a copy of the material contract referred to in “Statutory and General Information — Further Information About the Company’s Business — Summary of Material Contract” in Appendix V to this document; and
- the written consents referred to in “Statutory and General Information — Other Information — Consents of Experts” in Appendix V to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at ir.noahgroup.com for 14 days from the date of this document (both dates inclusive):

- the Memorandum and Articles of Association of our Company;
- the audited consolidated financial statements for the years ended December 31, 2019, 2020 and 2021;
- the Accountants’ Report, the report on the unaudited interim condensed consolidated financial statements, and the report on the unaudited pro forma financial information from Deloitte Touche Tohmatsu, the texts of which are set out in Appendix IA, Appendix IB and Appendix II to this document;
- the report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co, a summary of which is set forth in the section headed “Industry Overview”;
- the legal opinion issued by Zhong Lun Law Firm, our PRC legal adviser, in respect of certain aspects of our Company;
- the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our Cayman Islands legal adviser, summarizing certain aspects of Cayman Islands company laws referred to in Appendix IV to this document;
- the valuation report relating to certain property interest of our Company prepared by Savills Valuation and Professional Services Limited, the text of which is set out in Appendix III to this document;
- the material contract referred to in “Statutory and General Information — Further Information About the Company’s Business — Summary of Material Contract” in Appendix V to this document;
- the written consents referred to in “Statutory and General Information — Other Information — Consents of Experts” in Appendix V to this document; and
- the Cayman Companies Act.

Noah Holdings