

IMPORTANT NOTICE

STRICTLY CONFIDENTIAL – DO NOT FORWARD

THIS EXCHANGE OFFER AND CONSENT SOLICITATION IS AVAILABLE ONLY TO INVESTORS WHO ARE OR ARE ACTING FOR THE ACCOUNT OR BENEFIT OF NON-U.S. PERSONS THAT ARE ADDRESSEES OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached exchange offer and consent solicitation memorandum following this page. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached exchange offer and consent solicitation memorandum. In accessing the attached exchange offer and consent solicitation memorandum, you agree to be bound by the following terms and conditions including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: You have accessed the attached document on the basis that you have confirmed your representation to eHi Car Services Limited (the “Company”) and Deutsche Bank AG, Singapore Branch and J.P. Morgan Securities (Asia Pacific) Limited (the “Dealer Managers” and each a “Dealer Manager”) that:

- (1) you are a holder of or are a custodian or intermediary acting on behalf of the beneficial owner of the Exchange Notes (as defined in the attached exchange offer and consent solicitation memorandum) issued by the Company;
- (2) you are or are acting for the account or benefit of a non-U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”)) outside the United States and to the extent you participate in the exchange offer as described in the attached exchange offer and consent solicitation memorandum, you will be doing so pursuant to Regulation S under the Securities Act;
- (3) you are not resident or located in the United Kingdom or, if you are resident or located in the United Kingdom, you are (i) an investment professional within the meaning of Article 19(5) or a person falling within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; or (ii) a person to whom the exchange offer and consent solicitation memorandum for the purposes of Section 21 of the Financial Services and Markets Act 2000 can otherwise lawfully be communicated;
- (4) you are a person to whom it is lawful to send the attached exchange offer and consent solicitation memorandum or to make an invitation pursuant to the Exchange Offer (as defined in the attached exchange offer and consent solicitation memorandum) under all applicable laws;
- (5) you shall not distribute or forward the attached exchange offer and consent solicitation memorandum to third parties or otherwise make the exchange offer and consent solicitation memorandum publicly available;
- (6) you are not a Sanctions Restricted Person (as defined in the exchange offer and consent solicitation memorandum) or acting on behalf of a Sanctions Restricted Person;
- (7) you consent to delivery of the attached exchange offer and consent solicitation memorandum and any amendments or supplements thereto by electronic transmission;
- (8) you have understood and agreed to the terms set forth in this disclaimer.

The following exchange offer and consent solicitation memorandum is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129 (the “Prospectus Regulation”). The following exchange offer and consent solicitation memorandum has been prepared on the basis that all offers of the New Notes (as defined in the attached exchange offer and consent solicitation memorandum) made to persons in the European Economic Area will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus in connection with offers of the New Notes.

Prohibition of sales to EEA retail investors – The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the New Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of sales to UK retail investors – The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the New Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the New Notes has led to the conclusion that: (i) the target market for the New Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the New Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the New Notes (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the New Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the New Notes has led to the conclusion that: (i) the target market for the New Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the New Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the New Notes (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the New Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

This exchange offer and consent solicitation memorandum is for distribution only to persons who (i) fall within Article 43(2)(b) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iv) are outside the United Kingdom, or (v) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This exchange offer and consent solicitation memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this exchange offer and consent solicitation memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Notification under Section 309B of the Securities and Futures Act 2001 of Singapore (“SFA”) – The New Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the issuer of the securities, the Dealer Managers, the Exchange Notes Trustee, the New Notes Trustee, the Information, Exchange and Tabulation Agent, the Agents (each as defined herein) or any person who controls any of them or any of their respective directors, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. Any one of the Dealer Managers will provide a hard copy version to you upon request.

Restrictions: The attached document is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein. If you have gained access to this transmission contrary to any of the restrictions herein, you are not authorized and will not be able to purchase any of the securities described in the exchange offer and consent solicitation memorandum.

Investors should be aware that the attached exchange offer and consent solicitation memorandum contains the audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024 and reviewed interim condensed consolidated financial information as of and for the six months ended June 30, 2025. Any operational or other financial data provided since June 30, 2025 are based on the management accounts and have not been audited or reviewed, and may be changed. Investors should proceed with caution in making their investment decision.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE EXCHANGE NOTES AND THE NEW NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or the Dealer Managers to subscribe for or purchase any of the securities described therein and access has been limited so that it shall not constitute a “general advertisement” or “solicitation” (as those terms are used in Regulation D under the Securities Act) or “directed selling efforts” (within the meaning of Regulation S under the Securities Act) in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealer Managers or any affiliate of the Dealer Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealer Managers or their affiliates on behalf of the issuer of the securities in such jurisdiction. You are reminded that you have accessed the attached exchange offer and consent solicitation memorandum on the basis that you are a person into whose possession this exchange offer and consent solicitation memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

Actions That You May Not Take: You should not reply by e-mail to this communication, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORIZED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM, IN WHOLE OR IN PART, IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other items of a destructive nature. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION.
NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES OR TO ANY PERSON
LOCATED OR RESIDENT IN THE UNITED STATES.
THE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS AND
ARE OUTSIDE THE UNITED STATES.



eHi Car Services Limited

(incorporated in Cayman Islands with limited liability)

Offer to Exchange Any and All of the Outstanding 7.00% Senior Notes Due 2026
(the “Exchange Notes”) on the terms and subject to the Minimum Acceptance
Amount (as defined herein) and other conditions set forth in this Exchange Offer
and Consent Solicitation Memorandum

Solicitation of Consents to Approve Amendments to the Indenture Governing the Exchange Notes

Description of the Exchange Notes	ISIN/Common Code of the Exchange Notes	Outstanding principal amount of the Exchange Notes	Amount subject to the Exchange Offer	Minimum Acceptance Amount	Exchange and Consent Consideration tendered for exchange (per US\$1,000 principal amount)
7.00% Senior Notes due 2026	XS238405912/ 238405912	US\$266,030,000	Any and all, subject to the Minimum Acceptance Amount	US\$226,126,000 or 85% of the outstanding principal amount of the Exchange Notes	(a) US\$100 Upfront Principal Payment; (b) a principal amount of the New Notes (as defined herein) equal to US\$900, subject to the provisions relating to minimum denominations; (c) US\$20.00 Exchange and Consent Fee; (d) Fractional Cash Payment; and (e) Accrued Interest (each as defined in this exchange offer and consent solicitation memorandum). See the section entitled “Summary of the Exchange Offer with Exit Consent – Exchange and Consent Consideration.”

THE EXCHANGE OFFER AND CONSENT SOLICITATION COMMENCES ON MARCH 23, 2026 AND WILL EXPIRE AT 4:00 P.M. (LONDON TIME) ON MARCH 30, 2026, UNLESS EXTENDED, RE-OPENED, AMENDED OR TERMINATED AS PROVIDED IN THIS EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM. THE “EXPIRATION DEADLINE”, THE DEADLINE SET BY ANY INTERMEDIARY OR CLEARING SYSTEM MAY BE EARLIER THAN THIS DEADLINE. ELIGIBLE HOLDERS (AS DEFINED HEREIN) WHO GIVE INSTRUCTIONS TO TENDER THE EXCHANGE NOTES WILL RECEIVE EXCHANGE AND CONSENT CONSIDERATION AS DESCRIBED BELOW. INSTRUCTIONS (AS DEFINED HEREIN) MAY NOT BE WITHDRAWN ONCE SUBMITTED.

Upon the terms and subject to the conditions set forth in this exchange offer and consent solicitation memorandum (this “exchange offer and consent solicitation memorandum”), we, eHi Car Services Limited (the “Company”), are offering to exchange (the “Exchange Offer”) any and all of the Exchange Notes, subject to the satisfaction or waiver of the condition that valid tenders for at least US\$226,126,000 (the “Minimum Acceptance Amount”), or 85% of the outstanding principal amount of the Exchange Notes are received prior to the Expiration Deadline, and other conditions set forth in this exchange offer and consent solicitation memorandum. We are concurrently soliciting (the “Exit Consent Solicitation”, and together with the Exchange Offer, the “Exchange Offer with Exit Consent”) consent (the “Exit Consent”) from the Eligible Holders (as defined herein) to certain proposed amendments as described in section entitled “Exit Consent Amendments” (the “Exit Consent Amendments”) to the indenture dated September 21, 2021, among us, the subsidiary guarantors named therein and DB Trustees (Hong Kong) Limited governing the Exchange Notes (the “Exchange Notes Indenture”), and to the execution of a supplemental indenture (the “Supplemental Indenture”) to the Exchange Notes Indenture giving effect to the Exit Consent Amendments which form is set out in “Appendix A – Form of Supplemental Indenture”. We will determine, in our sole discretion, whether we will accept for exchange pursuant to the Exchange Offer.

Unless waived by us in our sole and absolute discretion, if we receive valid tenders of the Exchange Notes for less than the Minimum Acceptance Amount, we will not proceed with the Exchange Offer with Exit Consent and the Exchange Offer with Exit Consent shall lapse automatically.

Each Eligible Holder will be deemed to have provided its Exit Consent upon its tender of the Exchange Note. The Exit Consent Amendments will be binding on all holders of the Exchange Notes upon our receipt of consent from the Eligible Holders of not less than a majority in aggregate principal amount of the Exchange Notes outstanding (the “Exit Consent Requisite Consents”) and will become effective upon execution of the Supplemental Indenture providing for the Exit Consent Amendments, but will become operative when the Exchange Offer with Exit Consent has been accepted and operative only upon payment of the Exchange and Consent Consideration (as defined herein), on the Settlement Date (as defined herein). See “Exit Consent Amendments”. All Exit Consents delivered will be deemed to be the Exit Consents to the Exit Consent Amendments as a whole. In order to give your Exit Consent, you must validly tender your Exchange Notes in the Exchange Offer. By validly tendering Exchange Notes in the Exchange Offer, you will be deemed to have given your Exit Consent. You may not give Exit Consent only without tendering the Exchange Notes in the Exchange Offer, or vice versa.

We reserve the right, in our sole discretion, to amend or waive the conditions to the Exchange Offer with Exit Consent, including the Minimum Acceptance Amount, in accordance with the terms of this Exchange Offer with Exit Consent, subject to applicable law. Upon the terms and subject to the conditions set forth in this exchange offer and consent solicitation memorandum, we are offering to exchange the Exchange Notes held by Eligible Holders and the Exit Consents for the exchange and consent consideration for each US\$1,000 principal amount of the outstanding Exchange Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange (the “Exchange and Consent Consideration”) consisting of the following:

- a. US\$100 Upfront Principal Payment;
- b. a principal amount of the US\$ denominated senior notes due 2029 (the “New Notes”) equal to US\$900, subject to the provisions relating to minimum denominations;
- c. a cash payment of US\$20.00 (the “Exchange and Consent Fee”);
- d. Fractional Cash Payment; and
- e. any Accrued Interest (each as defined in this exchange offer and consent solicitation memorandum).

Terms used in this exchange offer and consent solicitation memorandum that are not otherwise defined herein have the meanings set forth in the Exchange Notes Indenture. We plan to use our own internal funds to pay all the cash components of the various fees and considerations described above.

The Exchange Notes are general obligations of the Company, guaranteed by certain of its existing subsidiaries, or the Subsidiary Guarantors. The guarantees by the Subsidiary Guarantors are referred to as the “Subsidiary Guarantees.” The New Notes will also be guaranteed by the Subsidiary Guarantors.

The New Notes will bear interest at the rate of 10.0% per annum, payable semi-annually in arrears. The New Notes will have a tenor of 3.5 years. The principal amount of the New Notes will amortize as follows: (i) December 14, 2026 (in an amount equal to 7.5% of the original principal amount of New Notes), (ii) June 14, 2027 (in an amount equal to 2% of the original principal amount of New Notes), (iii) December 14, 2027 (in an amount equal to 5% of the original principal amount of New Notes), (iv) June 14, 2028 (in an amount equal to 5% of the original principal amount of New Notes), (v) December 14, 2028 (in an amount equal to 5% of the original principal amount of New Notes), and (vi) June 14, 2029 (in an amount equal to 5% of the original principal amount of New Notes), with the remaining balance due and payable on the final maturity date, subject to adjustment in case of issuance of additional New Notes, partial redemption or repurchase.

The New Notes are not rated at the time of this exchange offer and consent solicitation memorandum.

Instructions to exchange any of the Exchange Notes (the “Instruction”) may only be submitted in a minimum principal amount of US\$50,000 and integral multiples of US\$1,000 in excess thereof. Any New Notes to be issued to any Eligible Holder in the Exchange Offer will be in a minimum principal amount of US\$50,000 and integral multiples of US\$1,000 in excess thereof. To the extent that any Eligible Holder instructs to exchange only a portion of its Exchange Notes, any retained portion must be in a minimum principal amount of US\$200,000 (being the minimum denomination of the Exchange Notes). Eligible Holders are responsible for ensuring that their instructions will result in the New Notes they are entitled to receive being at least equal to the minimum principal amount of US\$50,000. In order to be eligible to receive at least the minimum principal amount of US\$50,000 in the New Notes, each Eligible Holder must submit electronic instruction in a principal amount of at least US\$56,000. Instructions that would result in a principal amount of New Notes below US\$50,000 will be rejected.

In addition, a separate Exchange Instruction must be completed on behalf of each beneficial owner of the Exchange Notes.

Instructions in connection with the Exchange Offer with Exit Consent are irrevocable. Eligible Holders may not withdraw instructions at any time once delivered in accordance with the terms herein.

The Exchange Offer with Exit Consent is subject to the conditions discussed under “Description of the Exchange Offer with Exit Consent – Conditions to the Exchange Offer with Exit Consent.” Notwithstanding anything to the contrary contained in this exchange offer and consent solicitation memorandum or in any other document related to the Exchange Offer with Exit Consent, we expressly reserve the right, at our sole discretion and regardless of whether any of the conditions described under “Description of the Exchange Offer with Exit Consent – Conditions to the Exchange Offer with Exit Consent” have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer with Exit Consent, in whole or in part, (ii) waive any of the conditions described herein, in whole or in part, including the Minimum Acceptance Amount, (iii) extend the Expiration Deadline or Settlement Date, (iv) amend the terms of the Exchange Offer with Exit Consent, including the Minimum Acceptance Amount, or (v) modify the form or amount of the consideration to be paid pursuant to this Exchange Offer with Exit Consent. Our obligation to accept for exchange the Exchange Notes validly tendered is subject to, and conditioned upon, among other things, the valid tender of the Exchange Notes for at least the Minimum Acceptance Amount. Unless waived by us, if we receive valid tenders of the Exchange Notes for less than the Minimum Acceptance Amount, we will not proceed with the Exchange Offer with Exit Consent and the Exchange Offer with Exit Consent shall lapse automatically.

Only direct participants in Euroclear Bank SA/NV (“Euroclear”) or Clearstream Banking S.A. (“Clearstream”) may submit instructions through Euroclear and Clearstream. If you are not a direct participant in Euroclear or Clearstream, you must contact your broker, dealer, bank, custodian, other company or other nominee to arrange for its direct participation through which you hold the Exchange Notes to submit your instructions on your behalf to the relevant clearing system prior to the deadline specified by the relevant clearing system, which may be earlier than the deadline specified in this exchange offer and consent solicitation memorandum. Upon giving instructions with respect to any Exchange Notes, those Exchange Notes will be blocked and may not be transferred until the earlier of (i) the Settlement Date and (ii) the Exchange Offer with Exit Consent is modified or terminated so as to result in a cancellation of such instructions.

You should carefully consider all the information in this exchange offer and consent solicitation memorandum including, in particular, the “Risk Factors” section in this exchange offer and consent solicitation memorandum before you make any decision regarding the Exchange Offer with Exit Consent. For more information regarding the New Notes, see the section entitled “Description of the New Notes.”

Investing in the New Notes involves risks. Investors should be aware that there are various other risks relating to the New Notes, the Company, the Subsidiary Guarantors, and the Company’s subsidiaries, their business and their jurisdictions of operations which investors should familiarize themselves with before making an investment in the New Notes. In particular, investors should be aware that the Subsidiary Guarantors do not currently have substantive operations and may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the guarantee.

YOU MUST MAKE YOUR OWN DECISION WHETHER TO EXCHANGE YOUR EXCHANGE NOTES IN THE EXCHANGE OFFER. NONE OF THE COMPANY, THE EXCHANGE NOTES TRUSTEE, THE NEW NOTES TRUSTEE, THE SUBSIDIARY GUARANTORS, THE DEALER MANAGERS, THE INFORMATION, EXCHANGE AND TABULATION AGENT (EACH AS DEFINED HEREIN) OR ANY OTHER PERSON IS MAKING ANY RECOMMENDATION AS TO WHETHER OR NOT YOU SHOULD EXCHANGE YOUR EXCHANGE NOTES IN THE EXCHANGE OFFER OR PROVIDE CONSENTS TO THE EXIT CONSENT AMENDMENTS. EACH HOLDER MUST MAKE HIS, HER OR ITS OWN DECISION AS TO WHETHER TO DELIVER CONSENTS. THE HOLDERS ARE URGED TO EVALUATE CAREFULLY ALL OF THE INFORMATION IN THIS EXCHANGE OFFER AND CONSENT SOLICITATION MEMORANDUM AND TO CONSULT THEIR INVESTMENT AND TAX ADVISORS IN MAKING THEIR DECISION AS TO WHETHER TO EXCHANGE NOTES OR DELIVER CONSENTS.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle for the listing of the New Notes on the SGX-ST is not to be taken as an indication of the merits of the Exchange Offer with Exit Consent, the Company, the Subsidiary Guarantors, or any of their respective subsidiaries or associated companies (if any), the New Notes or the Subsidiary Guarantees. The New Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$200,000 (or so large as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require. For so long as the New Notes shall only be offered, traded and/or transferred (whether on an exchange or otherwise) in a minimum aggregate principal amount of US\$50,000. For so long as any New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the New Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive registered New Note(s). In addition, in the event that a Global Note is exchanged for definitive registered New Note(s), an announcement of such exchange will be made by the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive registered New Note(s), including details of the paying agent in Singapore.

The New Notes and the Subsidiary Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended, or the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the New Notes are being offered and issued only outside the United States in compliance with Regulation S under the Securities Act, or Regulation S. For a description of certain restrictions on resale or transfer, see “Transfer Restrictions”.

Pursuant to the Administrative Measures for the Review and Registration of Medium and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by the National Development and Reform Commission of the PRC (the “NDRC”) which came into effect on February 10, 2023 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the “NDRC Circular”), the Company has registered the issuance of the New Notes with the NDRC and obtained certificate from the NDRC on April 16, 2025 evidencing such registration, which as of the date of this exchange offer and consent solicitation memorandum, remains valid and in full force and effect. Pursuant to the NDRC Circular and any relevant implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (collectively, the “NDRC Foreign Debt Measures”), the Company is required to file or cause to be filed with the NDRC the requisite information and documents within the prescribed time periods in accordance with the NDRC Foreign Debt Measures.

Dealer Managers
(in alphabetical order)

Deutsche Bank J.P. Morgan

The date of this exchange offer and consent solicitation memorandum is March 23, 2026.

INVESTOR REPRESENTATIONS

By accessing the attached exchange offer and consent solicitation memorandum, you are further deemed to have made the following representations, warranties, agreements, undertakings, confirmations and acknowledgements to the Company and the Dealer Managers. For the purposes of the below, “you” means the Company and/or the Dealer Managers as the context may indicate, and “we” means such holder participating in the Exchange Offer with Exit Consent.

1. We base our investment decision solely on the information contained in the attached exchange offer and consent solicitation memorandum and not on any other information or representation concerning the Company which we may have received from the Company, the Dealer Managers or their representatives. We acknowledge that none of the Company, any of its affiliates or any other person has made any representations, express or implied, to us with respect to the Company, the Exchange Offer, the Exit Consent Solicitation, the New Notes or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Exchange Offer, the Exit Consent Solicitation or the New Notes. We agree that we will not distribute, forward, transfer or otherwise transmit any presentational or other materials concerning the Exchange Offer or Exit Consent Solicitation (including electronic copies thereof) to any person (other than any Eligible Holder on behalf of which we act), and we have not distributed, forwarded, transferred or otherwise transmitted any such materials to any person (other than any Eligible Holder on behalf of which we act).
2. We understand that the attached exchange offer and consent solicitation memorandum involves a high degree of risk and that the New Notes are complex products.
3. We (a) have consulted with our own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent we have deemed necessary, (b) have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of the Company and the Subsidiary Guarantors concerning their respective financial condition and results of operations and the exchange offer and consent solicitation memorandum, and any such questions have been answered to our satisfaction, (c) have requested from the Company and the Subsidiary Guarantors and reviewed all information that we believe is necessary or appropriate in connection with the exchange offer and consent solicitation memorandum, (d) have made our own investment decisions based upon our own judgment, due diligence and advice from such advisers as we have deemed necessary and not upon any view expressed by or on behalf of you, and (e) have been and will continue to be solely responsible for making our own independent analysis of and investigations into the status, creditworthiness, prospects, business, operations, assets and condition of the Company and any of the subsidiaries of the Company (collectively, the “**Group**”), the Subsidiary Guarantors and any other person referred to herein and for making our own decisions as to the purchase of, or the taking or not taking of any action in connection with, the Exchange Offer and the Exit Consent Solicitation.
4. We understand and agree that we may not rely on any investigation that any person acting on your behalf has conducted with respect to the exchange offer and consent solicitation memorandum, the New Notes, the Company and the Subsidiary Guarantors or any of their

respective affiliates, and no other party has made any representation to us, express or implied, with respect to the exchange offer and consent solicitation memorandum, the New Notes, the Company or the Subsidiary Guarantors. Neither the Dealer Managers nor any of its respective associates or affiliates have made, and we have not relied upon, any written or oral communication, representation, warranty or condition (express or implied) about, and the Dealer Managers shall have no liability or responsibility for (a) the effectiveness, validity or enforceability of any agreement or other document entered into by or provided to us in connection with the exchange offer and consent solicitation memorandum; (b) any non-performance by any party to any such documents; (c) the exchange offer and consent solicitation memorandum or the New Notes; or (d) the business, properties, prospects, condition (financial or otherwise) or results of operations of the Group, and the Dealer Managers do not owe and shall not owe any duty whatsoever in connection with any of the foregoing. Any information or explanations related to the terms and conditions of the exchange offer and consent solicitation memorandum and the New Notes does not constitute investment advice or a recommendation in respect of the exchange offer and consent solicitation memorandum and is not considered or deemed to be an assurance or guarantee as to the expected performance of the New Notes, the Company, and each other member of the Group.

5. We will not hold the Dealer Managers or any of their branches, subsidiaries, associates and affiliates and their respective directors, members, officers, employees, agents, financiers, advisers (including, without limitation, financial advisers, counsel and accountants) and controlling persons, responsible for any misstatements in or omission from any publicly available information concerning the Company and the Group; and none of such persons has made any warranty, representation or recommendation to it, express or implied, with respect to the exchange offer and consent solicitation memorandum, the merits thereof, the business, properties and condition, financial or otherwise, of the Company or the Group; the accuracy, completeness or adequacy of any publicly available information and any other matter relating thereto or in connection therewith, and none of them has any obligation to review the Group's results of operations, financial condition or affairs or to advise you of any information (including but not limited to any change or development reasonably likely to involve a change in the Group since the date hereof) coming to their attention.
6. We acknowledge that the information provided to us with regard to the Company or the Subsidiary Guarantors and the New Notes has been prepared and supplied by the Company and the Subsidiary Guarantors (whether or not it was conveyed by you to us on the Company's behalf), and that no other party has verified such information or makes any representation or warranty as to its accuracy or completeness.
7. We are a sophisticated institutional investor and have such knowledge and experience in financial, business and international investment matters, and in particular in purchasing debt securities issued by companies operating in the PRC, and we are capable of evaluating the merits and risks of the exchange offer and consent solicitation memorandum, have had the opportunity to ask questions of, and receive answers and request additional information from, the Company and the Subsidiary Guarantors and we are aware that we may be required to bear, and are able to bear, the economic risk of an investment in the New Notes, including the possibility that we may lose all or a substantial portion of our investment.

8. We represent and acknowledge that (a) neither the Dealer Managers nor any of its affiliates have been requested to or has provided us with any information or advice with respect to the exchange offer and consent solicitation memorandum or the New Notes nor is such information or advice necessary or desired; (b) neither the Dealer Managers nor any of their respective affiliates has made or makes any representation as to the Company, the exchange offer and consent solicitation memorandum or the credit quality of the New Notes; (c) the Dealer Managers and their respective affiliates may have acquired, or during the term of the exchange offer and consent solicitation memorandum and/or the New Notes may acquire, non-public information with respect to the Company, which we agree need not be provided to us; and (d) in connection with the Exchange Offer and the Exit Consent Solicitation, neither the Dealer Managers nor any of their respective affiliates have acted as our financial advisor or fiduciary.
9. We are acquiring the New Notes for our own account (or for the account of a person that is not a U.S. person as defined in Regulation S under the Securities Act) as to which we exercise sole investment discretion and have authority to make these statements) for investment purposes, and not with a view to any resale or distribution thereof within the meaning of the U.S. securities laws.
10. We understand that the New Notes and the guarantees to be provided by the Subsidiary Guarantors have not been, and will not be, registered under the Securities Act or with any state or other jurisdiction of the United States.
11. If we are acting as a fiduciary or agent for one or more investor accounts, (a) we have investment discretion with respect to each such account and (b) we have full power and authority to make the representations, warranties, agreements and acknowledgements contained herein on behalf of each such account.
12. We acknowledge and agree that we did not become aware of the Exchange Offer through any form of general solicitation or advertising within the meaning of Rule 502 under the Securities Act or otherwise through a “public offering” under Section 4(a)(2) of the Securities Act or as a result of any directed selling efforts (as that term is defined in Regulation S under the Securities Act) and we did not become aware of the Exchange Offer and were not otherwise solicited to enter into the Exchange Offer through solicitation of any party other than the Company or its affiliates.
13. The exchange offer and consent solicitation memorandum is lawful under the securities laws of the jurisdiction in which we accept the exchange for the New Notes.
14. We are not a nominee company (unless the name of the ultimate beneficiary has been disclosed).
15. We confirm that, to the extent we are acting for the account of one or more persons, (i) we have been duly authorized to make on their behalf the confirmations, acknowledgements and agreements set forth herein and (ii) these provisions constitute legal, valid and binding obligations of us and any other persons for whose account we are acting.
16. We acknowledge that the Dealer Managers may submit exchange instructions for its own account as well as on behalf of other Eligible Holders.

17. We have observed the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control or other required consents, complied with all requisite formalities and paid any issue, transfer or other taxes or requisite payments due, in each respect, in connection with submitting an instruction in respect of the Exit Consent Amendments, in any jurisdiction and that we have not taken or omitted to take any action in breach of these representations or which will or may result in the Company, the Dealer Managers or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with any votes in respect of the Exit Consent Amendments.
18. We have full power and authority to submit an Exchange Offer and Exit Consent instruction.
19. We declare and acknowledge that each of the Company and the Dealer Managers will not be held responsible for any liabilities or consequences arising as a result of acts taken by us or pursuant to the terms of the exchange offer and consent solicitation memorandum and we further declare that the Company and the Dealer Managers have no responsibility for the terms of the exchange offer and consent solicitation memorandum.
20. We are not a person from whom it is unlawful to seek approval of the Exit Consent Amendments, to receive the exchange offer and consent solicitation memorandum or otherwise to participate in any voting process.
21. All communications, payments or notices to be delivered to or by an Eligible Holder will be delivered by or sent to or by us at our own risk.
22. We accept that the Company is under no obligation to complete the Exchange Offer or the Exit Consent Solicitation and accordingly the completion of the Exchange Offer or the Exit Consent Solicitation is at the sole and absolute discretion of the Company.
23. Each instruction is made on the terms and conditions set out in the exchange offer and consent solicitation memorandum.
24. Each instruction is being submitted in compliance with all applicable laws and/or regulations of the jurisdiction in which the Eligible Holder is located and/or in which it is resident and no registration, approval or filing with any regulatory authority of such jurisdiction is required in connection with each such instruction.
25. We understand that the foregoing representations, warranties, agreements, undertakings, confirmations and acknowledgements are required in connection with United States and other securities laws and that you and your affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements, undertakings, confirmations and acknowledgements.
26. Neither the Exchange Notes Trustee nor the New Notes Trustee has independently verified nor makes any representation or warranty, express or implied, nor assumes any responsibility, as to the accuracy or adequacy of the information contained herein.
27. The Exchange Notes Trustee and The New Notes Trustee make no recommendation as to whether or not any holder should provide consents to the Exit Consent Amendments. Each holder must make his, her or its own decision as to whether to deliver consents. The holders are urged to evaluate carefully all of the information in this exchange offer and consent solicitation memorandum and to consult their investment and tax advisors in making their decision as to whether to exchange notes and deliver consents.

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NOTICE TO INVESTORS

This exchange offer and consent solicitation memorandum does not constitute an offer to sell or a solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this exchange offer and consent solicitation memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this exchange offer and consent solicitation memorandum or that the information contained in this exchange offer and consent solicitation memorandum is correct as of any time after that date.

This exchange offer and consent solicitation memorandum is highly confidential. We are providing it solely for the purpose of enabling you to consider the Exchange Offer with Exit Consent. You should read this exchange offer and consent solicitation memorandum before making a decision whether to accept the Exchange Offer with Exit Consent. You must not use this exchange offer and consent solicitation memorandum for any other purpose, or disclose any information in this exchange offer and consent solicitation memorandum to any other person.

We have prepared this exchange offer and consent solicitation memorandum, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the New Notes. By exchanging the Exchange Notes for the New Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section headed “Transfer Restrictions”.

No representation or warranty, express or implied, is made by the Dealer Managers, the New Notes Trustee, the Exchange Notes Trustee, collectively the Agents, or any of their respective officials, directors, officers, employees, affiliates, agents or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this exchange offer and consent solicitation memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle for the listing of the New Notes on the SGX-ST is not to be taken as an indication of the merits of the Exchange Offer with Exit Consent, the Company, the Subsidiary Guarantors, or any of their respective subsidiaries or associated companies (if any), the New Notes or the Subsidiary Guarantees. Each of the Company and the Subsidiary Guarantors accepts full responsibility for the accuracy of the information contained in this exchange offer and consent solicitation memorandum and confirms, having made all reasonable enquiries, that to the best of their respective knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Investors are advised to exercise caution in relation to the Exchange Offer with Exit Consent. If Investors are in any doubt about any of the contents of the exchange offer and consent solicitation memorandum, they should obtain independent professional advice.

This exchange offer and consent solicitation memorandum is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129 (as amended, the “EU Prospectus Regulation”).

Prohibition of sales to EEA retail investors – The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “EU PRIIPs Regulation”) for offering or selling the New Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

Prohibition of sales to UK retail investors – The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”). Consequently no key information document required by the EU PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling New Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the New Notes has led to the conclusion that: (i) the target market for the New Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the New Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the New Notes (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the New Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the New Notes has led to the conclusion that: (i) the target market for the New Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the New Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the New Notes (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the New Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Notification under Section 309B of the SFA – The New Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Each person receiving this exchange offer and consent solicitation memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Dealer Managers or the Exchange Notes Trustee or the New Notes Trustee or the Agents or any person affiliated with the Dealer Managers or the Exchange Notes Trustee or the New Notes Trustee or the Agents in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, the New Notes or the Subsidiary Guarantees (other than as contained herein and information given by our duly authorized officers and employees in connection with investors' examination of our company and the terms of the offering of the New Notes) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Dealer Managers, the Exchange Notes Trustee or the New Notes Trustee or the Agents. The Exchange Notes Trustee, the New Notes Trustee and Agents shall not have any duty to calculate, verify or determine the New Notes to be issued in the Exchange Offer or the Exchange and Consent Consideration.

The New Notes and the Subsidiary Guarantees have not been approved or disapproved by the United States Securities and Exchange Commission, or the SEC, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this exchange offer and consent solicitation memorandum. Any representation to the contrary is a criminal offense in the United States. We are not, and the Dealer Managers are not, making an offer to sell the New Notes in any jurisdiction except where an offer or sale is permitted. The distribution of this exchange offer and consent solicitation memorandum and the offering of the New Notes may in certain jurisdictions be restricted by law. Persons into whose possession this exchange offer and consent solicitation memorandum comes are required by us and the Dealer Managers to inform themselves about and to observe any such restrictions. None of the Information, Exchange and Tabulation Agent or the Exchange Notes Trustee will incur any liability for their own failure or the failure of any other person or persons to comply with the provisions of any such restrictions. For a description of the restrictions on offers, sales and resales of the New Notes and distribution of this exchange offer and consent solicitation memorandum, see the sections headed "Offer and Distribution Restrictions" and "Transfer Restrictions".

This exchange offer and consent solicitation memorandum summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this exchange offer and consent solicitation memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the Exchange Offer with Exit Consent, including the merits and risks involved. We are not making any representation to you regarding the legality of an investment in the New Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this exchange offer and consent solicitation memorandum to be legal, business or tax advice. You should consult your own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the New Notes.

Neither the delivery of this exchange offer and consent solicitation memorandum nor any acceptance for exchange of any Exchange Notes shall, under any circumstances, create any implication that the information contained herein is current as of any time subsequent to the date of this exchange offer and consent solicitation memorandum.

We reserve the right to withdraw the Exchange Offer with Exit Consent at any time. Whether or not the Exchange Offer is consummated, we expressly reserve the absolute right, at our sole discretion, from time to time to redeem or purchase any Exchange Notes that remain outstanding after the consummation or termination of the Exchange Offer with Exit Consent through open market or privately negotiated transactions, one or more tender offers or additional exchange offers or otherwise, on terms that may differ from those of this exchange offer and consent solicitation memorandum and could be for cash or other consideration, or to exercise any of our rights (including rights of redemption) under the indenture dated September 21, 2021, among us, the subsidiary guarantors named therein and DB Trustees (Hong Kong) Limited governing the Exchange Notes (the “Exchange Notes Indenture”).

OFFER AND DISTRIBUTION RESTRICTIONS

This exchange offer and consent solicitation memorandum does not constitute, may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which an offer or solicitation is not authorized or in which the person making an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this exchange offer and consent solicitation memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this exchange offer and consent solicitation memorandum comes are required by each of the Company, the Dealer Managers and the Information, Exchange and Tabulation Agent to inform themselves about, and to observe, any such restrictions.

GENERAL

This Exchange Offer with Exit Consent does not constitute an offer to buy or a solicitation of an offer to sell any securities, and tenders of the Exchange Notes for exchange pursuant to the Exchange Offer with Exit Consent will not be accepted from holders of the Exchange Notes, in any circumstances in which such offer or solicitation is unlawful. In any jurisdiction where the securities, blue sky or other laws require this Exchange Offer to be made by a licensed broker or dealer and either of the Dealer Managers or any of their respective affiliates is such a licensed broker or dealer in such jurisdiction, such Exchange Offer shall be deemed to be made by such Dealer Manager or affiliate, as the case may be, on behalf of the Company in such jurisdiction.

In addition to the representations referred to above in respect of the United States, each holder of the Exchange Notes participating in the Exchange Offer with Exit Consent will also be deemed to give certain representations in respect of the other jurisdictions referred to above and generally as set out in “Procedures for Participating in the Exchange Offer with Exit Consent.” Any tender of Exchange Notes for exchange pursuant to the Exchange Offer with Exit Consent from a holder of the Exchange Notes that is unable to make these representations will not be accepted. Each of the Company, the Dealer Managers, the Information, Exchange and Tabulation Agent and the Exchange Notes Trustee reserves the right, in its absolute discretion, to investigate, in relation to any tender of Exchange Notes for exchange pursuant to the Exchange Offer with Exit Consent, whether any such representation given by a holder of the Exchange Notes is correct and, if such investigation is undertaken and as a result the Company determines (for any reason) that such representation is not correct, such tender may be rejected.

UNITED STATES

The Exchange Offer with Exit Consent is not being made, and will not be made, directly or indirectly in or into, or by use of the mails or by any means or instrumentality of interstate or foreign commerce of, or of any facility of any national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. Accordingly, copies of this exchange offer and consent solicitation memorandum and any other documents or materials relating to the Exchange Offer with Exit Consent are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to, or for the account or benefit of, U.S. persons or any person located or resident in the United States and the Exchange Notes cannot be tendered in the Exchange Offer with Exit Consent by any such use, means, instrumentality or facility or from within the United States or by,

or for the account or benefit of, U.S. persons or any person located or resident in the United States. Any purported tender of Exchange Notes in the Exchange Offer with Exit Consent resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Exchange Notes made by, or for the account or benefit of, U.S. persons or any person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Each holder of the Exchange Notes participating in the Exchange Offer with Exit Consent will represent that it is not a U.S. person, is not located in the United States and is not participating in such Exchange Offer with Exit Consent from the United States, or it is acting on a non-discretionary basis for a principal that is not a U.S. person and located outside the United States that is not giving an order to participate in such Exchange Offer with Exit Consent from the United States. For the purposes of this and the above paragraph, “United States” means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and The Commonwealth of the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

The New Notes have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States or other jurisdictions, and the New Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons outside the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable laws of any other jurisdiction.

UNITED KINGDOM

The communication of this exchange offer and consent solicitation memorandum and any other documents or materials relating to the Exchange Offer with Exit Consent is not being made and such documents and/or materials have not been approved by an authorized person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Financial Promotion Order”)) or persons who are within Article 43 of the Financial Promotion Order or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (such persons together being “Relevant Persons”). The exchange offer and consent solicitation memorandum is only available to Relevant Persons and the transactions contemplated herein will be available only to, or engaged in only with, Relevant Persons, and must not be relied or acted upon by persons other than Relevant Persons.

EUROPEAN ECONOMIC AREA

The exchange offer and consent solicitation memorandum and any other documents or materials relating to the Exchange Offer with Exit Consent are only addressed to and directed at persons in member states of the European Economic Area (the “EEA”), who are “qualified investors” within the meaning of Article 2 (e) of the European Union’s Regulation (EU) 2017/1129. The Exchange Offer with Exit Consent is only available to qualified Investors. None of the information in the exchange offer and consent solicitation memorandum and any other documents and materials relating to the Exchange Offer with Exit Consent should be acted upon or relied upon in any member state of the EEA by persons who are not qualified investors.

HONG KONG

The communication of this exchange offer and consent solicitation memorandum and any other documents or materials relating to the Exchange Offer with Exit Consent is not being made in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"), by means of any document, other than (1) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) and any rules made thereunder, or (2) in circumstances that do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) ("CO") or that do not constitute an offer to the public within the meaning of the CO. No person shall issue or have in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the exchange offer and the New Notes (including this exchange offer and consent solicitation memorandum), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Exchange Offer with Exit Consent and the New Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) and any rules made thereunder.

JAPAN

The Exchange Offer with Exit Consent is not made in Japan or to any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), except in a manner which complies with the Financial Instruments and Exchange Act of Japan and other relevant laws and regulations of Japan.

PEOPLE'S REPUBLIC OF CHINA

This Exchange Offer with Exit Consent does not constitute a public offer of any securities in the People's Republic of China (the "PRC"). Except to the extent consistent with applicable laws and regulations in the PRC, the Exchange Offer with Exit Consent is not made in the PRC to or for the benefit of, legal or natural persons of the PRC. According to the laws and regulatory requirements in the PRC, with the exception to the extent consistent with applicable laws and regulations in the PRC, the Exchange Offer with Exit Consent may, subject to the laws and regulations of the relevant jurisdictions, only be made to non-PRC natural or legal persons in any country other than the PRC.

SINGAPORE

None of this exchange offer and consent solicitation memorandum or any other documents or materials relating to the Exchange Offer with Exit Consent have been or will be registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, this exchange offer and consent solicitation memorandum or any other documents or materials relating to the Exchange Offer with Exit Consent, or invitation for subscription or purchase, of the New Notes may not be circulated or distributed, nor may the New Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA; or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

CAYMAN ISLANDS

No Exchange Offer with Exit Consent will be made directly or indirectly to the public in the Cayman Islands.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this exchange offer and consent solicitation memorandum, all references to

- “2026 Senior Notes” and “Exchange Notes” refer to 7.00% senior unsecured notes due 2026 issued by eHi Car Services Limited;
- “2027 Senior Notes” refer to 12.00% senior unsecured notes due 2027 issued by eHi Car Services Limited;
- “Brave Passion” refers to Brave Passion Limited;
- “Crawford” refers to The Crawford Group, Inc., the parent company of Enterprise Holdings;
- “Ctrip” refers to Ctrip.com (Hong Kong) Limited and its affiliates;
- “eHi Hong Kong” refers to eHi Auto Services (Hong Kong) Holding Limited;
- “eHi Information” refers to Shanghai eHi Information Technology Service Co., Ltd.;
- “eHi Jiangsu” refers to eHi Auto Services (Jiangsu) Co., Ltd.;
- “eHi Rental” refers to Shanghai eHi Car Rental Co., Ltd.;
- “eHi Management” refers to eHi Car Rental Service Management (Shanghai) Co., Ltd.;
- “Enterprise” refers to Enterprise Holdings and Enterprise Holdings (China) LLC, an affiliate of Enterprise Holdings, collectively;
- “Enterprise Holdings” refers to Enterprise Holdings Inc.;
- “Hong Kong” refers to the Hong Kong Special Administrative Region of the People’s Republic of China;
- “L&L” refers to L&L Financial Leasing Holding Limited;
- “operating-leased vehicles” and vehicles “operating-leased” by us refer to vehicles we leased through the operating lease model;

- “period-end fleet size” refers to the aggregate number of self-owned vehicles and operating-leased vehicles in our vehicle fleet as of the last day of a given period, including vehicles that we have written off in accordance with our accounting policy and vehicles that are currently missing but have not been written off;
- “PRC” or “China” refers to the People’s Republic of China, and only in the context of describing the industry matters, including those derived from the iResearch report, and the PRC laws, rules, regulations, regulatory authorities, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this exchange offer and consent solicitation memorandum, excludes Taiwan, the Hong Kong Special Administrative Region and the Macau Special Administrative Region;
- “registered members” refer to individuals who have registered accounts with us;
- “RMB” or “Renminbi” are to the legal currency of China;
- “self-owned vehicles” and vehicles “self-owned” by us refer to vehicles we acquired through the vehicle acquisition model (including vehicle purchase and financial lease);
- “Senior Notes” refer to, collectively, 2026 Senior Notes and 2027 Senior Notes;
- “Shanghai Smart Brand” refers to Shanghai Smart Brand Auto Driving Services Co., Ltd.;
- “Shanghai Taide” refers to Shanghai Taide Financial Leasing Co., Ltd.;
- “Shanghai Taihan” refers to Shanghai Taihan Trading Co., Ltd.;
- “Shanghai Taihao” refers to Shanghai Taihao Financial Leasing Co., Ltd.;
- “Shanghai Wenlong” refers to Shanghai Wenlong Information Technology Service Co., Ltd.;
- “Shouqi” refers to Shouqi Car Rental Co., Ltd.;
- “Shuzhi” refers to Shuzhi Information Technology (Shanghai) Co., Ltd.;
- “Trip.com” refers to Trip.com Group Limited and its affiliates;
- “US\$,” “U.S. dollars,” “\$,” and “dollars” refers to the legal currency of the United States; and
- “we,” “us,” “our company,” “the Company,” “our” and “eHi” refer to eHi Car Services Limited, its predecessor entities, subsidiaries and variable interest entity.

In this exchange offer and consent solicitation memorandum, all references to “US\$” and “U.S. dollars” are to United States dollars, the official currency of the United States of America; all references to “RMB” or “Renminbi” are to the Renminbi, the official currency of the People’s Republic of China; all references to the “PRC” or “China” or “mainland China” are to the People’s Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

We record and publish our financial information in Renminbi. Unless otherwise stated in this exchange offer and consent solicitation memorandum, all translations from Renminbi into U.S. dollars were made at the rate of RMB7.1636 to US\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2025. All such translations in this exchange offer and consent solicitation memorandum are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see “Exchange Rate Information.”

We have commissioned iResearch Consulting Group, or iResearch, as our industry consultant, to prepare an independent expert report for use in whole or in part in the Industry Overview section or other sections in this exchange offer and consent solicitation memorandum. iResearch prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. iResearch has assumed that the information and data which it relied on are complete and accurate. The industry information and market data contained in this exchange offer and consent solicitation memorandum has been obtained from sources believed by iResearch to be reliable, but there can be no assurance as to the accuracy or completeness of included information and data. Unless otherwise specified, all of the industry information and market data has been extracted from iResearch Report. This exchange offer and consent solicitation memorandum contains certain data and information, which we obtained from various governmental and private publications. Although we believe this information to be reliable, it has not been independently verified by us or our directors and advisors, and neither us nor our directors, officers or advisors make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. This exchange offer and consent solicitation memorandum summarizes certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. In making an investment decision, each investor must rely on its own examination of us and the terms of the Exchange Offer with Exit Consent and the New Notes, including the merits and risks involved.

Certain amounts and percentage figures included in this exchange offer and consent solicitation memorandum 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.

FORWARD-LOOKING STATEMENTS

This exchange offer and consent solicitation memorandum contains forward-looking statements that involve risks and uncertainties.

All statements other than statements of historical facts are forward-looking statements based on our current expectations, assumptions, estimates and projections about us and our industry. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. In some cases, these forward-looking statements can be identified by words or phrases such as “aim,” “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “is/are likely to,” “is projected to,” “may,” “plan,” “potential,” “will” or other similar expressions. The forward-looking statements included in this exchange offer and consent solicitation memorandum relate to, among others:

- our mission, goals and strategies;
- the anticipated growth of our business;
- our future business development, results of operations and financial condition;
- various business opportunities that we may pursue;
- our ability to retain and increase our customers;
- factors that may affect our future revenues and expenses;
- the future growth of our industry as a whole;
- trends and competition in our industry;
- economic, regulatory, operating conditions and demographic trends in China;
- the material impact of the global COVID-19 pandemic on our business, financial results and liquidity; and
- other factors beyond our control.

The forward-looking statements made in this exchange offer and consent solicitation memorandum relate only to events or information as of the date on which the statements are made in this exchange offer and consent solicitation memorandum. All forward-looking statements included herein attributable to us or other parties or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events.

ENFORCEABILITY OF CIVIL LIABILITIES

We are an exempted company incorporated in the Cayman Islands with limited liability. Each Subsidiary Guarantor is also incorporated or may be incorporated, as the case may be, outside the United States in jurisdictions such as the British Virgin Islands and Hong Kong. The Cayman Islands, the British Virgin Islands, Hong Kong and other jurisdictions have different bodies of securities laws from the United States and protections for investors may differ.

Substantially all of our current operations are conducted in the PRC, and substantially all of our assets are located in the PRC. A majority of our directors and officers are nationals or residents of jurisdictions other than the United States, and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us, any of the Subsidiary Guarantors or such persons or to enforce against us or any of the Subsidiary Guarantors or such persons judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

Maples and Calder (Hong Kong) LLP, our counsel as to Cayman Islands law and British Virgin Islands law, Grandall Law Firm (Shanghai), our counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands, British Virgin Islands and/or the PRC, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Maples and Calder (Hong Kong) LLP has further advised us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands is not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment is final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Maples and Calder (Hong Kong) LLP has further advised us that any final and conclusive monetary judgment obtained against the Company in the courts of the federal or state courts of the United States (the “Foreign Judgment”), for a definite sum, would be treated by the courts of the British Virgin Islands as a cause of action in itself such that in seeking to have the courts of the British Virgin Islands recognise and enforce the Foreign Judgment in the form of and by means of a corresponding judgment of the British Virgin Islands court, no retrial of the issues would be necessary provided that in respect of the Foreign Judgment:

- (a) the foreign court issuing the Foreign Judgment had jurisdiction in the matter and the Company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;
- (b) the Foreign Judgment given by the foreign court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the Company;
- (c) in obtaining the Foreign Judgment there was no fraud on the part of the person in whose favour the Foreign Judgment was given or on the part of the court;
- (d) recognition or enforcement of the Foreign Judgment in the British Virgin Islands would not be contrary to public policy; and
- (e) the proceedings pursuant to which the Foreign Judgment was obtained were not contrary to natural justice.

Grandall Law Firm (Shanghai) has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between the PRC and the country or region where the judgment is made or on principle of reciprocity between jurisdictions. The PRC does not have any treaties or other agreements that provide for the reciprocal recognition and enforcement of foreign judgments with the United States or the Cayman Islands. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. Accordingly, it is uncertain whether a PRC court would enforce a judgment rendered by a court in the United States or the Cayman Islands.

Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. However, under Hong Kong common law, a foreign judgment (including one from a court in the United States predicated upon U.S. federal or state securities laws) may be enforced in Hong Kong by bringing an action in a Hong Kong court, and then seeking summary or default judgment on the strength of the foreign judgment, provided that, among others, the foreign judgment is for a debt and a definite sum of money and is final and conclusive on the merits. In addition, the Hong Kong courts may refuse to recognize or enforce a foreign judgment if such judgment:

- (a) was obtained by fraud;
- (b) was rendered by a foreign court that lacked the appropriate jurisdiction at the time;
- (c) is contrary to public policy or natural justice;
- (d) is for penal damages; or
- (e) is based on foreign penal, revenue or other public law.

PRESENTATION OF FINANCIAL INFORMATION

Our reporting currency is Renminbi.

This exchange offer and consent solicitation memorandum contains certain consolidated financial information of the group. The financial information as of and for the years ended December 31, 2023 and 2024 set forth in this exchange offer and consent solicitation memorandum have been derived from our audited consolidated financial statements as of and for the year ended December 31, 2023 and 2024. The financial information as of and for the six months ended June 30, 2024 and 2025, respectively, set forth in this exchange offer and consent solicitation memorandum have been derived from our unaudited interim condensed consolidated financial information as of and for the six months ended June 30, 2025. The audited consolidated financial statements for the year ended December 31, 2023 and 2024 have been prepared in accordance with IFRS Accounting Standards (“IFRSs”) and have been audited by PricewaterhouseCoopers (“PwC”), Certified Public Accountants, and are included elsewhere in this exchange offer and consent solicitation memorandum. The unaudited interim condensed consolidated financial information as of and for the six months ended June 30, 2025 included in this exchange offer and consent solicitation memorandum has been reviewed by PwC, Certified Public Accountants, in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, and is included elsewhere in this exchange offer and consent solicitation memorandum.

SUMMARY

This summary does not contain all the information that may be important to you in deciding to invest in the New Notes. You should read the entire exchange offer and consent solicitation memorandum, including the section entitled “Risk Factors” and our consolidated financial statements and related notes thereto, before making an investment decision.

EXCHANGE OFFER AND EXIT CONSENT SOLICITATION

As part of our efforts to refinance our existing indebtedness, including the refinancing for our 7.00% senior unsecured notes due 2026, or the 2026 Senior Notes or Exchange Notes, we are conducting this offering of the New Notes in exchange for the 2026 Senior Notes to actively manage our balance sheet liabilities, optimize our debt structure to extend debt maturity profile, and to improve our cash flow management. All of the New Notes are issued in this offering solely as exchange consideration. If the Exchange Offer is not successfully consummated, we may not have sufficient liquidity to be able to repay all our outstanding indebtedness due in the near term, including the 2026 Senior Notes, and may be subject to increased default risk under the 2026 Senior Notes and our other outstanding indebtedness.

Concurrently with the Exchange Offer, we are soliciting Exit Consents from Eligible Holders to certain proposed amendments to the Exchange Notes Indenture, and to the execution of the Supplemental Indenture giving effect to such amendments, which form is set out in “Appendix A – Form of Supplemental Indenture”. Each Eligible Holder will be deemed to have provided its Exit Consent upon its valid tender of Exchange Notes in the Exchange Offer. An Eligible Holder may not give Exit Consent without tendering Exchange Notes, or vice versa. The principal purpose of the Exit Consent Amendments is to eliminate substantially all of the restrictive covenants and to amend certain of the events of default and other provisions contained in the Exchange Notes Indenture.

We commenced the Exchange Offer with Exit Consent upon the terms and conditions set forth in this exchange offer and consent solicitation memorandum. We cannot assure you as to the amount of 2026 Senior Notes that may be tendered for exchange in the Exchange Offer with Exit Consent or that the Exchange Offer with Exit Consent will be consummated at all.

OVERVIEW

Who We Are and What We Have Achieved

We are a trailblazer in China’s mobility service industry and have grown into a leader in the industry since our inception in 2006. We are the largest car rental service provider in China in terms of geographical coverage as of December 31, 2024 and have the highest ADRR in 2024, according to iResearch. Our leadership is further exemplified by the number of transportation hubs (consisting of 879 high-speed train stations and 199 airports) that our service network has covered across China as of June 30, 2025. We pioneered and successfully operated a direct operation business model with nationwide coverage since 2008, through which we exercise unfettered control over our vast service network, as we directly own, lease and operate our facilities and assets, build upon our brand and deliver quality services to our customers in a uniform and consistent manner.

We have been actively building up and expanding our fleet size through a combination of different models to capture untapped demands. Traditionally, like other car rental service providers, we mainly used the vehicle acquisition model (including vehicle purchase and financial lease) to build up and expand our fleet, under which we hold legal title of the vehicles. In late 2023, we started to implement and take advantage of the asset-light operating lease model, under which we lease vehicles from automotive OEMs and financial institutions. The operating lease model is expected to sustainably facilitate and maintain our fleet expansion to capture increasing market demands without committing large cashflow upfront, thereby improving our financial leverage. As of June 30, 2025, our fleet has been expanded to include 134,988 vehicles in total, comprised of 51,914 self-owned vehicles (under the vehicle acquisition model) and 83,074 operating-leased vehicles (under the operating lease model).

Our Value Propositions

China's car rental service industry is still at an early stage with a relatively low penetration rate and yet a high level of market fragmentation, as the top two car rental service companies had a market share of only over 5% (in terms of total revenue) in 2024, according to iResearch. As the car rental service industry matures, market consolidation by industry leaders is expected to follow. Amid the accelerated market consolidation in China, we increased our presence and further solidified our leadership through continued organic growth. We have grown our business to a level which enables us to leverage economies of scale, which in turn further improves our operational efficiency by reducing costs.

Leveraging our leadership position and these market drivers, we endeavor to bring compelling value propositions to our customers:

- *Greater convenience and flexibility enabled by nationwide coverage and fully digitalized platform.* Through our extensive service network spanning across 509 cities/counties and encompassing 6,935 service locations as of June 30, 2025, we prioritize in offering customers greater convenience and flexibility throughout the car rental service process. These initiatives include convenience around pick-up/drop-off (including being the first to provide one-way car rental services without charging one-way drop-off fees on a regional basis in China as well as use of virtual smart key function that supports unmanned car rental services with self-pick-up/self-drop-off), flexibility in rental period (which could be tailored to an hourly, daily, weekly, monthly or annual basis according to customers' demands) and waiver of deposits for rental vehicles for individual customers (subject to certain exceptions). Moreover, we offer our 2B customers with customized portals that can be fully and seamlessly integrated into their internal system or intranet, through which they can make reservations and settle payments more efficiently.
- *Consistent service quality benefiting from network effect.* As a pioneer in direct operation business model with nationwide coverage, we benefit from the well-established network effect, which distinguishes us from our peers and smaller regional players by delivering consistent service quality. We provide diverse vehicle models to our customers with 24/7 all-round customer service leveraging our nationwide service network. As of June 30, 2025, we had 10.4 million 2C customers and 173.6 thousand 2B customers who had used our services.

- *Enhanced safety, hygiene and privacy contributing to brand effect.* The COVID-19 pandemic has led to increased customer demands and preference for travel options with better safety and hygiene measures, which is expected to have long-lasting impact on the demands and dynamics of car rental services. In this regard, we provide our customers with point-to-point mobility solutions with enhanced safety, hygiene and privacy, which are perceived as safer options than public transportation and other shared mobility. Through offering enhanced safety, hygiene and privacy which are key considerations in mobile environment, we have further enhanced customers' trust in our brand.

As a result, our “eHi” brand has become one of the most well-recognized and trusted brands in China’s mobility service market and is synonymous with convenience, reliability and satisfaction. Our quality has made us a preferred and trusted car rental service provider for our customers with high levels of customer satisfaction. We demonstrated a strong and leading position among the top ten car rental service companies in China in a customer satisfaction survey dated June 2023 which is conducted by iResearch for the review of car rental service industry (the “iResearch Survey”). We are the most reliable car rental service brand in China with a brand reliability rate (representing the percentage of customers who evaluate and recognize our brand as trusted and reliable in the survey) of 91.4%, according to the iResearch Survey. We also have the highest degree of customer loyalty with a loyalty index of 4.48 out of 5.00 as well as the highest degree of recommendation with a recommendation index of 4.41 out of 5.00, according to the iResearch Survey. In addition, we ranked the first place in Baidu’s keyword search index for car rental service companies in each of 2022, 2023 and 2024, according to iResearch. Our strong and solid brand is the cornerstone of our business, which allows us to attract more customers and capture more opportunities. Our reputation garnered from our past achievements would continue to guarantee our continued successes in the future.

Our Comprehensive Service Offerings

We provide one-stop comprehensive service offerings, featuring diverse vehicle models, ideal vehicle condition, nationwide service network, consistent service quality and 24/7 all-round customer service. Our services primarily comprise car rental services (including short-term and long-term). Our market-leading car rental services allow customers to arrange and reserve cars through our mobile and online platforms in a convenient and streamlined fashion enabling pick-up and drop-off at any location of the customers’ choice in the cities covered by our service network, with access to a large and diverse portfolio of rental vehicles. In connection with car rental services, we also provide other related mobility services, consisting of certain value-added services, such as payment services for ETC and gasoline and fuel services.

We serve both individual customers (“2C customers”) comprising individuals, professionals, families and travelers, as well as businesses, corporate and institutional clients (“2B customers”) comprising large corporations including many Global Fortune 500 companies as well as small and medium-sized enterprises, to meet their various mobility needs for travel, leisure and business. As of June 30, 2025, we had 10.4 million 2C customers and 173.6 thousand 2B customers who had used our services. The comprehensive services we offer to meet the evolving needs of our large and diverse 2C and 2B customer base have contributed to our high levels of customer satisfaction, which is well demonstrated by being recognized as the most reliable car rental service brand in China according to the iResearch Survey. In particular, our competitive and dynamic pricing, diverse vehicle models, good vehicle condition and nationwide network coverage are especially appealing to 2C customers, while our sizable fleet, broad geographic coverage and full-time drivers are the key factors attracting and retaining our 2B customers.

In addition, through developing a comprehensive enterprise resource planning (“ERP”) system that links both the client-facing front-office and operational back-office parts of our business, we were the first car rental company in China to digitalize every step of our service offerings and automate our key operational processes back in 2008, according to iResearch, allowing us to continuously innovate our service offerings and cost-effectively scale up our operations. Our nationwide and fully directly-operated business model is built upon a self-developed ERP system, which can automatically adjust rental prices, redistribute vehicles, track vehicle maintenance requirements, and perform other key operational functions. Our continued investment into our technological infrastructure has fueled our significant growth. Between January 1, 2023 and June 30, 2025, our vehicle fleet size increased from 74,320 to 134,988. During the same period, the number of cumulative registered customers (excluding cancelled accounts) increased from 42.2 million to 63.6 million.

We enter into collaborative arrangements with partners whose services create synergies with our own. For instance, we are the exclusive strategic partner of Enterprise in China and its parent company, Crawford, is one of our shareholders. We maintain strategic cooperation with Enterprise by means of global affiliation that enables access of one party’s car rental services by the other’s customers, referrals of customers to each other and joint sales and marketing efforts by both parties. For details of strategic cooperation with Enterprise, see “– Strategic Cooperation.” We cooperate with numerous other leading Internet and e-commerce platforms and online travel agencies in China as well as offline travel service providers and professional associations to promote our services. We also maintain deep relationships with automotive OEMs in terms of vehicle acquisition and disposition.

Our total revenue was RMB4,866.3 million, RMB7,113.7 million, RMB3,321.0 million and RMB3,145.3 million (US\$439.1 million) in 2023, 2024 and for the six months ended June 30, 2024 and 2025, respectively. We incurred net losses of RMB109.3 million, RMB594.0 million, RMB407.4 million and RMB351.2 million (US\$49.0 million) in 2023, 2024 and for the six months ended June 30, 2024 and 2025, respectively.

Our non-IFRSs adjusted EBIT, defined as net income or loss before interest expense, interest income, provision for income taxes, net fair value (gain)/loss on financial assets at FVPL, net fair value (gain)/loss on financial liabilities at FVPL, gain/loss on repurchase of senior notes, losses on exchange of senior notes, provision for doubtful receivables and foreign exchange (gain)/loss, was RMB174.4 million, RMB87.7 million, negative RMB60.8 million and RMB13.8 million (US\$1.9 million) in 2023, 2024 and for the six months ended June 30, 2024 and 2025, respectively.

Our non-IFRSs adjusted EBITDA, defined as adjusted EBIT before depreciation and amortization, was RMB1,745.3 million, RMB2,209.1 million, RMB981.4 million and RMB1,178.8 million (US\$164.6 million) in 2023, 2024 and for the six months ended June 30, 2024 and 2025, respectively. The depreciation and amortization includes depreciation and impairment charges for property, plant and equipment, gains or losses on sales of used rental vehicles, depreciation of right-of-use assets, amortization of intangible assets.

For a reconciliation of our non-IFRSs adjusted EBITDA to net loss, the nearest IFRSs measure, see “Selected Consolidated Financial and Other Data – Non-IFRSs Financial Measures.”

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our rapid growth and market-leading position:

- Trailblazer and leader in China's fast growing mobility service industry;
- Well-recognized and trusted brand with high levels of customer satisfaction and loyalty;
- Superior operational efficiency with comprehensive service offerings backed by nationwide service network;
- Advanced technological capabilities driving our operational excellence; and
- Experienced and entrepreneurial management team fostering a customer-oriented and innovative business culture.

OUR STRATEGIES

Our mission is to provide comprehensive, convenient and reliable services to our customers while growing our business in an innovative and efficient manner. We are pursuing the following strategies to achieve this goal:

- Grow our customer base and further diversify customer acquisition channels;
- Further increase our penetration in existing markets and expand geographically into strategically selected new markets;
- Continue to explore innovative service offerings and improve our fleet management efficiency; and
- Continue to diversify fleet and optimize different models to build up and expand our fleet.

CORPORATE INFORMATION

Our principal executive offices are located at eHi Building, No. 24, Lane 1098, North Meiling Road, Shanghai, 200333, the People's Republic of China, and our telephone number is +86-21 6468-7000. Our principal website address is <http://www.1hai.cn>.

The information on our website does not form a part of this exchange offer and consent solicitation memorandum.

SUMMARY OF THE EXCHANGE OFFER WITH EXIT CONSENT

This summary contains basic information about the Exchange Offer with Exit Consent. It may not contain all of the information that is important to you in deciding to accept the Exchange Offer and it is qualified in its entirety by the more detailed information included in this exchange offer and consent solicitation memorandum. You should carefully consider the information contained in this exchange offer and consent solicitation memorandum, including the “Risk Factors.” In addition, certain statements include forward-looking statements that involve risks and uncertainties. See “Forward-Looking Statements.” in this exchange offer and consent solicitation memorandum.

The material terms of the Exchange Offer with Exit Consent are summarized below. In addition, we urge you to read the detailed descriptions in the section of this exchange offer and consent solicitation memorandum titled “Description of the Exchange Offer with Exit Consent.”

The Company eHi Car Services Limited

The Subsidiary Guarantors Brave Passion Limited, eHi Auto Services (Hong Kong) Holding Limited, and L&L Financial Leasing Holding Limited (collectively, the “**Subsidiary Guarantors**”), each being the Company’s subsidiaries

Exchange Notes The Company’s 7.00% Senior Notes due 2026 (ISIN: XS2384059122, Common Code: 238405912)

Exchange Offer with Exit Consent Upon the terms and subject to the conditions set forth in this exchange offer and consent solicitation memorandum, including the Minimum Acceptance Amount, we are offering to exchange any and all of the Exchange Notes for which valid tenders are received prior to the Expiration Deadline. We are concurrently soliciting the Exit Consents from the Eligible Holders to the Exit Consent Amendments as described in section entitled “Exit Consent Amendments” of the Exchange Notes Indenture, and to the execution of the Supplemental Indenture providing for the Exit Consent Amendments, which form is set out in “Appendix A – Form of Supplemental Indenture”. We will determine, in our sole discretion, whether we will accept for exchange pursuant to the Exchange Offer with Exit Consent.

As of the date of this exchange offer and consent solicitation memorandum, US\$266,030,000 in aggregate principal amount of our Exchange Notes is outstanding.

All Exchange Notes that are not successfully offered for exchange pursuant to the Exchange Offer will remain outstanding.

Eligible Holders of the Exchange Notes validly accepted and exchanged in the Exchange Offer will, from and including the Settlement Date, waive any and all rights with respect to the Exchange Notes (other than the right to receive the Exchange and Consent Consideration) and will release and discharge us from any and all claims such holders may have, now or in the future, arising out of or related to such Exchange Notes, including any and all accrued and unpaid interest thereon.

Each Eligible Holder will be deemed to have provided its Exit Consent upon its tender of the Exchange Note. The Exit Consent Amendments will be binding on all holders of the Exchange Notes upon our receipt of consent from the Eligible Holders of not less than a majority in aggregate principal amount of the Exchange Notes outstanding (the “**Exit Consent Requisite Consents**”) and will become effective upon execution of the Supplemental Indenture with the Exchange Notes Trustee providing for the Exit Consent Amendments, which form is set out in “Appendix A – Form of Supplemental Indenture”, but will become operative when the Exchange Offer with Exit Consent has been consummated, and operative only upon payment of the Exchange and Consent Consideration, on the Settlement Date. See “Exit Consent Amendments”. All Exit Consents delivered will be deemed to be the Exit Consents to the Exit Consent Amendments as a whole. In order to give your Exit Consent, you must validly tender your Exchange Notes in the Exchange Offer. By validly tendering Exchange Notes in the Exchange Offer, you will be deemed to have given your Exit Consent. You may not give Exit Consent only without tendering the Exchange Notes in the Exchange Offer.

If the Exit Consent Amendments are accepted and effected, the Exchange Notes that are not tendered and accepted pursuant to the Exchange Offer with Exit Consent will be subject to the Exit Consent Amendments. See “Risk Factors – Risks Relating to the Exchange Offer and Exit Consent Solicitation Generally – The proposed elimination of, or amendments to, provisions in the Exchange Notes Indenture will reduce the protection afforded to remaining holders of Exchange Notes and could materially and adversely affect the credit risk inherent in the Exchange Notes”.

We cannot assure you that the Exchange Offer with Exit Consent will be consummated on the terms described in this exchange offer and consent solicitation memorandum or at all.

**Exit Consent Solicitation and
Exit Consent Amendments . .**

Upon the terms and subject to the conditions described herein, we are soliciting Exit Consents from the Eligible Holders (i) to the Exit Consent Amendments to eliminate substantially all of the restrictive covenants, certain events of default applicable to the Exchange Notes and certain other provisions contained in the Exchange Notes Indenture and the Exchange Notes and (ii) to the execution and delivery of the Supplemental Indenture in order to effect the Exit Consent Amendments. Each Eligible Holder who wishes to tender Exchange Notes pursuant to the Exchange Offer with Exit Consent must deliver an Exit Consent in respect of such tendered Exchange Notes to the Exit Consent Amendments. By tendering Exchange Notes, each Eligible Holder will be deemed to have consented to such Exit Consent Amendments and to the execution and delivery of the Supplemental Indenture which form is set out in “Appendix A – Form of Supplemental Indenture”.

**Rationale for the
Exchange Offer with Exit
Consent**

The Exchange Offer with Exit Consent is being made as part of the Company’s policy to refinance the Exchange Notes, actively manage its balance sheet liabilities, and optimize its debt structure to extend debt maturity profile.

Minimum Acceptance Amount . .

The minimum aggregate principal amount of the Exchange Notes, being US\$226,126,000, or 85% of the outstanding principal amount of the Exchange Notes, for which valid tenders are received and that we will determine, in our sole discretion, whether we will accept for exchange pursuant to the Exchange Offer.

Unless waived by us, if we receive valid tenders of the Exchange Notes for less than the Minimum Acceptance Amount, we will not proceed with the Exchange Offer with Exit Consent and the Exchange Offer with Exit Consent shall lapse automatically. Exchange Notes previously instructed pursuant to the Exchange Offer with Exit Consent will be promptly returned to the tendering Eligible Holders.

We reserve the right, in our sole and absolute discretion, to amend or waive the conditions to the Exchange Offer with Exit Consent, including the Minimum Acceptance Amount, in accordance with the terms of this Exchange Offer with Exit Consent, subject to applicable law.

Exchange and Consent**Consideration**

For each US\$1,000 principal amount of the outstanding Exchange Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, an Eligible Holder of such Exchange Notes will receive the Exchange and Consent Consideration consisting of:

- a. US\$100 upfront repayment of principal of the Exchange Notes in cash on the Settlement Date (the “Upfront Principal Payment”);
- b. a principal amount of the US\$ denominated senior notes due 2029 (the “**New Notes**”) equal to US\$900, subject to the provisions relating to minimum denominations;
- c. a cash payment of US\$20.00 (the “**Exchange and Consent Fee**”)
- d. Fractional Cash Payment (as defined herein); and
- e. any Accrued Interest (as defined herein).

Sources of Funds

Company intends to use internal funds to pay all cash components of the Exchange and Consent Consideration described above.

New Notes

The US\$ senior notes, or the New Notes, will have a tenor of 3.5 years. The principal amount of the New Notes will amortize as follows: (i) December 14, 2026 (in an amount equal to 7.5% of the original principal amount of New Notes), (ii) June 14, 2027 (in an amount equal to 2% of the original principal amount of New Notes), (iii) December 14, 2027 (in an amount equal to 5% of the original principal amount of New Notes), (iv) June 14, 2028 (in an amount equal to 5% of the original principal amount of New Notes), (v) December 14, 2028 (in an amount equal to 5% of the original principal amount of New Notes), and (vi) June 14, 2029 (in an amount equal to 5% of the original principal amount of New Notes), with the remaining balance due and payable on the final maturity date, subject to adjustment in case of issuance of additional New Notes, partial redemption or repurchase. The New Notes will bear interest at the rate of 10.0% per annum, payable semi-annually in arrears. The New Notes are general obligations of the Company and guaranteed by certain of its existing subsidiaries.

New Notes ISIN/Common Code: XS3323573876/332357387

Fractional Cash Payment. We will not issue any fractional New Notes. If an Eligible Holder would be entitled to receive an aggregate principal amount of New Notes that is not an integral multiple of US\$1,000, in the Exchange Offer, such New Notes principal amount will be rounded down to the nearest US\$1,000 and the Company will pay cash in lieu of fractional amount of New Notes (the “Fractional Cash Payment”), which is the amount equal to the fractional portion of such aggregate principal amount that is not such an integral multiple (rounded to the nearest US\$0.01, with US\$0.005 rounded upwards), on the Settlement Date.

Accrued Interest. Eligible Holders whose Exchange Notes are accepted for exchange by the Company will also be paid the relevant amount of interest accrued and unpaid in cash on the principal amount of Exchange Notes from and including the last interest payment date (being March 21, 2026) up to, but excluding, the Settlement Date (rounded to the nearest US\$0.01, with US\$0.005 rounded upwards) (the “Accrued Interest”), subject to the terms and conditions set forth in this exchange offer and consent solicitation memorandum.

Conditions to Consummation of the Exchange Offer with Exit Consent. The consummation of the Exchange Offer with Exit Consent is subject to the satisfaction or waiver of the following conditions:

- not less than the Minimum Acceptance Amount of the Exchange Notes shall have been validly tendered (for which Exit Consent will be deemed to have been validly delivered) prior to the Expiration Deadline;
- there being no material adverse change in the market from the date of this exchange offer and consent solicitation memorandum to the Settlement Date; and
- the other conditions as set forth in the section of this exchange offer and consent solicitation memorandum entitled “Description of the Exchange Offer with Exit Consent – Conditions to the Exchange Offer with Exit Consent”

The conditions of the Exchange Offer with Exit Consent are for the benefit of the Company and may be asserted by it in its sole discretion regardless of the circumstances giving rise to such conditions or may be waived by it, in whole or in part, in its sole discretion, whether or not any other condition of the Exchange Offer with Exit Consent also is waived.

Expiration Deadline The Exchange Offer with Exit Consent will expire at 4:00 p.m. (London Time) on March 30, 2026 unless extended, re-opened, amended and/or terminated by the Company as provided in this exchange offer and consent solicitation memorandum.

Settlement Date Expected to be on or about April 14, 2026.

Eligible Holders The Exchange Offer will only be made to, and the New Notes, the Subsidiary Guarantees are being offered and will be issued only to, eligible holders who are non-U.S. persons located outside the United States (as those terms are defined in Regulation S under the Securities Act) in exchange for their Exchange Notes through Euroclear and Clearstream or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States (as those terms are defined in Regulation S under the Securities Act) with the Exchange Notes held through Euroclear and Clearstream (the “Eligible Holders”).

By giving Instructions, Eligible Holders of Exchange Notes will be deemed to make a series of representations, warranties and undertakings, which are set out in “Description of the Exchange Offer – Representations, Warranties and Covenants of Eligible Holders of the Exchange Notes.”

Only Eligible Holders who have, or on whose behalf their brokers, dealers, custodians, trust companies or other nominees have, completed the procedures described in, and required by, this exchange offer and consent solicitation memorandum are eligible to participate in the Exchange Offer.

For a description of restrictions on resale or transfer of the New Notes, see “Transfer Restrictions”.

Procedure for Tendering Exchange Notes See the sections of this exchange offer and consent solicitation memorandum entitled “Description of the Exchange Offer with Exit Consent – Procedures for Tendering Exchange Notes.” For further information, Eligible Holders may be directed to the Information, Exchange and Tabulation Agent, the contact details for which are on the last page of this exchange offer and consent solicitation memorandum. In addition, a separate Exchange Instruction must be completed on behalf of each beneficial owner of the Exchange Notes.

Irrevocability Instructions in connection with the Exchange Offer with Exit Consent (the “Instruction”) will be irrevocable once delivered in accordance with the terms of the Exchange Offer. Withdrawal rights will only be provided as, and if, required by applicable law.

**Acceptance of Tenders;
Delivery of Exchange and
Consent Consideration**

Subject to the terms and conditions described herein, we will accept Instructions that are validly tendered prior to the Expiration Deadline. Upon our determination that the conditions to the Exchange Offer with Exit Consent have been satisfied, participants in the Exchange Offer with Exit Consent who validly gave Instructions, and which Instructions are accepted by us, will receive the Exchange and Consent Consideration on the Settlement Date.

**Extensions, Amendments and
Terminations**

To the extent that it is legally permitted so to do, we expressly reserve the absolute right to (i) waive any condition to the Exchange Offer with Exit Consent, including the Minimum Acceptance Amount; (ii) amend any of the terms of the Exchange Offer with Exit Consent, including the Minimum Acceptance Amount; and (iii) modify the consideration offered. Any amendment to the Exchange Offer with Exit Consent will apply to all Exchange Notes tendered, regardless of when and in what order such Exchange Notes were tendered. If we make a material change in the terms of the Exchange Offer with Exit Consent, we will disseminate additional offer materials or, if appropriate, issue a press release setting forth such changes, and will extend the Exchange Offer with Exit Consent as we consider appropriate. We have the right, in our sole discretion, to extend the Expiration Deadline or the Settlement Date.

Additionally, we expressly reserve the right, in our absolute discretion, to terminate the Exchange Offer with Exit Consent at any time if any of the conditions to the Exchange Offer with Exit Consent are not met or waived prior to the Expiration Deadline. In the event that the Exchange Offer with Exit Consent is terminated, withdrawn or otherwise not consummated prior to the Expiration Deadline, no consideration will be paid or become payable, and the Supplemental Indenture will not be executed and, if executed, will not become operative and no New Notes will be issued or become issuable to the Eligible Holders who have validly tendered their Exchange Notes pursuant to the Exchange Offer with Exit Consent. In any such event, the Exchange Notes previously tendered pursuant to the Exchange Offer will be promptly returned to the tendering Eligible Holders.

Tax Consequences

In view of the number of different jurisdictions where tax laws may apply to an Eligible Holder, this exchange offer and consent solicitation memorandum does not discuss the tax consequences for Eligible Holders arising from the exchange of the Exchange Notes pursuant to the Exchange Offer.

Brokerage Commissions	No brokerage commissions are payable by the holders of the Exchange Notes to the Company, the Dealer Managers or the Information, Exchange and Tabulation Agent.
Dealer Managers	Deutsche Bank AG, Singapore Branch and J.P. Morgan Securities (Asia Pacific) Limited
Direct Participant	Each person who is shown in the records of Euroclear or Clearstream as a holder of an interest in the Exchange Notes.
Information, Exchange and Tabulation Agent	Sodali & Co Limited (“Sodali & Co”). You can find the address, e-mail and telephone number for the Information, Exchange and Tabulation Agent on the back cover of this exchange offer and consent solicitation memorandum.
Exchange Notes Trustee and New Notes Trustee	DB Trustees (Hong Kong) Limited (the “Exchange Notes Trustee” and “the New Notes Trustee”).
Agents	Deutsche Bank AG, Hong Kong Branch in its capacities as the Paying and Transfer Agent and Registrar (each an “Agent”, collectively, the “Agents”).
Clearing Systems	Euroclear and Clearstream (each a “Clearing System”).
Further Information; Assistance	All documents related to the Exchange Offer with Exit Consent will be made available on the website: https://projects.sodali.com/ehicar (the “Transaction Website”). Questions and requests for assistance in connection with the (i) Exchange Offer with Exit Consent, may be directed to the Dealer Managers, and (ii) delivery of Instructions, may be directed to the Information, Exchange and Tabulation Agent, the contact details for each of which are on the last page of this exchange offer and consent solicitation memorandum.

SUMMARY OF THE NEW NOTES

The following is a brief summary of the terms of the New Notes and is qualified in its entirety by the remainder of this exchange offer and consent solicitation memorandum. Terms used in this summary and not otherwise defined shall have the meanings given to them in “Description of the New Notes.”

Issuer	eHi Car Services Limited
New Notes	10.00% Senior Notes due 2029 (the “New Notes”). The aggregate principal amount of the New Notes shall depend on the aggregate principal amount of the Exchange Notes exchanged for the New Notes in the Exchange Offer with Exit Consent.
Initial Subsidiary Guarantors ...	Brave Passion Limited, eHi Auto Services (Hong Kong) Holding Limited, and L&L Financial Leasing Holding Limited, each being the Company’s subsidiaries.
Final Maturity Date	October 14, 2029
Interest	The New Notes will bear interest from and including April 14, 2026 at the rate of 10.00% per annum, payable semi-annually in arrears.
Interest Payment Dates	April 14 and October 14 of each year, commencing October 14, 2026.
Amortization of Principal	The principal amount of the New Notes will amortize as follows: (i) December 14, 2026 (in an amount equal to 7.5% of the original principal amount of New Notes), (ii) June 14, 2027 (in an amount equal to 2% of the original principal amount of New Notes), (iii) December 14, 2027 (in an amount equal to 5% of the original principal amount of New Notes), (iv) June 14, 2028 (in an amount equal to 5% of the original principal amount of New Notes), (v) December 14, 2028 (in an amount equal to 5% of the original principal amount of New Notes), and (vi) June 14, 2029 (in an amount equal to 5% of the original principal amount of New Notes), with the remaining balance due and payable on the final maturity date, subject to adjustment in case of issuance of additional New Notes, partial redemption or repurchase.
Ranking of the New Notes	The New Notes are: • general obligations of the Company; • senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the New Notes;

- *pari passu* in right of payment with the remaining 2026 Senior Notes and the 2027 Senior Notes and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors on a senior basis, subject to the limitations described in “Description of the New Notes – The Subsidiary Guarantees” and in “Risk Factors – Risks related to the New Notes and the Subsidiary Guarantees”;
- effectively subordinated to all existing and future secured obligations of the Company, to the extent of the value of the collateral serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Subsidiary Guarantees Each of the Subsidiary Guarantors will jointly and severally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the New Notes. On the Original Issue Date, all of the Company’s subsidiaries will be Restricted Subsidiaries. The initial Subsidiary Guarantors that will execute the indenture governing the New Notes, or the Indenture, on the Original Issue Date will consist of all of the Company’s Restricted Subsidiaries other than the Initial Non-Guarantor Subsidiaries. Please see “Risk Factors – Risks related to the New Notes and the Subsidiary Guarantees – The initial Subsidiary Guarantors do not currently have significant operations.”

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC), as soon as practicable and in any event within 30 days after it becomes a Restricted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which it will Guarantee the payment of the New Notes. Notwithstanding the foregoing, the Company may elect to have any future Restricted Subsidiary organized outside the PRC not provide a Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary; *provided* that, after giving effect to the amount of Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors do not exceed 10% of Total Assets.

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released in certain circumstances. See “Description of the New Notes – The Subsidiary Guarantees – Release of the Subsidiary Guarantees.” In the case of a Subsidiary Guarantor with respect to which the Company or any of its Restricted Subsidiaries is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Subsidiary Guarantor, the Company may release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, *provided* that after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors (including the Subsidiary Guarantors whose Subsidiary Guarantees were released) do not account for more than 10% of Total Assets.

Ranking of the Subsidiary
Guarantees

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is senior in right of payment to any existing and future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- ranks *pari passu* with its guarantee of the 2026 Senior Notes and the 2027 Senior Notes and all other unsecured, unsubordinated indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law);
- is effectively subordinated to all existing and future secured obligations of such Subsidiary Guarantor, to the extent of the value of the collateral serving as security therefor; and
- is effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Use of Proceeds

We will not receive any cash proceeds from the issuance of the New Notes. See “Use of Proceeds.”

Optional Redemption

At any time and from time to time on or after April 14, 2028, the Company may, at its option, redeem the New Notes, in whole or in part, at the redemption prices set forth in the first paragraph under “Description of the New Notes – Optional Redemption,” plus accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to April 14, 2028, the Company, may at its option, redeem the New Notes, in whole but not in part, at a redemption price equal to 100% of the outstanding principal amount of the New Notes plus the Applicable Premium as of, plus accrued and unpaid interest on the New Notes redeemed, if any, to (but not including) the redemption date.

In addition, at any time prior to April 14, 2028, the Company may, at its option, redeem up to 35% of the aggregate principal amount of the New Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 110% of the principal amount of the New Notes, plus accrued and unpaid interest on the New Notes redeemed, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the New Notes issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Repurchase of New Notes Upon a Change of Control	Not later than 30 days following a Change of Control, the Company will make an Offer to Purchase all outstanding New Notes at a purchase price equal to 101% of the outstanding principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date. See “Description of the New Notes – Repurchase of New Notes upon a Change of Control.”

Redemption for Taxation Reasons	As more fully described herein, the Company may redeem the New Notes, in whole but not in part, at a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest, if any, to the date of redemption, if the Company or a Subsidiary Guarantor would be obligated to pay certain Additional Amounts (as defined in the “Description of the New Notes – Additional Amounts”) as a result of certain changes in specified tax laws. See “Description of the New Notes – Redemption for Taxation Reasons.”

Covenants	The New Notes, the Indenture and the Subsidiary Guarantees will limit the Company’s ability and the ability of its Restricted Subsidiaries to, among other things: • incur or guarantee additional indebtedness and issue disqualified or preferred stock; • declare dividends on capital stock or purchase or redeem capital stock; • make investments or other specified restricted payments; • issue or sell capital stock of Restricted Subsidiaries;

- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates;
- effect a consolidation or merger; and
- engage in any business other than businesses permitted by the Indenture.

All of these limitations are subject to a number of important qualifications and exceptions. See "Description of the New Notes – Certain Covenants."

Contingency Event Premium and
Redemption Price Premium . . .

If, at any time prior to April 14, 2028, the New Notes are accelerated or otherwise become due and payable, in each case, in respect of any event of default, the Contingency Event Premium together with the Applicable Premium with respect to an optional redemption of the New Notes shall also be due and payable as though the Notes had been optionally redeemed in full at the time of such acceleration event and shall constitute part of the obligations payable to holders. See "Description of the New Notes – Events of Default" and "Risk Factors – Risks Related to the New Notes – The Special Premiums, if any, may be challenged under applicable bankruptcy, insolvency or similar laws, which could impair the enforceability of such premiums."

Amendments and Waivers under
the New Notes

Certain major terms of the indenture governing the New Notes (the "New Notes Indenture") may be modified, amended or waived with the consent of holders of not less than 90% in aggregate principal amount of the outstanding New Notes, including the reduction of the principal amount of, or premium, if any, or interest on, any New Note, the release of any Subsidiary Guarantor from its Subsidiary Guarantee, except as provided in the New Notes Indenture. See "Description of the New Notes – Amendments and Waiver – Amendments With Consent of Holders" and "Risk Factors – Risks Related to the New Notes – Certain major terms of the New Notes may be modified, amended or waived with the consent of holders of not less than 90% in aggregate principal amount of the outstanding New Notes, which may adversely affect the interest of the holders of the New Notes and increase the credit risks of the New Notes."

Transfer Restrictions	The New Notes will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “Transfer Restrictions.”
Form, Denomination and Registration	The New Notes will be issued only in fully registered form, without coupons, in denominations of US\$50,000 and integral multiples of US\$1,000 in excess thereof and will be initially represented by one or more global notes registered in the name of a nominee of, and deposited with a common depositary for Euroclear and Clearstream.
Book-Entry	The New Notes will be issued in book-entry form through the facilities of a common depositary for Euroclear and Clearstream. For a description of certain factors relating to clearance and settlement, see “Description of the New Notes – Book-Entry; Delivery and Form.”
Delivery of the New Notes	The Company expects to make delivery of the New Notes on or about April 14, 2026.
Trustee	DB Trustees (Hong Kong) Limited.
Paying and Transfer Agent and Registrar	Deutsche Bank AG, Hong Kong Branch.
Listing	Approval in-principle has been received from the SGX-ST for the listing of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Approval in-principle for the listing of the New Notes on the SGX-ST is not to be taken as an indication of the merits of this Exchange Offer with Exit Consent, the Company, the Subsidiary Guarantors, or any of their respective subsidiaries or associated companies (if any), the New Notes or the Subsidiary Guarantees. The New Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$200,000 for so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require. For so long as the New Notes remain outstanding, the New Notes shall only be offered, traded and/or transferred (whether on an exchange or otherwise) in a minimum aggregate principal amount of US\$50,000.

For so long as any New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the New Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive registered New Note(s). In addition, in the event that a Global Note is exchanged for definitive registered New Note(s), an announcement of such exchange will be made by the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive registered New Note(s), including details of the paying agent in Singapore.

Governing Law	The New Notes, the Subsidiary Guarantees and the Indenture are governed by and will be construed in accordance with the laws of the State of New York.
ISIN/Common Code	ISIN: XS3323573876; Common Code: 332357387
LEI Code	549300S8KJWK9EJS6Z44
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the New Notes, see “Risk Factors.”

EXPECTED TIMETABLE OF EVENTS

The following summarizes the current schedule for the Exchange Offer and Exit Consent Solicitation. Please note that the expiration of the Exchange Offer and Exit Consent Solicitation and the settlement of the New Notes, as well as the other events listed below, may be earlier or later than indicated below. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this exchange offer and consent solicitation memorandum.

The times and dates below are indicative only.

Events	Times and Dates
<i>Commencement of the Exchange Offer and Exit Consent Solicitation</i>	
Exchange offer and consent solicitation memorandum available on the Transaction Website and from the Information, Exchange and Tabulation Agent, and notice of the Exchange Offer with Exit Consent delivered to the Clearing Systems for further communication to Direct Participants	March 23, 2026
<i>Expiration Deadline</i>	
Final deadline for receipt of valid Instructions by the Information, Exchange and Tabulation Agent in order for the Eligible Holders to be able to participate in the Exchange Offer with Exit Consent and receive the Exchange and Consent Consideration. A broker, dealer, bank, custodian trust company or other nominee or other intermediary that holds Exchange Notes of any Eligible Holder may have earlier deadlines for accepting the Instructions than those specified herein	4:00 p.m. (London Time) on March 30, 2026
<i>Announcement of Exchange Offer with Exit Consent Results</i>	
Announcement of whether the Company will accept valid tenders of Exchange Notes pursuant to the Exchange Offer with Exit Consent and, if so accepted, (i) the amount of tenders for exchange received prior to the Expiration Deadline; (ii) the amount of tenders for exchange being accepted, (iii) the aggregate principal amount of the Exchange Notes that will remain outstanding after the Settlement Date; (iv) the final total aggregate principal amount of the New Notes to be issued to Eligible Holders in exchange for the Exchange Notes, validly tendered, accepted and exchanged; (v) whether the Exit Consent Requisite Consents have been received; and (vi) the Settlement Date.	Expected to be on or about March 31, 2026

Settlement Date

Expected settlement date for the Exchange Offer

Subject to satisfaction of the conditions as

set forth under “Description of the Exchange Offer with

Exit Consent – Conditions to the Exchange Offer with

Exit Consent,” settlement of the New Notes, delivery of the

Exchange and Consent Consideration to Eligible Holders

whose Exchange Notes have been validly tendered and accepted

for exchange, and execution of the Supplemental Indenture. Expected to be on or about

April 14, 2026

Listing Date

Listing of the New Notes on the SGX-ST Expected to be on or about

April 15, 2026

The above times and dates are subject to the right of the Company to extend, re-open, amend and/or terminate the Exchange Offer with Exit Consent (subject to applicable law and as provided in this exchange offer and consent solicitation memorandum).

Eligible Holders are advised to check with any bank, securities broker or other intermediary through which they hold Exchange Notes when such intermediary would need to receive instructions from an Eligible Holder in order for that Eligible Holder to be able to participate in the Exchange Offer with Exit Consent by the deadline set out above. The deadline set by any such intermediary and each Clearing System for the submission of Instructions may be earlier than the deadline described above. See “Procedures for Participating in the Exchange Offer with Exit Consent.”

Unless stated otherwise, announcements in connection with the Exchange Offer with Exit Consent will be made through the HKEXnews website of The Stock Exchange of Hong Kong Limited (the “HKEXnews website”), the Transaction Website, the issue of a press release to a Notifying News Service and/or the delivery of notices to the Clearing Systems for communication to Direct Participants. Copies of the announcements, press releases and notices can also be obtained from the Information, Exchange and Tabulation Agent, the contact details for which are on the last page of this exchange offer and consent solicitation memorandum. Significant delays may be experienced where notices are delivered to the Clearing Systems, and Eligible Holders are urged to contact the Information, Exchange and Tabulation Agent for the relevant announcements during the course of the Exchange Offer with Exit Consent. In addition, Eligible Holders may contact the Dealer Managers for information using the contact details on the last page of this exchange offer and consent solicitation memorandum. None of the Company, the Dealer Managers or the Information, Exchange and Tabulation Agent shall be liable for any failure of any Clearing System to deliver any notices to Direct Participants or Eligible Holders or of any Notifying News Service to publish a notice.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following summary consolidated statements of comprehensive loss data for the years ended December 31, 2023 and 2024 and the consolidated balance sheets data as of December 31, 2023 and 2024 have been derived from, and should be read in conjunction with, our audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024, together with the related notes, included elsewhere in this exchange offer and consent solicitation memorandum. The following summary consolidated statements of comprehensive loss data for the six months ended June 30, 2024 and 2025, respectively, and the consolidated balance sheets data as of June 30, 2025, have been derived from, and should be read in conjunction with, our unaudited interim condensed consolidated financial information as of and for the six months ended June 30, 2025, together with the related notes, included elsewhere in this exchange offer and consent solicitation memorandum. The unaudited interim condensed financial information have been prepared on the same basis as our audited consolidated financial information and include all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair statement of our financial position and operating results for the period presented. Results for interim periods are not indicative of results for the full year.

Our financial information presented below has been prepared in accordance with IFRSs. Our historical results do not necessarily indicate our results expected for any future periods.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS DATA

	For the Year Ended December 31,					For the Six Months Ended June 30,				
	2023		2024			2024		2025		
	% of Total RMB	Revenues	RMB	USD	% of Total Revenues	% of Total RMB	Revenues	RMB	USD	% of Total Revenues
	(in thousands, except percentages)									
						(unaudited)		(unaudited)		
Car rentals and services revenues	4,216,053	86.6%	5,384,586	751,659	75.7%	2,547,048	76.7%	2,807,537	391,917	89.3%
Sale of used rental vehicles revenues	650,261	13.4%	1,729,136	241,378	24.3%	773,910	23.3%	337,791	47,154	10.7%
Total revenues	4,866,314	100.0%	7,113,722	993,037	100.0%	3,320,958	100.0%	3,145,328	439,071	100.0%
Cost of revenues of car rentals and services	(3,479,465)	(71.5%)	(4,725,349)	(659,633)	(66.4%)	(2,296,411)	(69.1%)	(2,480,658)	(346,287)	(78.9%)
Cost of revenues of sales of used rental vehicles	(648,069)	(13.3%)	(1,688,034)	(235,640)	(23.7%)	(766,040)	(23.1%)	(341,561)	(47,680)	(10.9%)
Gross profit	738,780	15.2%	700,339	97,764	9.8%	258,507	7.8%	323,109	45,104	10.3%
Selling and marketing expenses	(182,494)	(3.8%)	(216,092)	(30,165)	(3.0%)	(111,214)	(3.3%)	(98,065)	(13,689)	(3.1%)
General and administrative expenses	(399,692)	(8.2%)	(403,217)	(56,287)	(5.7%)	(207,539)	(6.2%)	(212,800)	(29,706)	(6.8%)
Net impairment reversals on financial assets	321,974	6.6%	218,371	30,483	3.1%	130,020	3.9%	6,761	944	0.2%
Other income/(expense), net	17,838	0.4%	6,697	935	0.1%	(567)	*	1,515	211	*
Other gains/(losses), net	22,599	0.5%	(84,500)	(11,796)	(1.2%)	(78,770)	(2.4%)	29,100	4,062	0.9%
Finance income	3,959	0.1%	3,551	496	*	2,255	0.1%	2,122	296	0.1%
Finance costs	(632,214)	(13.0%)	(828,930)	(115,714)	(11.7%)	(400,101)	(12.0%)	(403,268)	(56,294)	(12.8%)
Finance costs, net	(628,255)	(12.9%)	(825,379)	(115,218)	(11.6%)	(397,846)	(12.0%)	(401,146)	(55,998)	(12.8%)
Loss before income tax	(109,250)	(2.2%)	(603,781)	(84,285)	(8.5%)	(407,409)	(12.3%)	(351,526)	(49,071)	(11.2%)
Income tax (expenses)/benefit	(54)	*	9,800	1,368	0.1%	—	—	325	45	*
Loss for the year/period	(109,304)	(2.2%)	(593,981)	(82,917)	(8.3%)	(407,409)	(12.3%)	(351,201)	(49,026)	(11.2%)
Other comprehensive loss										
<i>Items that may not be subsequently reclassified into profit or loss</i>										
Exchange differences	(89,841)	(1.8%)	(64,445)	(8,996)	(0.9%)	(28,855)	(0.9%)	16,260	2,270	0.5%
Changes in the fair value of equity investments at fair value through other comprehensive income (“FVOCI”)	(130)	*	102,841	14,356	1.4%	—	—	—	—	—
Deferred tax for fair value change on financial assets at FVOCI	—	—	(23,713)	(3,310)	(0.3%)	—	—	—	—	—
Total comprehensive loss for the year/period	(199,275)	(4.1%)	(579,298)	(80,867)	(8.1%)	(436,264)	(13.1%)	(334,941)	(46,756)	(10.6%)
Total comprehensive loss attributable to equity holders of the Company	(199,275)	(4.1%)	(579,298)	(80,867)	(8.1%)	(436,264)	(13.1%)	(334,941)	(46,756)	(10.6%)

Note:

* less than 0.1%

CONSOLIDATED BALANCE SHEETS DATA

	As of December 31,			As of June 30,	
	2023	2024		2025	
	RMB	RMB	USD	RMB	USD
	(in thousands)			(unaudited)	
ASSETS					
Non-current assets					
Property, plant and equipment	7,127,201	5,479,354	764,888	5,165,952	721,139
Prepayments for purchase of vehicles	38,034	448	63	19,964	2,787
Right-of-use assets	554,862	2,324,168	324,441	2,130,475	297,403
Intangible assets	203,526	200,970	28,054	199,793	27,890
Deferred tax assets	17,616	27,923	3,898	31,910	4,454
Financial assets at fair value	73,986	171,026	23,874	171,026	23,874
Prepayments and other receivables	837,263	683,559	95,421	571,796	79,820
	8,852,488	8,887,448	1,240,640	8,290,916	1,157,367
Current assets					
Inventories	52,035	49,185	6,866	53,581	7,480
Trade receivables	599,414	890,146	124,260	822,271	114,785
Prepayments and other receivables	723,345	971,880	135,669	1,115,667	155,741
Restricted cash	1,149	1,150	161	1,050	147
Cash and cash equivalents	543,126	594,259	82,955	395,514	55,212
	1,919,069	2,506,620	349,911	2,388,083	333,364
Total assets	10,771,557	11,394,068	1,590,551	10,678,999	1,490,731
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	4,222	4,222	589	4,222	589
Share Premium	4,656,594	4,656,594	650,035	4,656,594	650,035
Other reserves	14,783	29,466	4,113	45,726	6,383
Accumulated losses	(4,172,267)	(4,766,248)	(665,343)	(5,117,449)	(714,368)
Total equity/(deficit)	503,332	(75,966)	(10,604)	(410,907)	(57,360)
LIABILITIES					
Non-current liabilities					
Borrowings, non-current	3,396,142	5,371,982	749,900	5,218,823	728,520
Lease liabilities, non-current	314,247	943,311	131,681	656,389	91,628
Deferred tax liabilities	17,616	41,573	5,803	45,234	6,314
Financial liabilities at fair value through profit or loss	9,265	29,085	4,060	—	—
	3,737,270	6,385,951	891,444	5,920,446	826,462
Current liabilities					
Trade payables	269,962	86,470	12,071	58,948	8,229
Accrued expenses and other current liabilities	872,443	645,335	90,085	731,155	102,065
Advances and contract liabilities	84,127	123,706	17,269	92,007	12,844
Current tax liabilities	23,269	23,658	3,303	23,359	3,261
Borrowings, current	5,038,910	2,767,118	386,275	2,713,114	378,736
Lease liabilities, current	242,244	1,437,796	200,709	1,520,486	212,252
Financial liabilities at fair value through profit or loss.. . . .	—	—	—	30,391	4,242
	6,530,955	5,084,083	709,711	5,169,460	721,629
Total liabilities	10,268,225	11,470,034	1,601,155	11,089,906	1,548,091
Total equity and liabilities	10,771,557	11,394,068	1,590,551	10,678,999	1,490,731

NON-IFRSs FINANCIAL MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we use adjusted EBIT and adjusted EBITDA as non-IFRSs financial measures. Adjusted EBIT represents net income or loss before interest expense, interest income, provision for income taxes, net fair value (gain)/loss on financial assets at FVPL, net fair value (gain)/loss on financial liabilities at FVPL, gain/loss on repurchase of senior notes, losses on exchange of senior notes, provision for doubtful receivables and foreign exchange (gain)/loss. Adjusted EBITDA represents adjusted EBIT before depreciation and amortization. The depreciation and amortization includes depreciation and impairment charges for property, plant and equipment, gains or losses on sales of used rental vehicles, depreciation of right-of-use assets, amortization of intangible assets. We present adjusted EBIT and adjusted EBITDA because they are used by our management to evaluate our operating and financial performance and to plan and forecast the future. We also believe that adjusted EBIT and adjusted EBITDA provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods.

The following table reconciles our adjusted EBIT and adjusted EBITDA for the years ended December 31, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively, to the most directly comparable financial measure calculated and presented in accordance with IFRSs and International Accounting Standard (“IAS”) 34, which is net loss:

	As of December 31,			As of June 30,		
	2023	2024		2024	2025	
	RMB	RMB	USD	RMB	RMB	USD
	(in thousands)					
	(unaudited)					
Net loss	(109,304)	(593,981)	(82,917)	(407,409)	(351,201)	(49,026)
Interest income	(3,959)	(3,551)	(496)	(2,255)	(2,122)	(296)
Interest expenses	632,214	828,930	115,714	400,101	403,268	56,294
Provision for income taxes . . .	54	(9,800)	(1,368)	–	(325)	(45)
Net fair value gain/(loss) on						
financial assets at FVPL . . .	6,062	5,802	810	1,825	–	–
Net fair value loss/(gain) on						
financial liabilities at FVPL .	(1,637)	19,820	2,767	(557)	1,306	182
Gain/Loss on repurchase of						
senior notes	(32,827)	(20,272)	(2,830)	–	(34,540)	(4,822)
Net impairment losses on						
financial assets	(321,974)	(218,371)	(30,483)	(130,020)	(6,761)	(944)
Losses on exchange of senior						
notes	–	70,115	9,788	70,115	–	–
Foreign exchange (gain)/loss . .	5,803	9,035	1,261	7,387	4,134	577
Adjusted EBIT	174,432	87,727	12,246	(60,813)	13,759	1,921
Depreciation and amortization .	1,570,890	2,121,344	296,128	1,042,212	1,165,018	162,630
Adjusted EBITDA	1,745,322	2,209,071	308,374	981,399	1,178,777	164,551

The use of adjusted EBIT and adjusted EBITDA have certain limitations because they do not reflect all items of income and expense that affect our operations. Items excluded from adjusted EBIT and adjusted EBITDA are significant components in understanding and assessing our operating and financial performance. Interest expense, interest income, provision for income taxes, net fair value (gain)/loss on financial assets at FVPL, net fair value (gain)/loss on financial liabilities at FVPL, gain/loss on repurchase of senior notes, losses on exchange of senior notes, provision for doubtful receivables and foreign exchange (gain)/loss, which are not reflected in adjusted EBIT, and those items and depreciation and amortization, which are not reflected in adjusted EBITDA, have been and may continue to be incurred in our business. Each of these items should also be considered in the overall evaluation of our results. Additionally, adjusted EBIT and adjusted EBITDA do not consider capital expenditures and other investing activities and should not be considered as measures of our liquidity. We reconcile these non-IFRSs financial measures to the nearest IFRSs measure, which should be considered when evaluating our performance. The terms adjusted EBIT and adjusted EBITDA are not defined under IFRSs, and adjusted EBIT and adjusted EBITDA are not measures of net income or loss, operating income or loss, operating performance or liquidity presented in accordance with IFRSs. When assessing our operating and financial performance, you should not consider such data in isolation or as a substitute for our net income or loss, operating income or loss or any other operating performance measure that is calculated in accordance with IFRSs. Further, adjusted EBIT and adjusted EBITDA may differ from the non-IFRSs information used by other companies, including peer companies, and therefore comparability may be limited. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure. You should also note that the adjusted EBIT and adjusted EBITDA as presented herein is calculated differently from Consolidated EBITDA as defined and used in the Indenture. See “Description of the New Notes – Definitions” for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture.

OPERATING DATA

The following tables set forth our key operating metrics as of the dates and for the periods indicated:

	As of/For the Year Ended December 31,		As of/For the Six Months Ended June 30,	
	2023	2024	2024	2025
Period-end fleet size ⁽¹⁾	92,699	125,701	129,029	134,988
Average available fleet size ⁽²⁾	68,440	101,226	97,953	104,981
ADRR (RMB) ⁽³⁾	238	228	225	219
Fleet utilization rate (%) ⁽⁴⁾	70.8	63.8	63.6	67.6
RevPAC (RMB) ⁽⁵⁾	169	145	143	148

(1) “Period-end fleet size” refers to the aggregate number of self-owned vehicles and operating-leased vehicles in our vehicle fleet as of the last day of a given period, including vehicles that we have written off in accordance with our accounting policy and vehicles that are currently missing but have not been written off.

(2) “Average available fleet size” is calculated by dividing the aggregate number of days in which our vehicle fleet was in operation during a given period by the total number of days during the same period. In determining the size of our “vehicle fleet in operation,” we include all vehicles in our vehicle fleet except for vehicles that have been written off in accordance with our accounting policy and vehicles that have not been consistently made available for rent and that we may consider to dispose when appropriate opportunities arise. The difference between average available fleet size and period-end fleet size is primarily attributable to the time lag in including new vehicles in our “vehicle fleet in operation” after acquisition or lease, and the time lag in disposing of or returning vehicles after they are excluded from the “vehicle fleet in operation.”

- (3) “ADRR” or “Average daily rental rate” refers to RevPAC of our vehicle fleet in a given period divided by the fleet utilization rate during the same period.
- (4) “Fleet utilization rate” refers to the aggregate transaction days for our vehicle fleet during a given period divided by the aggregate days our vehicle fleet are in operation during the same period. “Transaction days” refer to the aggregate number of days on which a vehicle in our vehicle fleet was on rent during a given period.
- (5) “RevPAC” refers to average daily revenues per available vehicle, which is calculated by dividing the revenues during a given period by the aggregate number of days in which our vehicle fleet was in operation during the same period.

RISK FACTORS

Investing in the New Notes involves certain risks. You should read this exchange offer and consent solicitation memorandum in its entirety and carefully consider each of the risks described below and all of the other information contained in this exchange offer and consent solicitation memorandum before participating in the Exchange Offer and Exit Consent Solicitation and deciding to invest in the New Notes. The risks and uncertainties described below may not be the only ones that we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also materially and adversely affect our business, financial condition or results of operations. If any of the following risks materialize, our business, results of operations and financial condition could be materially and adversely affected, and you may lose all or part of your investment in the New Notes.

RISKS RELATING TO THE EXCHANGE OFFER AND EXIT CONSENT SOLICITATION GENERALLY

Failure to obtain tenders of at least the Minimum Acceptance Amount could increase our default risk under the Exchange Notes.

If at least the Minimum Acceptance Amount is not tendered, or if any of the other conditions as described in “Description of the Exchange Offer with Exit Consent – Conditions to the Exchange Offer with Exit Consent” are not satisfied or waived, we may not be able to refinance the Exchange Notes. We may therefore face liquidity pressure and will be subject to increased default risk under the Exchange Notes Indenture and our other outstanding indebtedness.

The proposed elimination of, or amendments to, provisions in the Exchange Notes Indenture will reduce the protection afforded to remaining holders of Exchange Notes and could materially and adversely affect the credit risk inherent in the Exchange Notes.

Exchange Notes not tendered pursuant to the Exchange Offer with Exit Consent will remain outstanding. If the Exit Consent Amendments become operative, substantially all restrictive covenants and certain events of default contained in the Exchange Notes Indenture will be eliminated or amended and holders of Exchange Notes who elect to not tender all of their Exchange Notes pursuant to the Exchange Offer with Exit Consent will no longer be entitled to the benefits of such provisions. The Exchange Notes Indenture, as so amended, will continue to govern the terms of all Exchange Notes that remain outstanding after the consummation of the Exchange Offer with Exit Consent. Any such actions that would be permitted, or holders’ rights that would be eliminated or restricted, will increase the credit risk faced by non-exchanging holders and may otherwise adversely affect the interests of such holders. In addition, the prices at which the remaining outstanding Exchange Notes may trade could be negatively impacted. Further, certain events of default in the Exchange Notes Indenture will be eliminated so that holders of the remaining outstanding Exchange Notes will no longer be able to exercise certain rights currently exercisable upon the occurrence of these events of default, including the right to accelerate payment of the Exchange Notes in circumstances no longer constituting an event of default. If you do not tender your Exchange Notes in the Exchange Offer with Exit Consent and the Exit Consent Amendments become effective, you will be bound by the amendments even if you do not consent to them. Therefore, consummation of the Exchange Offer with Exit Consent and the adoption of the Exit Consent Amendments may have adverse consequences for holders who elect not to tender Exchange Notes in the Exchange Offer with Exit Consent. See “Exit Consent Amendments” for further details. Furthermore, the Company may not be able to repay the remaining non-exchanging Exchange Notes upon maturity.

If a significant principal amount of Exchange Notes remains outstanding following the Exchange Offer with Exit Consent and the Company is unable to repay such Exchange Notes at maturity, cross-default provisions in the Company's other indebtedness, including the 2027 Senior Notes, could be triggered.

The Exchange Notes that are not tendered for exchange pursuant to the Exchange Offer with Exit Consent will remain outstanding after the consummation of the Exchange Offer with Exit Consent. The Exchange Notes will mature on September 21, 2026. If a sufficiently sizeable aggregate principal amount of the Exchange Notes remains outstanding following the consummation of the Exchange Offer with Exit Consent, and the Company is unable to repay such remaining Exchange Notes in full when they mature, such failure to pay could constitute an event of default under the Exchange Notes Indenture. An event of default under, or acceleration of, the Exchange Notes could in turn trigger cross-default or cross-acceleration provisions contained in the agreements governing the Company's other outstanding indebtedness, including the 2027 Senior Notes. If cross-default provisions are triggered across the Company's other debt instruments, the relevant lenders or noteholders could declare all amounts outstanding thereunder to be immediately due and payable, which could have a material adverse effect on the Company's liquidity, financial condition and results of operations, and could ultimately jeopardize the Company's ability to satisfy its obligations under the New Notes and its other outstanding indebtedness. We may therefore face liquidity pressure and will be subject to increased default risk under the Exchange Notes Indenture and our other outstanding indebtedness.

Upon consummation of the Exchange Offer with Exit Consent, liquidity of the market for outstanding Exchange Notes may be substantially reduced, and market prices for outstanding Exchange Notes may decline as a result.

The trading market for the Exchange Notes that are not exchanged for the New Notes could become more limited than the existing trading market for the Exchange Notes. A more limited trading market might adversely affect the liquidity, market price and price volatility of the Exchange Notes. Following the consummation of the Exchange Offer with Exit Consent, the Exchange Notes may trade at a discount to the price at which they would trade if the principal amount outstanding were not reduced. There can be no assurance that an active market in the Exchange Notes will exist, develop or be maintained, or as to the prices at which the Exchange Notes may trade, after the Exchange Offer with Exit Consent is consummated.

We expressly reserve the right to purchase any Exchange Notes that remain outstanding after the consummation of the Exchange Offer with Exit Consent.

Whether or not the Exchange Offer with Exit Consent is consummated, we expressly reserve our absolute right, at our sole discretion, from time to time to redeem or purchase any Exchange Notes that remain outstanding after the consummation of the Exchange Offer with Exit Consent through open market or privately negotiated transactions, one or more tender offers or additional exchange offers or otherwise, on terms that may differ from the Exchange Offer with Exit Consent and could be for cash or other consideration, or to exercise any of our other rights, including redemption rights, under the indenture governing the Exchange Notes.

Eligible Holders must tender a principal amount of the Exchange Notes in the minimum denomination of such Exchange Notes in order to participate in the Exchange Offer with Exit Consent.

In order to participate in the Exchange Offer with Exit Consent, an Eligible Holder of Exchange Notes must validly tender for exchange a principal amount of Exchange Notes in a minimum principal amount of US\$50,000 or in integral multiples of US\$1,000 in excess thereof. An Eligible Holder that holds Exchange Notes having a principal amount which is less than such minimum denomination must, if it wishes to participate in the Exchange Offer with Exit Consent, first acquire such additional Exchange Notes as is necessary to enable that Eligible Holder to be able to offer for exchange and/or tender Exchange Notes equal to at least the minimum denomination. In order to be eligible to receive at least the minimum principal amount of US\$50,000 in the New Notes, each Eligible Holder must submit electronic instruction in a principal amount of at least US\$56,000.

Eligible Holders of Exchange Notes with a residual holding of less than the minimum denomination in principal amount of the Exchange Notes may not be able to trade or transfer such Exchange Notes.

If an Eligible Holder of Exchange Notes does not, for any reason, tender all of its Exchange Notes in the Exchange Offer with Exit Consent and following the Exchange Offer with Exit Consent, such Eligible Holder continues to hold in its account with the relevant Clearing System a principal amount of Exchange Notes which is less than the minimum denomination of US\$200,000, such Eligible Holder would need to purchase a principal amount of Exchange Notes such that its holding amounts to at least US\$200,000 in principal amount of Exchange Notes, otherwise its residual holding may not be tradeable or transferrable in the Clearing Systems.

The Exchange Offer with Exit Consent may be cancelled, delayed or amended.

We are not obligated to complete the Exchange Offer with Exit Consent under certain circumstances and unless and until certain conditions are satisfied or waived, the Exchange Offer with Exit Consent may be terminated, as described more fully below in “Description of the Exchange Offer with Exit Consent – Conditions to the Exchange Offer with Exit Consent.” Even if the Exchange Offer with Exit Consent is completed, it may not be completed on the schedule described in this exchange offer and consent solicitation memorandum. Accordingly, participating Eligible Holders may have to wait longer than expected to receive their Exchange and Consent Consideration (or to have their Exchange Notes returned to them in the event that we terminate the Exchange Offer with Exit Consent), during which time those Eligible Holders will not be able to effect transfers of their Exchange Notes tendered in the Exchange Offer with Exit Consent. In addition, subject to applicable laws, we have the right to amend the terms of the Exchange Offer with Exit Consent prior to the Expiration Deadline.

We may choose to terminate or amend certain parts of the Exchange Offer with Exit Consent, but retain other aspects unchanged. In particular, we may terminate the Exchange Offer with Exit Consent or amend the terms of the Exchange Offer with Exit Consent with respect to the Exchange Notes, including the relevant timing of the Exchange Offer with Exit Consent. In such event, we will issue announcements of such decisions accordingly.

The Exchange and Consent Consideration to be received in the Exchange Offer with Exit Consent does not reflect any market valuation of the Exchange Notes or the New Notes.

We have made no determination that the consideration to be received in the Exchange Offer with Exit Consent represents a fair valuation of the Exchange Notes or the New Notes. The Exchange and Consent Consideration should not be construed as assurance or an indication of, and may not accurately reflect, the current or future market value of the Exchange Notes or the New Notes. We have not obtained a fairness opinion from any financial advisor about the fairness to us or to you of the consideration to be received by Eligible Holder of the Exchange Notes. Accordingly, none of the Company, our board of directors, the Subsidiary Guarantors, the Dealer Managers, the Information, Exchange and Tabulation Agent, the Exchange Notes Trustee, the New Notes Trustee or any other person is making any recommendation as to whether you should tender any Exchange Notes for exchange in the Exchange Offer with Exit Consent.

Your decision to tender any Exchange Notes for the Exchange and Consent Consideration may expose you to the risk of nonpayment for a longer period of time.

The Exchange Notes will mature on September 21, 2026. The New Notes will have a tenor of 3.5 years. The principal amount of the New Notes will amortize as follows: (i) December 14, 2026 (in an amount equal to 7.5% of the original principal amount of New Notes), (ii) June 14, 2027 (in an amount equal to 2% of the original principal amount of New Notes), (iii) December 14, 2027 (in an amount equal to 5% of the original principal amount of New Notes), (iv) June 14, 2028 (in an amount equal to 5% of the original principal amount of New Notes), (v) December 14, 2028 (in an amount equal to 5% of the original principal amount of New Notes), and (vi) June 14, 2029 (in an amount equal to 5% of the original principal amount of New Notes), with the remaining balance due and payable on the final maturity date, subject to adjustment in case of issuance of additional New Notes, partial redemption or repurchase. If you tender Exchange Notes for New Notes and, following the maturity date of your tendered Exchange Notes but prior to the maturity date of the New Notes, we were to become subject to a bankruptcy or similar proceedings, the holders of such earlier-maturing Exchange Notes who did not exchange their Exchange Notes for New Notes could be paid in full prior to such event and there would exist a risk that Eligible Holders of the Exchange Notes who exchanged their Exchange Notes for later-maturing New Notes would not be paid in full, if at all. Your decision to tender your Exchange Notes for later-maturing New Notes should be made with the understanding that the lengthened maturity of such New Notes exposes you to the risk of nonpayment for a longer period of time.

No obligation to exchange the Exchange Notes.

We are not under any obligation to exchange, and shall have no liability to any person for any non-exchange of, any tender of Exchange Notes for exchange pursuant to the Exchange Offer with Exit Consent. Any tenders by holders for exchange of Exchange Notes may be rejected in our sole and absolute discretion for any reason and we are not under any obligation to holders to furnish any reason or justification for refusing to accept tenders of Exchange Notes for exchange. For example, any tenders of Exchange Notes for exchange may be rejected if the Exchange Offer with Exit Consent is terminated, if the holder is not an Eligible Holder, if any of the conditions to the Exchange Offer with Exit Consent are not satisfied, if the Exchange Offer with Exit Consent does not comply with the relevant requirements of a particular jurisdiction, or for any other reason.

Eligible Holders of the Exchange Notes may not withdraw their instructions except as required by applicable law.

Instructions in connection with the Exchange Offer with Exit Consent are irrevocable. Eligible Holders who tender their Exchange Notes may not withdraw their instructions to exchange for the applicable Exchange and Consent Consideration except in limited circumstances as required by applicable law as described in this exchange offer and consent solicitation memorandum. Withdrawal rights will only be provided as, and if, required by applicable law. As a result, there may be an unusually long time during which Eligible Holders of Exchange Notes may be unable to effect transfers of their Exchange Notes tendered for exchange.

You are responsible for complying with the procedures of the Exchange Offer and Exit Consent Solicitation. You may not receive Exchange and Consent Consideration in the Exchange Offer with Exit Consent if the procedures for the Exchange Offer and Exit Consent Solicitation are not followed.

Eligible Holders of the Exchange Notes are responsible for complying with all of the procedures for offerings to exchange the Exchange Notes. We will issue New Notes in exchange for your Exchange Notes only if you tender the applicable Exchange Notes and deliver a properly submitted electronic instruction through Euroclear or Clearstream, as applicable. You should allow sufficient time to ensure timely delivery of the electronic instruction and the necessary documents. None of the Company, the Subsidiary Guarantors, the Dealer Managers, the Exchange Notes Trustee or the Information, Exchange and Tabulation Agent assumes any responsibility for informing the Eligible Holders of the Exchange Notes of irregularities in any electronic instruction to Euroclear or Clearstream, as applicable, or with respect to the acceptance of offers to exchange. Prior to the Settlement Date, no assurance can be given that the Exchange Offer with Exit Consent will be completed. This may depend upon the satisfaction or waiver of the conditions of the Exchange Offer with Exit Consent. Upon giving a blocking instruction relating to the securities account where Exchange Notes are held in a relevant Clearing System, Eligible Holders should be aware that they may not transfer title to such Exchange Notes to other persons and may suffer losses if the market price of the Exchange Notes changes and the Exchange Offer with Exit Consent, in respect of that holder or generally, is not completed for whatever reason.

Eligible Holders holding the Exchange Notes in Euroclear or Clearstream should note the particular practices and policies of Euroclear or Clearstream, as applicable, regarding their communications deadlines, which will determine the latest time at which tenders of the Exchange Notes for exchange maybe delivered to Euroclear or Clearstream, as applicable, (which may be earlier than the deadlines set forth in this exchange offer and consent solicitation memorandum) so that they are received by the Information, Exchange and Tabulation Agent in respect of the Exchange Offer with Exit Consent within the deadlines set forth in this exchange offer and consent solicitation memorandum. None of the Company, the Subsidiary Guarantors, the Dealer Managers, the Exchange Notes Trustee or the Information, Exchange and Tabulation Agent will be responsible for the communication of acceptances and corresponding instruction notices by:

- Beneficial owners to the direct participant through which they hold the Exchange Notes;
or
- The direct participant to Euroclear or Clearstream, as applicable.

If you are the beneficial owner of the Exchange Notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee or custodian, and you wish to tender in the Exchange Offer with Exit Consent, you should promptly contact the person in whose name your Exchange Notes are registered and instruct that person to tender on your behalf and to properly follow the procedures. Additionally, it is important to note that all references in this exchange offer and consent solicitation memorandum to times are to Hong Kong time, unless we state otherwise.

Your Exchange Notes generally will be blocked from the date of instruction until the earlier of (i) the Settlement Date or (ii) the termination or modification of the Exchange Offer with Exit Consent.

Participating holders should be mindful that they are authorizing the relevant Clearing System to block their position in the Exchange Notes from the date of instruction until the earlier (i) the Settlement Date, or (ii) the termination, modification or withdrawal of the Exchange Offer with Exit Consent, as applicable. If the settlement of the Exchange Offer with Exit Consent is delayed for any reason, the participating holders who have tendered their Exchange Notes will be unable to trade or transfer such Exchange Notes during the gap period, which could adversely affect their ability to manage their investment positions.

Eligible Holders are responsible for compliance with the exchange and transfer restrictions.

Each Eligible Holder of the Exchange Notes is referred to the restrictions herein relating to the Exchange Offer with Exit Consent and any transfer of the New Notes. Non-compliance with these restrictions could result in, among other things, the rejection to exchange, unwinding of trades and/or heavy penalties.

We did not perform any tax analysis regarding the tax consequences of the Exchange Offer with Exit Consent to investors.

This exchange offer and consent solicitation memorandum does not discuss the tax consequences to Eligible Holders and beneficial owners of the Exchange Notes. Eligible Holders and beneficial owners are urged to consult their own independent financial or other professional advisors regarding possible tax consequences of the Exchange Offer with Exit Consent (including the exchange of Exchange Notes for New Notes) to them under the laws of any relevant jurisdiction. Such Eligible Holders and beneficial owners are liable for their own taxes and have no recourse to us, the Subsidiary Guarantors, the Dealer Managers, the Information, Exchange and Tabulation Agent, the Exchange Notes Trustee, the New Notes Trustee, or any of their respective affiliates, directors, advisors, or agents with respect to taxes arising in connection with the Exchange Offer with Exit Consent. For certain tax consequences of the ownership and disposition of the New Notes, see the section entitled “Taxation”.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

We may not be able to sustain our growth rates or successfully execute our expansion plan in an emerging and rapidly evolving China’s car rental service industry, which could adversely affect our operating results.

Our business recovered from the challenges posed by the coronavirus disease 2019 (COVID-19) pandemic and achieved continuing expansion since 2023. Our total fleet size increased from 74,320 vehicles as of January 1, 2023 to 134,988 vehicles as of June 30, 2025. We may not be able to sustain these high growth rates, or achieve any level of growth, in future periods and you should not rely on the growth in our fleet size in any prior period as an indication of our future performance.

We plan to continue to expand our geographic coverage. We believe geographical expansion is particularly important for us to acquire more customers and enhance our brand recognition. Nonetheless, tapping into new geographical markets imposes additional burdens on our managerial, financial, operational, general administrative resources and information technology. Our planned expansion will also require us to deliver consistent and high-quality services to ensure our brand will not be impacted as a result of any deviations, whether actual or perceived, in our service quality. As China is a large and diverse market, business or leisure travel demands may vary significantly by region. As a result, we may not be able to leverage our experience in the markets in which we currently operate to expand into other parts of China, and we cannot assure you that we will be able to effectively manage the growth of our operations or maintain our service quality. If we are unable to expand our operations in a timely and cost effective manner, our results of operations may be materially adversely affected.

We have a history of net losses, and we may not be able to achieve or sustain profitability.

We have a history of net losses. We incurred net losses of RMB109.3 million, RMB594.0 million, RMB407.4 million and RMB351.2 million (US\$49.0 million) in 2023, 2024 and for the six months ended June 30, 2024 and 2025, respectively. Our historical operating and net losses were primarily due to significant upfront investments in connection with the expansion of our nationwide service network and infrastructure in recent years, which oftentimes comes with significant fixed costs and expenses.

Our ability to achieve profitability is affected by various factors, many of which are beyond our control. For example, our revenues and profitability depend on the continuous growth of the car rental service industry in China, customer demands for such services and our control of the cost. We cannot assure you that the MaaS industry in China will continue to maintain strong growth momentum in the coming years. Furthermore, if market demand for our car rental services does not continue to increase as we have anticipated, or if there is a rapid and unexpected decline in such demand, we may not be able to generate sufficient revenues to offset fixed costs and achieve economies of scale, our operating results may be materially adversely affected and we may incur gross or net losses in the future. We may also incur significant losses in the future for a number of other reasons, including changes in the macroeconomic and regulatory environment and competitive landscape, our inability to respond to these changes in a timely and effective manner and other risks described in this exchange offer and consent solicitation memorandum, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown events.

While we intend to implement various measures to control the increases in our cost of revenues as we ramp up our business rapidly, we cannot assure you that these measures will be as effective as we currently expect, and we may not succeed in increasing our revenues sufficiently to offset these higher expenses, or at all.

Our independent auditor included an explanatory paragraph which draws attention to a material uncertainty relating to our ability to continue as a going concern in their report on review of our interim condensed consolidated financial information for the six months ended June 30, 2025.

The review report of our interim condensed consolidated financial information for the six months ended June 30, 2025 issued by the Company's independent auditor included an explanatory paragraph indicating that our ability to continue as a going concern is subject to material uncertainty that may cast significant doubt on our ability to continue as a going concern.

We had a negative working capital of RMB2,781.4 million as at June 30, 2025 and a net loss of RMB351.2 million for the six months period ended June 30, 2025. Additionally, we had 2026 Senior Notes with principal amount of US\$267,030,000 as of June 30, 2025 that will mature on September 21, 2026, and 2027 Senior Notes with outstanding principal amount of US\$313,500,000 as of June 30, 2025, which will mature on September 26, 2027. Whether we will be able to continue as a going concern would depend upon a number of factors including whether we can successfully implement business plans and measures to generate sufficient cash flow from operating activities by continuing keeping our fleet size and maintaining healthy utilization rate of cars, whether we can secure adequate facilities from the banks and financial institutions to fund our operation and repayment of debts, whether we can maintain good relationships with the investors to renew the 2026 Senior Notes or issue the new debts for refinancing and whether we can improve the collection of proceeds from disposal of used cars.

While we remain confident in our ability to successfully execute the mitigation actions stated above and meet our respective commitments as they fall due over the going concern period, these remain subject to material uncertainty and there can be no assurance that such mitigation actions will indeed be successfully executed or even if successfully executed, will be on terms expected and favorable to us. Given the foregoing, potential investors must exercise caution when using such data to evaluate our financial condition, results of operation and business prospects.

We face intense competition and may not be able to increase our prices or may have to match our competitors' price reductions. If we fail to compete effectively, we may lose market share, our revenues and margin may decrease and our results of operations may be adversely affected.

The car rental service industry in China is competitive and fragmented. We expect competition in China's car rental service industry to persist and intensify. We compete with both national players, such as CAR Inc. and Shouqi, and regional players. We compete primarily on the basis of rental price, service quality, geographic coverage, convenience of service locations, value-added services, user experience and brand recognition. Our competitors, some of which may have access to greater financial, business and marketing resources, often seek to enter into the market or maintain their market share with aggressive pricing strategy. The increasing penetration of the internet has increased the price transparency which further contributes to the prevalence and intensity of price competition. If we do not price our services competitively, we may lose transaction volume, or if we do, our revenue and margins will suffer, either of which could have a material adverse impact on our results of operations.

In addition, technological advancements may materially impact the competitive landscape of China's car rental service industry. Our competitors may use new technologies that may prove to be more efficient than ours. Our competitors may also compete against us in terms of wider geographic coverage or more convenient service locations, thereby slowing down our anticipated expansion. Furthermore, some competitors may initiate negative publicity campaigns against us, which may harm our brand and reputation. If we fail to effectively compete with large players on scale or small players on cost and flexibility, we may not be able to compete successfully against our current and future competitors, which may thereby materially adversely impact our revenue and results of operations.

We face risks arising from our proprietary technologies and systems. Failure to maintain or protect our proprietary technologies effectively or maintain the operation of our systems could harm our business, financial condition and results of operations.

We rely heavily on our proprietary technologies with various features specifically designed to improve and streamline our operations in accepting reservations, processing payments, managing our fleet, accounting for our various business activities and otherwise conducting our business. The satisfactory performance, reliability and availability of our proprietary technologies are critical to our reputation, our ability to attract and retain customers and maintain adequate service levels. Any system interruption that results in the unavailability of our website or mobile application, or a disruption in our platforms based upon our proprietary technologies could result in negative publicity, damage our reputation and brand and cause our business and operating results to suffer. We may experience temporary system interruptions for a variety of causes, including network failures, power failures, cyber-attacks, software errors or an overwhelming user traffic to our website, mobile application and systems during periods of strong demand.

In addition, we are dependent in part on third parties for the implementation and maintenance of certain aspects of our systems and because some of the causes of system interruptions may be outside of our control, we may not be able to remedy such interruptions in a timely manner, or at all. Although we regularly back up our data on servers in different locations or on hard drives stored in our offices, there can be no assurance that our systems back-up will successfully mitigate or eliminate these risks. Any disruption, termination, or provision of substandard services could adversely affect our brand, customer relationships, operating results and financial condition.

Our growth, revenues and business prospects may be adversely impacted by China's car rental service industry, which may involve significant risks and uncertainties.

Currently, substantially all of our revenues are generated from our car rental services. Our future operating results will depend on numerous factors affecting the development of the car rental service industry in China. The growth of China's car rental service industry, as well as demand for our services, is subject to uncertainties and numerous other factors, some of which are beyond our control.

These uncertainties and factors include but are not limited to:

- general economic conditions in China, particularly economic conditions adversely affecting consumer spending;
- the growth and strength of China's travel industry and demand for transportation services;
- the growth and strength of the global automobile industry, in particular China's automobile industry, including the popularity and perceptions of automobile safety and reliability;
- the growth of demand for car rental services in China, and the rate of any such growth;
- the development and change of governmental policies relating to the car rental service industry and transportation laws and regulations;
- the trust and confidence level of customers in car rental service providers in China, as well as changes in customer demographics and preferences;

- the selection, price and popularity of vehicles that we and our competitors offer;
- the emergence of alternative transportation service models such as car hailing, car sharing, ride sharing and innovation of driver less vehicle services; and
- the legal environment governing our business operations or expansions.

Adverse developments in any of the above factors and other factors may have a material adverse impact on our business, financial condition or results of operations. In particular, a decline in the popularity of driving, car rental services in general, or any failure by us to adapt our business model and improve customer experience in response to trends and customer needs and preferences, will adversely affect our revenues and prospects.

Various government policies on car control and management, such as vehicle plate control, may increase our operating costs, and limit our future expansion. Failure of compliance with such policies could incur material liabilities under, or costs in order to comply with, relevant laws and regulations which could further adversely affect our business, results of operations and prospects.

Local governments in China have promulgated various vehicle plate control policies and traffic control measures to limit the increase in the number of vehicles primarily in major cities and battle against the traffic and pollution resulting from such increase. For example, Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin and Hangzhou city governments have adopted policies regarding issuing a limited number of local vehicle plates and/or restricting the entrance of vehicles with non-local vehicle plates into certain areas of the city. In addition, some cities in China, such as Beijing, Shanghai, Guangzhou, Tianjin, Shijiazhuang, Nanjing, Wuhan, Lanzhou, Jinan, Chengdu, and Hangzhou, also implemented traffic control measures banning vehicles with certain license plate numbers from being on the road in or entering into certain areas of the city during certain hours in a workday or certain days in a given week. If more cities adopt vehicle plate control policies, our costs to obtain new vehicle plates in such cities may significantly increase and our future expansion in these cities may be limited, which may materially and adversely affect our business, results of operations and prospects. In addition, if a large number of our rental cars is found in violation of these traffic control measures, we may be subject to fines for such violations which may increase our operating costs and expenses.

We face challenges in diversifying our service offerings and expanding our customer base.

We intend to further diversify our service offerings and expand our customer base to increase our revenue. Our service offerings primarily include car rental services. Our results of operations and financial conditions will significantly hinge on our ability to diversify service offerings to meet the various demands of our individual customers and businesses, corporate and institutional clients in different regions and settings. Our new service offerings may require us to devote significant financial and managerial resources and may not perform as well as expected. We may not be able to achieve profitability of our new service offerings. We may also fail to effectively respond to new trends or address customer demand and preference by launching new types of services. Our existing technologies, service network and infrastructure may not be adaptable to the new services or customers. Our marketing efforts may not effectively respond to evolving customer preferences, especially in the post pandemic era. Our customer loyalty program may fail to increase our customer stickiness. In addition, we may not be able to assure adequate service quality for new customers and may receive complaints or incur costly liability claims, which would harm our overall reputation and financial performance.

Our failure to raise sufficient capital to fund and expand our operations at a reasonable cost could reduce our ability to compete successfully.

Our business requires a significant amount of capital for upsizing our fleet and expanding our operation. Our capital expenditures totaled RMB3,025.0 million, RMB1,049.8 million, and RMB499.2 million (US\$69.7 million) in 2023 and 2024 and for the six months ended June 30, 2025, respectively, which were primarily used for vehicle acquisition, and purchase of property, plant and equipment, as well as intangible assets. As we started to implement the asset-light operating lease model in late 2023, our operating lease right-of-use assets and operating lease liabilities totaled RMB554.9 million and RMB556.5 million, RMB2,324.2 million and RMB2,381.1 million, RMB2,130.5 million and RMB2,176.9 million (US\$297.4 million and US\$303.9 million), as of December 31, 2023, 2024, and June 30, 2025, respectively, which were primarily for leasing vehicles under the operating lease model. Our total fleet size as a resulted increased from 74,320 vehicles as of January 1, 2023 to 134,988 as of June 30, 2025. We may require additional funding to implement our expansion strategy by offering additional equity or debt securities or obtaining additional credit facilities in the future. Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including economic and political conditions in China, market conditions for capital raising in car rental service industry and our future results of operations, financial condition and cash flows.

If we fail to raise sufficient capital to fund and expand our operations at a reasonable cost or fail to secure favorable financing terms from major banks and lending institutions, we may not be able to increase our fleet size, expand our service network, enhance our sales and marketing strength, improve our proprietary technologies, or respond to competitive pressures or unexpected working capital needs. Such failure could reduce our ability to compete successfully in our industry.

An economic downturn or a tightening of the credit markets could result in a decline in business and leisure travel activities, which could materially adversely affect our business.

The success of our business ultimately depends on consumer spending in China. There is uncertainty over the level of inflation and the long-term effects of the efforts to curb inflation in China. For instance, if the inflation intensifies in China, we may have to increase the price level of our services while our costs and operating expenses may also increase in the meantime. In that case, our profit margin will depend on our ability to pass on the additional costs and operating expenses to our customers. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including China. Other factors including decreases in per capita income and level of disposable income, increased and prolonged unemployment or a decline in consumer confidence, as well as reduced spending by businesses, could each have a material adverse effect on the demand for our services. The conflict between Russia and Ukraine, and the regional tensions in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between the PRC and other countries, particularly the uncertainty about the future relationship between the United States and the PRC, which may potentially have adverse economic effects. In addition, the political landscape in the United States could affect U.S. government's attitude towards the PRC, the approach of the U.S. administration towards the PRC, including its outbound investment policy and tariff policy, is unpredictable. There is uncertainty with respect to the impact of Trump Administration's policy on China-based U.S.-listed companies, which raises concerns about potential delisting possibilities. The uncertainty surrounding Trump Administration's tariff policy on China's economy has created significant apprehension among global markets, as the potential for retaliatory measures and

disrupted trade flows could have far-reaching economic consequences. Specifically, reciprocal tariffs on cars or automotive parts can lead to increased car prices in China, disrupt the car industry and create supply chain challenges due to higher costs and potential delays in the import and export of cars and automotive parts. These developments, or the perception that any of them could occur, may adversely affect worldwide economic and market conditions. 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.

Our results of operations are affected by these economic factors, including the level of economic activity in the car rental service industry in China. Any actual or perceived threat of a financial crisis in China could have an adverse impact on the car rental service industry, including a tightening of the credit markets, reduced business and leisure travels, reduced customer spending and volatile fuel prices. Any prolonged slowdown in China's economy might also lead to tightened credit market, increased market volatility, sudden drops in business and consumer confidence and dramatic changes in business and consumer behaviors. In response to their perceived uncertainty in economic conditions, our customers may also delay, reduce or cancel their travel activities, especially their business and leisure travel activities. To the extent any fluctuations in the Chinese economy significantly affect our customers' demand for our services or change their spending habits, our results of operations may be materially adversely affected.

Our business is seasonal, and a disruption in our operations during our peak or off-peak seasons could materially adversely affect our results of operations.

We generally experience some effects of seasonality primarily due to increases in leisure travel and decreases in business travel activities during the summer season and public holidays in China such as Chinese New Year, Labor Day and National Day. In addition, we typically launch promotions for certain car rental services in selected cities after major holidays in China to encourage car rentals. Seasonal changes in our revenues do not alter certain of our expenses, such as depreciation, rent and insurance, that are fixed in the short run, typically resulting in higher profitability in periods when our revenues are higher and lower profitability in periods when our revenues are lower. Our revenues may also fluctuate due to adverse weather conditions, such as snow or rain storms. In addition, other seasonality trends may develop and the existing seasonality that we experience may change, which may lead to fluctuations in our results of operations.

We generate a significant percentage of our revenues from certain major cities and provinces. If our operations in these cities and provinces are negatively affected, or if we fail to penetrate into new areas with high growth potential, our financial results and future prospects would be adversely impacted.

We conduct a major portion of our transactions in and therefore generate a significant percentage of our revenues from certain major cities and provinces, including Jiangsu, Hainan, Zhejiang, Guangdong, and Shanghai. As a result of our geographic concentration, our business and financial results are susceptible to economic, social, weather, and regulatory conditions or other circumstances in each of these cities and provinces. Any short-term or long-term shifts in the travel patterns of our customers, due to those factors discussed above, such as temporary lock-down measures adopted by local authorities or work from home lifestyle choices or remote work arrangement, could have an adverse impact on our competitiveness and results of operations in these areas. An economic downturn, increased competition, or changes in regulatory landscape in any of these cities or provinces would adversely affect our business, financial condition, and operating results to a much greater degree than would the occurrence of similar events in other areas. In

addition, any changes to local laws or regulations within these cities and provinces that affect our ability to operate or increase our operating expenses in these markets would have an adverse effect on our business. Furthermore, if we are unable to renew existing licenses or do not receive new licenses or increase or maintain the vehicles and service locations in these areas, our business, financial condition, and operating results could be adversely impacted.

Further, we expect that we will continue to face challenges in penetrating new areas that we have identified as with high growth potential. If we are not successful in penetrating those areas, or if we are unable to operate in certain key cities and provisions in the future, our business, financial condition, and operating results would suffer.

Failure in obtaining all of the requisite permits, licenses or making all of the requisite filings or registrations or meeting other regulatory requirements for operating car rental services in China by us or any third-party service provider who cooperates with us may subject us to fines or other administrative actions.

As a car rental service provider in China, we are subject to a number of permit, license, filing and other regulatory requirements for the car rental service business. As the car rental service industry is constantly evolving in China, the legislations continue to evolve. Before the Measures for the Administration of Rental Operations and Service of Small and Mini-sized Passenger Vehicles (the “New Measures”), which was published on December 20, 2020, effective on April 1, 2021 and amended by the Ministry of Transport recently on August 11, 2021, there was no national legislation or regulation in this area, and only the Notice on Promoting the Healthy Development of Car Rental Industry (the “2011 MOT Notice”), promulgated by the Ministry of Transportation (the “MOT”) in April 2011 sets forth certain general guidelines for the emerging car rental service industry in China. In addition to the New Measures, the car rental service industry was mainly regulated by government authorities at local levels. Such local regulations and rules and their implementation, however, vary from place to place. See “Regulations – Overview – Regulations on Car Rental and Car-Rental Related Service Industry.”

The New Measures prescribe that operations and rental services of small and mini-sized passenger vehicles (“SMPVs”) refer to business activities in which rental business operators of SMPVs sign rental contracts with renters, whereby the operators deliver SMPVs with nine or less seats to the renters for them to use and charge the rental fees. The PRC government encourages large-scale and network operation of the SMPVs rental business, and encourages the use of new energy vehicles to carry out such business. The rental business operators of SMPVs are required under the New Measures to go through the registration and filing formalities with the administrative authorities of the SMPVs rental business at the city or county where their business operations are conducted, and all the rental vehicles put into operation are required to be registered or filed as well. According to the New Measures, if an operator fails to go through the required registration or subsequent amendment registration formalities either for itself or any vehicle being used for rental, it will be ordered to make corrections and will be imposed on a fine ranging from RMB3,000 to RMB10,000. For detailed risks relating to registration and filing of vehicles for rental purposes, see “Risk Factors – Risks Related to Our Business and Industry – The registration of all or most of our vehicles as “for rental,” if ordered by the competent governmental authority or becoming prevailing market practice, will significantly increase our compliance and operating costs, and our business could be materially adversely affected.”

More and more government authorities at local levels have started to implement the New Measures by adopting local regulations and rules. However, some local regulations and rules governing rental services of SMPVs are slightly different from the New Measures. After the New Measures were implemented, some local transport authorities have updated local rules or kept former local rules regarding the filing requirements on the rental services of SMPVs, and most of the cities require car rental operators to file business license and certain information with local transport authorities for record. For instance, Shanghai amended its local rules for car rental services prescribed in the Shanghai Municipal Administrative Rules on Taxis on December 28, 2023 to abolish the requirement of obtaining permit or license for such business and require that the operators shall complete filing procedures instead, while Shanghai Municipal Transportation Commission has announced the filing guidance on its official website. Hainan Province has formally implemented the New Measures and issued several guidelines based on the New Measures. Beijing keeps its former local rules while local authorities in Zhejiang, Chongqing, Hubei and Hebei have updated their local regulations and rules, all of which to some extent vary from those rules prescribed in the New Measures.

In most of the cities where we operate our car rental business, the administrative punishments are no stricter than order of rectification with penalties of RMB10,000. However, the local regulations or rules in some other regions set stricter administrative punishments such as suspension of business, order of closure of business, revocation of business license or imposing administrative penalty of more than RMB10,000. For example, after the New Measures were implemented, Zhejiang Province provides local regulations on car rental services in the Road Transport Regulations of Zhejiang Province, which were issued on July 29, 2022, and came into effect on October 1, 2022. Zhejiang's new regulations on car rental services are slightly stricter than the New Measures to some extent. For example, a car rental operator only has 20 days to submit its business license to the transport authority for record, and 10 days to submit the information of vehicles for operation for record, which are much shorter than the 60-day period given by the New Measures. In addition, if any operator fails to submit its business license and vehicle information to the transport authority for the record, it shall be ordered to make corrections and imposed on a fine of not less than RMB2,000 but not more than RMB20,000. If the non-compliance circumstances are serious, it shall also be ordered to suspend business for not more than 15 days. If the non-compliance circumstances are particularly serious, the original licensing authority shall concurrently revoke its operation license or impose the closure order. In Beijing, those who do not submit the business license and information of vehicles for operation for record as required will be ordered for rectification within a time limit, and those who fail to do so within the time limit may be fined ranging from RMB10,000 to RMB30,000. In Chongqing, a car rental services operator may face a rectification order within a time limit for failure to submit the business license for record and information of vehicles for operation, along with monetary penalties ranging from RMB3,000 to RMB10,000 and will further be ordered to suspend business when they fail to do so within the time limit. In some provinces or cities, including Hebei Province and Hubei Province, the authorities may impose penalties higher than RMB10,000 for not complying with the record filing rules as well as order the operators to suspend business if the non-compliance is identified as serious.

We have not obtained, made or timely renewed all of the requisite permits, licenses, filings or registrations for our business operations or fully complied with all other regulatory requirements applicable in the cities in which we currently operate our car rental services business. For example, our subsidiary, Changsha eHi Car Rental Co., Ltd., has not obtained its filing certificate because the local governmental authorities have not imposed licensing requirements by promulgating implementation rules governing the same and one of our branches, Shanghai eHi Car Rental Co., Ltd.

Nanjing No. 5 Branch, has not obtained its filing certificate for its car rental business because currently the local government authorities no longer issue such filing certificate to a branch as it is not an independent legal entity. Our subsidiary, Xi'an eHi Car Rental Co., Ltd is in the process of application for the filing certificate as of the date of this exchange offer and consent solicitation memorandum. We are of the view that these temporary situations would not result in cessation of services, order of closure, revocation of business license or other identically serious consequences to our current operating status. As of the date of this exchange offer and consent solicitation memorandum, despite having received from the local authorities order of rectification and certain administrative fines of not more than RMB10,000, our PRC subsidiaries and branches have not received administrative punishments regarding that filing requirements as serious as cessation of our business, order of closure, and revocation of business license which may materially affect our operations. Except as disclosed above, we have completed the requisite filing procedures for our PRC subsidiaries and branches significant for our operations and financial conditions, and we believe that the above mentioned filing defects will not have a material adverse impact on our operations. In addition, not all of the vehicles in our fleet have been registered as “for rental” as required under the New Measures. As advised by our PRC counsel, Grandall Law Firm (Shanghai), our failure to obtain, make or timely renew the requisite permits, licenses, filings or registrations for our business operations as disclosed above would not constitute material non-compliance which may lead to serious environmental pollution, heavy casualties, heavy losses of national economic interests, material adverse social impact or other identically serious consequences as described in the Trial Measures, and would not materially adversely affect our operations. However, as the industry we are situated in and the relevant legal environment are evolving fast, we cannot assure you that the government authorities will not enforce the regulations more rigorously and hold the same view as ours and will not change their views.

In addition, PRC laws and regulations regulate other aspects of our business, including restrictions on the use of non-local or non-self-owned vehicles for car rental services, use of parking facilities, leasing and the sale of used cars and provision of car repair services or other related mobility services. See “Regulations” in this exchange offer and consent solicitation memorandum. If we fail to comply with any current PRC laws or regulations including those mentioned above, or fail to obtain or maintain any of the required permits or approvals to operate our business, or if the PRC government promulgates any new laws and regulations that require additional licenses or imposes additional requirements on the operation of any part of our business which may be difficult for us to comply with or acquire, the relevant regulatory authorities may impose fines and penalties on us, confiscate our income, revoke our business licenses and require us to discontinue our business or impose restrictions on the affected portion of our business. Any of the actions taken by the PRC government may have a material and adverse effect on our results of operations.

The registration of all or most of our vehicles as “for rental,” if ordered by the competent governmental authority or becoming prevailing market practice, will significantly increase our compliance and operating costs, and our business could be materially adversely affected.

In addition to the registration and filing requirements on the rental business operators of SMPVs, the New Measures and the local implementation regulations and rules also require that the usage of the SMPVs in operation shall be registered as “for rental.” Such cars shall not be used in road transport operation unless the operators have obtained required permits and completed the formalities of changing the use of nature of the cars, otherwise the operators will be regarded as engaged in illegal business and be punished in accordance with relevant laws and regulations. According to the New Measures, if an operator fails to go through the registration or record-changing

formalities either for itself or any cars being used for rental as required, it will be instructed to correct its behavior and be fined ranged from RMB3,000 to RMB10,000. The New Measures are not clear on whether the fine will be imposed on a per violation basis or per non-registered car basis. According to the local rules of some cities, such as Hebei Province, the fine would be imposed on a per non-registered car basis. Some cities may impose higher penalties or stricter measures on the operators for not complying with the “for rental” registration requirements. For example, in Beijing, the penalties for such registration failure range from RMB10,000 to RMB30,000; in Chongqing, Hebei and Hubei, the local authorities may order the operators to suspend business; and in Zhejiang, the local authorities may impose a fine of RMB20,000 as well as an order of closure if the non-compliance is identified as particularly serious.

A substantial amount of the vehicles in our fleet have not yet been registered as “for rental.” We believe that, as of the date of this exchange offer and consent solicitation memorandum, the possibility that we would be required to cease our business, receive order of closure, be revoked of business license or face other equally serious consequences due to such non-compliance is low given the complexity in the interpretation of the legal consequences of such non-compliance with the New Measures and the local regulations and rules. As of the date of this exchange offer and consent solicitation memorandum, despite having received from the local authorities order of rectification and certain administrative fines of not more than RMB10,000, our PRC subsidiaries and branches have not received administrative punishments regarding “for rental” registration requirements as serious as cessation of our business, order of closure, and revocation of business license which may materially affect our operations. We believe such registration defects would not have a material adverse effect on our business and results of operations. Nevertheless, we cannot rule out the possibility that the local governmental authorities may subsequently enhance enforcement of such legal requirements in the future. In addition to fines, the governmental authority may order us to rectify such non-compliance within a limited time period and may refuse to issue or renew our operation licenses if we fail to complete the rectification per its order. We may not be able to complete such requisite registration in a timely manner, or at all. The registration of all or most of our vehicles as “for rental,” if ordered by the competent governmental authority or becoming prevailing market practice, will significantly increase our compliance and operating costs. As a result, we may have to initiate price increases and other measures to offset rising costs in our business and, if we fail to price our services competitively, our business could be materially adversely affected.

Our car rental services accompanied by driving services may subject us to additional approvals, licenses, permits or other regulatory requirements. Failure to obtain such additional regulatory approvals may subject us to fines or other administrative actions.

According to the New Measures, the Road Transportation Regulations, the 2011 MOT Notice, the Administrative Rules on Road Passenger Transportation and Passenger Transportation Terminals, the Itinerant Taxi Provisions, and the Car Hailing Measures, as well as various local regulations and rules on road transport administration and car rental business, our car rental services accompanied by driving services may subject us to additional approvals, licenses, permits or other regulatory requirements. Certain Opinions on Standardizing the Regulation of Car Rental Industry promulgated by Shanghai Municipal Transport and Port Authority in August 2011 provides that car rental companies shall not provide drivers for the vehicles they rent but may at the request of their customers sign service agent contracts on behalf of their customers with third-party labor service companies, under which the labor service companies may provide drivers to car rental customers, and the car rental companies have the responsibility for training these drivers. The recently implemented Road Transport Regulations of Zhejiang provide that car rental operators shall not offer driving service to customers either by themselves or through other entities which have investment relationship with them.

We currently provide car rental services accompanied by driving services primarily to our corporate and institutional clients and generally enter into long term framework agreements with these clients, some of which have the contractual right to request us to provide car rental and driving services by the same legal entity. In order to minimize the uncertainties and potential legal risks caused by the uncertainties of the laws, regulations and rules promulgated by various levels of legislative bodies and authorities in China and their enforcement in practice, our driving services are currently primarily arranged to be provided by our subsidiaries or branches not providing car rental service or through third-party driving service providers that cooperate with us, and our car rental services are provided by our other subsidiaries that do not simultaneously provide driving services. In some provinces or cities where we are prohibited from offering driving service through our subsidiaries or branches, such as Zhejiang Province, we will provide driving services only through third-party driving service providers.

Although we do not believe our car rental services accompanied by driving services offered by a separate legal entity fall within the scope of “road passenger transportation service,” “itinerant taxi operating service,” or “car hailing services” as set forth in these rules and regulations, as the industry we are situated in and relevant legal environment are evolving fast, we cannot assure you that the government authorities will not enforce these regulations more rigorously and hold the same view as ours and will not change their views. There were instances where our car rental services accompanied by driving services offered by a separate legal entity were determined by certain local transportation authority to be road passenger transportation services and we were imposed of penalties including fines and suspension of road passenger transportation service. If the relevant government authorities believe we should secure additional approvals, licenses, permits or other regulatory requirements for our car rental services accompanied by driving services but we failure to obtain such additional regulatory approvals, we may be subject to fines or other administrative actions.

Our operating lease model has a limited operating history and we may not be able to achieve the anticipated benefits of such new business model.

In addition to vehicle acquisition, we have started to leverage the operating lease model to achieve fleet size growth since late 2023. This model involves leasing vehicles from third-party lessors for a specified period, typically ranging from 12 to 36 months, instead of purchasing the vehicles outright. While we expect this approach to decrease our up-front cashflow for fleet size growth, we cannot assure you that we will be able to manage our capital expenditures for fleet size growth more effectively due to the limited history of our using the operating lease model. The operating lease model has its inherent drawbacks. For example, we are not entitled to use operating-leased vehicles as collateral on loans or dispose of them at desirable prices as we have no ownership rights of such vehicles. We may inadvertently violate the operating lease agreements with our business partners which may seek early termination as remedy for material breach. Our significant indebtedness may constrain our ability to make timely payments under the operating lease agreements, potentially resulting in early lease termination and subsequent liability for default payment. We may not be able to secure favorable lease terms upon renewal and any significant increase in lease rates or unfavorable changes in lease terms could increase our operating expenses and reduce our profitability. In addition, if we are unable to renew leases on acceptable terms, we may face disruptions in our fleet availability, impacting our service qualities and customer satisfaction. There is also non-compliance risk of fines or other administrative actions with respect to our business partners’ failure to duly register the leased vehicles as “for rental.” The operating lease model also has potential non-compliance issues due to legal requirements mandating that car rental operators own their vehicles in operation. The local regulations of some provinces and cities where our operating vehicle are mainly located, include Guangdong Province, Hubei Province, Beijing, and

Chongqing, expressly require that the operators shall use self-owned vehicles for operation of car rental services and correspondingly impose administrative punishments or restrictive measures on the operators who violate such rules, while the other provinces or cities where we conduct operations have not yet imposed clear legal requirements on vehicle ownership or have not yet clarified legal consequences of failure to meet such requirements. This regulatory landscape indicates that operating lease models may be challenged in provinces and cities with stringent vehicle ownership requirements and we may not be able to take advantage of the operating lease model in those provinces and cities if such requirements are stringently enforced.

The operating lease model is relatively new in the car rental industry in China. The success of such new business model is inherently uncertain and depends on a lot of factors both within and outside of our control. We cannot assure that we will be able to achieve the anticipated benefits of the operating lease model and our results of operations may be adversely impacted due to the failure of achieving desired results through the operating lease model.

Because we incur significant up-front capital expenditures for vehicle acquisitions, our profitability may be materially and adversely affected if we fail to achieve our forecasted revenues.

To fulfill the anticipated demand of our customers, we must make significant up-front investments in vehicle acquisitions to build up the fleet of our own self-owned vehicles. Such build-up in advance of actual reservations exposes us to significant up-front capital expenditures. If market demand for services does not increase as quickly as we anticipate, if at all, we may be unable to afford paying our up-front vehicle acquisition costs, and our operating results may be adversely affected as a result of low fleet utilization and vehicle depreciation.

If the expenses for expanding our vehicle fleet size significantly increase, our financial condition and results of operations may be materially and adversely affected.

We will continue to expand our vehicle fleet size. The large size of our fleet has provided us with economies of scale that enable us to obtain cost-competitive prices and discounts from automotive OEMs. The passenger vehicle market in China has seen a price competition recently. This market trend has enabled us to adopt various cost-control measures with respect to fleet expansion to improve our financial condition.

The availability of adequate supplies of competitively priced cars are subject to political, economic, and market factors that are outside of our control. Our average vehicle acquisition cost is also affected by other factors such as vehicle purchase tax and the mix of economy and premium vehicle models that we purchase. We generally do not enter into long-term vehicle purchase agreements with our vehicle suppliers. We cannot assure you that our vehicle suppliers will continue to offer competitive price or sufficient quantities of vehicles at commercially reasonable prices to us. With respect to our new operating lease model, we may not be able to secure favorable lease terms, which could increase our operating expenses and reduce our profitability. The price of cars may rise and our vehicle acquisition costs or lease expenses may increase significantly in future periods. In the event of significant increase in vehicle price, we may be forced to or lease purchase vehicles at higher prices and our expenses may rise significantly. Our gross profit may decrease or we may even incur losses in future if we are unable to adopt effective cost-control measures or pass on the incremental costs to our customers. As a result, our financial condition and results of operations may be materially and adversely affected.

If we are unable to dispose of our used vehicles at desirable prices or timing or through appropriate channels, the residual value of our self-owned vehicles may drop significantly, and we may incur significant financial losses.

We generally hold our self-owned vehicles in our fleet for 12 to 36 months. Depending on the conditions of our self-owned vehicles, our actual vehicle holding period may vary. As our fleet grows and matures, we expect dispositions of our self-owned vehicles to become a significant part of our operations. We have developed an internal rating system to assess the general conditions of our vehicles, and dispose of our self-owned used vehicles through a variety of disposition channels according to the rating results, including auctions, brokered sales, dealers, online used car marketplace and our program car arrangements. We also maintain a well-managed and disciplined vehicle disposition process which takes into consideration market timing, disposal price and seasonality.

We face uncertainties in our ability to dispose of our used vehicles at reasonable prices and in a timely manner due to the current market conditions in China. The ongoing price competition in the new car market in China has led to decline in the price and extended inventory cycle of used vehicles. The imbalance in supply and demand for used vehicles has intensified competition among sellers. Decline in the reputation of certain manufacturers of vehicles included in our fleet could reduce the price of these used vehicles. In addition, the rise of new energy vehicles and their accelerated technological advancements have devalued older models, making them less attractive to buyers. This shift in consumer preference towards electric and hybrid vehicles, as well as cars with advanced technological features, has rendered older, gasoline-powered vehicles in our fleet less appealing. The current market conditions increase the challenge of our disposal of our used vehicles.

We also face challenges in disposing of our used vehicles through appropriate channels. Given that China's used vehicle market lacks a well-established credit system, we encounter difficulties in identifying and managing our car dealers and brokers. These challenges include assessing their creditworthiness, conducting background checks, and verifying their shareholding structures. We cannot ensure that our car dealers and brokers are adequately qualified and reliable, nor can we guarantee that none of them have engaged or will engage in illegal or unethical practices. Cash-flow problems among our car dealers and brokers can further complicate our disposal process by extending the periods for and increasing the uncertainty of recovering the receivables from the disposal of our used vehicles.

As China's car dealers tapped into used car sales market in late 2014, we started to have some program car arrangements with automotive OEMs and car dealers, and in some cases with used car sales brokers and online platforms. Program cars refer to vehicles the disposal price and holding period of which have been predetermined and fixed by agreements at the time of their purchase. Approximately 76.7%, 90.0%, and 87.9% of our self-owned period-end fleet size were subject to such program car arrangements as of December 31, 2023, 2024, and June 30, 2025, respectively. Pursuant to program car agreements, we have the option to sell, and car dealers have the obligation to repurchase, or in some cases, used car sales brokers/online platforms have the obligation to purchase, our vehicles at a specified repurchase price and after a specified holding period (typically 12 to 36 months), subject to certain vehicle condition, mileage and holding period requirements. Repurchase prices of program cars are generally based on a predetermined percentage of original vehicle cost and the month in which the vehicle is repurchased. We calculate the depreciation costs of such vehicles separately, based on their respective contractual repurchase prices and holding periods, and adjust the

depreciation costs if the repurchase conditions of such vehicles are not met or we elect not to sell such vehicles as program cars. We believe program car arrangements could hedge certain risk from fluctuations in used car prices in the secondary market and offer additional alternatives of our vehicle acquisition and disposal channels. However, car dealers, used car sales brokers and online platforms may discontinue to offer program car arrangements to us on terms or at prices consistent with the current agreements, or at all. In addition, failure by a car dealer, used car sales broker or online platform to fulfill its obligations under any program car agreement may impact our results of operations if we are unable to dispose of such vehicles at prices predetermined at the time of purchase.

We carry substantial risk that the market value of a used vehicle at the time of its disposition may be less than its estimated residual value at such time. If we are unable to dispose of our self-owned vehicles at prices that are equal to or greater than their estimated residual value, our depreciation costs will increase and we will incur losses resulting from the disposal, which may have material and adverse impact on our financial results. Inability to dispose of our self-owned vehicles at desirable prices or timing or through appropriate channels could have significant impact on our business.

If we are unable to enhance our brand recognition and maintain a high level of customer satisfaction, we may not be able to attract or retain customers, and our brand and results of operations may be adversely affected.

We believe our “eHi” brand is of paramount importance to our business, including the success of our sales and marketing efforts and our efforts to grow our car rental service business. Our continued success in enhancing our brand depends, to a large extent, on our ability to consistently provide quality services and customer experience across our service network and introduce new services and vehicle models to meet customer demands, and to respond to competitive pressures and changing regulatory environment.

Failure to provide customers with high-quality services and experiences could harm our reputation and adversely affect our efforts to develop “eHi” as a trusted brand. From time to time, our customers express dissatisfaction with our services, including those related to the availability, condition and reservation time of our vehicles, and our response time to customers’ questions or vehicle incidents. To the extent dissatisfaction with our services is widespread or not adequately addressed, our reputation could be harmed, our efforts to develop “eHi” as a trusted brand and to provide enhanced customer experience would be adversely impacted, which may in turn adversely affect our operating results and our ability to attract new customers and retain existing customers. We face risks inherent in the car rental service industry, including the risks resulting from the use of our vehicles by our customers, their violation of traffic rules, personal injury, car damage, and transportation- related incidents.

We face risks inherent in the car rental service industry, including being exposed to claims for personal injury or death, traffic rules violation and property damage as a result of automobile accidents involving vehicles driven by our customers or third-party service providers outsourced by us. We depend on our staff, customers and, in some cases, third-party operators, for pre-rental inspections in order to identify any apparent or potential damage or safety concerns with the vehicles. However, if a customer uses a car that has worn tires or some mechanical or other problem, including a manufacturing defect, which contributed to a motor vehicle accident that results in a death or

property damage, we may still be a defendant of the claims for the alleged liabilities of the accident and the damage resulting from it. Furthermore, according to the PRC Civil Code, when the driver of a rental car who is not the custodian or the owner of the vehicle is held liable for a traffic accident, he shall be responsible for any damage that has occurred, and the custodian or the owner shall bear the corresponding liability for compensation if they have any fault in causing the accident. When any damage is caused by the car, a limited liability will first be covered by the insurance company providing the compulsory traffic accident insurance of the vehicle, the portion not covered by the former will be compensated by the insurer providing the motor vehicle commercial insurance as agreed in the insurance contract. Where the damage is still not covered or the vehicle is not covered by motor vehicle commercial insurance, such damage shall be the liability of the infringing party. However, since judicial proceedings determining the cause of a motor vehicle accident can be lengthy and costly, and the results of such proceedings may be uncertain, we may not be successful in defending ourselves each time such an incident occurs. If a significant number of such claims cannot be resolved, our reputation could suffer.

In addition, we face risks that customers may violate their agreements with us by renting our cars for commercial use without regulatory requisite permits and/or licenses or meeting all requisite regulatory requirements, which may subject us to fines and other administrative actions. We have been fined by the relevant local government authorities due to the situation that some customers used our cars to conduct transport business without permits, in which case we have claimed repayment of such fines from such customers. However, there is no assurance that we will always be able to reclaim all the fines or penalties from the customers, and that the reclaiming process could be time-consuming and costly.

We have substantial indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect our financial performance and our ability to generate sufficient capital to fulfil our outstanding and future debt obligations.

We have, and will continue to have after this Exchange Offer with Exit Consent, a substantial amount of indebtedness. Our total short-term and long-term borrowings, which included bank borrowings, borrowings from third-party financing companies, syndicated loans and senior notes, were RMB8,435.1 million, RMB8,139.1 million, and RMB7,931.9 million (US\$1,107.3 million) as of December 31, 2023, December 31, 2024, and June 30, 2025, respectively. Since June 30, 2025, we also incurred other indebtedness for our general business operation. As of June 30, 2025, we had credit facilities of RMB1,720.0 million (US\$240.3 million), of which the unused lines of credit amounted to RMB279.2 million (US\$39.0 million). We have issued the 2026 Senior Notes with outstanding principal amount of US\$267.0 million as of June 30, 2025, which will mature on September 21, 2026. We have issued the 2027 Senior Notes with outstanding principal amount of US\$313.5 million as of June 30, 2025, which will mature on September 26, 2027. We cannot assure you that we would be able to refinance the 2026 Senior Notes and 2027 Senior Notes, in a timely manner on acceptable terms or at all.

Our substantial indebtedness could have significant impact on us and on you. For example, it could:

- limit our ability to fulfill our obligations under our bank borrowings, borrowings from third-party financing companies, syndicated loans and senior notes;
- constrain our ability to make timely payments under the operating lease agreements, potentially resulting in early lease termination and subsequent liability for default payment;
- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow generated from operations to serving and repaying our indebtedness, thereby reducing the availability of our cash flow to fund our working capital, capital expenditures and other general corporate and operational purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less indebtedness;
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase the cost of our additional financing.

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities. If we or our subsidiaries incur additional debt, the risks that we face as a result of our existing substantial indebtedness and leverage could intensify. Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We may not be able to generate sufficient cash flow to meet our anticipated operating expenses and to service our debt obligations as they become due. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, the terms of the 2026 Senior Notes and 2027 Senior Notes prohibit us from incurring additional indebtedness unless (i) we are able to satisfy certain financial ratio requirements or (ii) we are able to incur such additional indebtedness pursuant to any of the exceptions to the financial ratio requirements, and meet any other applicable requirements. Our ability to meet such financial ratio requirements may be affected by events beyond our control and we may not be able to meet these requirements. Certain of our existing financing arrangements also impose operating and financial requirements on our business operations. Such requirements in the 2026 Senior Notes and 2027 Senior Notes and our other financing arrangements may negatively affect our ability to react to

changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund required capital expenditures, or withstand a continuing or future downturn in our business or the general economy. Any of these factors could materially and adversely affect our ability to satisfy our obligations under our bank borrowings, borrowings from third-party financing companies, syndicated loans and senior notes.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, including the New Notes, and to fund planned capital expenditures and project development will depend on our ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Our business might not generate sufficient cash flow from operations to enable us to pay our indebtedness, including the New Notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the New Notes, on or before maturity. We may not be able to refinance any of our indebtedness on commercially reasonable terms or at all. If we are unable to service our indebtedness or obtain refinancing on terms acceptable to us, we may be forced to adopt an alternative strategy that may include reducing or delaying capital expenditures, selling assets or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

Restrictive covenants contained in the indentures and agreements governing our indebtedness may impose restrictions on our business, and failure to comply with these restrictions may adversely affect our liquidity, financial condition and result of operations.

We are subject to financial and other restrictive covenants in our various debt related documents, including the indentures entered into in connection with our senior unsecured notes and the agreements that we entered into with various commercial banks and financing companies. Some of them require us or our subsidiaries to maintain financial covenants including in connection with the minimum consolidated tangible net worth, consolidated total borrowings to consolidated EBITDA, consolidated total onshore borrowings to consolidated EBITDA and consolidated EBITDA to consolidated finance costs. Some of them require us to be assigned a corporate credit rating to avoid step-up interest. We are also subject to other restrictive covenants including limitations on our ability to incur additional indebtedness and liens, sell or dispose of certain assets, pay or distribute dividends, redeem or repurchase share capital, make certain capital contributions or investments, merge or consolidate with or acquire other companies, change the nature of our business, enter into derivative transactions, amend our charter documents and make loans.

Failure to meet any financial covenants or to comply with any other restrictive covenants in our current or future debt indentures or agreements may trigger additional restrictions, increase interest, or lead to a default by us under the terms of these indentures and agreements and entitle lenders to terminate their commitments to lend to us, where applicable, declare all outstanding indebtedness thereunder to be immediately due and payable and require us to pay accrued and unpaid interest at higher interest rates, as the case may be. Furthermore, any event or default or acceleration of payment under any of such debt indentures and agreements may trigger cross-default or cross-acceleration provisions in other indentures and agreements governing our indebtedness. If lenders accelerate the repayment of our borrowings, we may not have sufficient cash to timely repay the borrowings and we may not be able to find alternative financing, and any repayment may disrupt our cash flow and

liquidity plans. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us. Additionally, we have provided collateral under certain credit facilities. If we cannot repay these borrowings, lenders may take ownership of such collateral granted to them or choose to enforce their security rights thereunder. As a result, we may lose access to our assets pledged as collateral and be unable to engage in certain business activities or finance future operations or capital needs, and our business, financial condition and results of operations would be materially and adversely affected.

Shortage in vehicle supply may adversely affect our business and results of operations.

We may experience a shortage in the supply of certain vehicle models in the future. For example, if any supplier is unwilling or unable to provide us with vehicles in required quantities or to deliver vehicles on time, we may not be able to find alternative sources on satisfactory terms in a timely manner, or at all. If any shortage in vehicle supply occurs, our business and results of operations may be materially adversely affected.

It is difficult to forecast customer demand accurately, and as a result we may be unable to make planning and spending decisions to match customer demand.

We make planning and spending decisions, including determining the vehicle size and models that we will acquire, selecting new cities that we will tap into, launching new service offering, and distributing vehicles among service locations, based on our estimates of service demand and customer requirements. We may have long-term service agreements with certain customers but our customers are not contractually committed to use our services exclusively or regularly. The short-term nature of commitments by our customers, the changes of their preference and the possibility of unexpected changes in their travel schedule reduce our ability to accurately estimate future customer requirements.

We plan to expand our fleet size and diversify our service offering and vehicle models. There can be no assurance that our expansion strategy will not lead to lower fleet utilization rate. Conversely, demand from customers may also increase suddenly and without advance notice, especially in holiday seasons, which can strain our resources and cause our vehicle management to be negatively impacted. We may not have sufficient vehicles in operation at any given time to meet the demands of our customers, or one or more of our suppliers may not have sufficient capacity at any given time to meet our demands. Failure to meet the demands of our customers in a timely fashion may cause them to seek services from our competitors and adversely affect our net revenues and financial condition.

If any of our major vehicle suppliers encounter serious vehicle recall problems, our fleet size may be reduced for a certain period and our customers' trust in the quality and safety of our fleet may be adversely affected.

Our vehicles may be subject to safety recalls by their manufacturers. Under certain circumstances, the recalls may cause retrieval of rented vehicles or temporary decline of reservations. If a large number of vehicles are the subject of simultaneous recalls, or if replacement parts needed are not in adequate supply, we may not be able to use the recalled vehicles for an extended period of time. Those types of disruptions could jeopardize our ability to fulfill existing contractual commitments and/or satisfy demand for our car rental services, and result in the loss of business to

our competitors. We could also face liability claims from our customers related to our vehicles subject to a safety recall. Depending on the severity of the recall, it could materially adversely affect our results of operations and adversely impair our customers' trust in the quality and safety of our fleet.

We do not have title to vehicles covered by the financial lease agreements, sale and leaseback agreements or operating lease agreements during the term of these agreements, and a failure to service these agreements could adversely impact our ability to operate these vehicles for our business operations.

A substantial portion of our vehicles are covered by the financial lease agreements, sale and leaseback agreements or operating lease agreements. During the terms of these agreements, which are typically 12 to 36 months, we do not have title to the leased vehicles. Part of the leased vehicles are registered under our names due to registration formality requirements and certain part of the vehicles are not registered under our names due to the requirements of the financial lease agreements. The majority of our operating-leased vehicles are not registered under our names. Under these agreements, we may lose access to the vehicles if we fail to make timely payments, insure the vehicles as required by the financial institutions, or breach other covenants under the agreements, which would make it difficult to maintain normal operations of our fleet and achieve optimal car utilization rate, which in turn may adversely affect our results of operations. Certain local regulations require that car rental companies must provide rental services using vehicles owned by them. If car rental operators use vehicles not owned by them or they are not registered on the vehicle registrations or driving licenses as owners, they may be ordered to make corrections and fined. In some cities, the revenues gained from such business may be confiscated and if the circumstances are serious, the operators may be ordered to stop operation. In the meanwhile, the New Measures and many other cities do not have such specific requirements. Regulations and rules differentiate from each other at local level. If we are deemed not in compliance with certain local regulations or rules, our operation may be adversely affected.

If property rental costs, including rentals for our service locations and parking spaces, increase significantly in the cities we currently have operations or we are unable to find suitable locations to expand our service network at a reasonable cost, our results of operations will be materially and adversely impacted.

We plan to open more service locations in markets where we have a presence and to expand into additional cities in China to further grow our business. To operate our business, we need to rent offices, service locations and parking spaces for our staff and vehicles at convenient locations. We may not be successful in identifying and leasing additional properties and parking spaces at desirable locations and on commercially reasonable terms, or at all. In addition, we may not be able to renew our current lease agreements after expiration or secure replacement properties or parking spaces with reasonable commercial terms, or at all. In such cases, our ability to execute our growth strategy could be impaired and our business, results of operations and prospects may be materially adversely affected. Furthermore, if property rental costs increase significantly, in particular for parking spaces, our results of operations may be materially adversely affected.

We depend on key and highly skilled personnel to operate our business, and if we are unable to retain our current personnel or hire additional personnel compatible to our expansion size, our ability to successfully develop and market our business could be harmed.

Our managerial and other employees operate our service locations and interact with our customers on a daily basis and are critical to maintaining our consistent and high-quality services, as well as our established brand and reputation. We aim to recruit, train and retain skilled and motivated customer oriented managerial and other employees. We need to recruit and train qualified managerial and other employees on a timely basis to keep pace with our rapid growth. There may be a limited supply of such qualified individuals in some markets in China where we have operations and cities into which we intend to expand. We also need to provide continuous training to our managerial and other employees so that they can stay abreast of changes in our operations and consumer preferences and demands, and meet and implement our quality standards. If we fail to recruit, train and retain qualified managerial and other employees, our service quality may decrease, which in turn may have a material and adverse effect on our brand, our business, and our financial condition and results of operations.

Our success significantly depends upon the continuing service of our senior management team. We rely on our management team's experience in business operations, their business vision, management skills and working relationships with our employees, customers, suppliers, third-party service providers and other business partners to execute our business strategies and to achieve our business objectives. In addition, our ability to attract and retain key personnel is a critical aspect of our competitiveness. If one or more members of our senior management team or other key employees are unable or unwilling to continue in their present position, we may not be able to replace them easily, or at all. As a result, our business could be severely disrupted and our financial condition and results of operations could be materially adversely affected.

We may be subject to fines and legal sanctions imposed by the SAFE or other Chinese government authorities if we or our employees fail to comply with PRC regulations relating to employee share incentive plans adopted by overseas-listed companies for PRC domestic individuals.

On December 25, 2006, the PBOC issued the Measures for the Administration of Individual Foreign Exchange, or the PBOC Regulation. On January 5, 2007, the SAFE issued the Implementing Rules for the PBOC Regulation. Both of these regulations became effective on February 1, 2007.

According to these regulations, all foreign exchange matters relating to employee stock holding plans, share option plans or similar plans of overseas-listed companies with domestic individuals' participation require approval from the SAFE or its local branch. On February 15, 2012, the SAFE promulgated the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plan of Overseas-Listed Company, or the Share Option Rule, which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Share Holding Plan or Share Option Plan of Overseas-Listed Company issued by the SAFE on March 28, 2007. Under the Share Option Rule, PRC domestic individuals who participate in any share incentive plan including employee shareholding plan, share option plan or similar plan in an overseas-listed company are required to register with the relevant local SAFE branch and complete certain other procedures related to the share incentive plan through a PRC agent. Under the Share Option Rule, PRC domestic individuals include PRC citizens (including Hong Kong, Macau and Taiwan nationals) and foreign nationals who have continuously

resided in China for at least a year, and a PRC agent may be a domestic company participating in the share incentive plan or a domestic institution that is qualified to engage in assets custodian business and has been duly designated by a domestic company.

If we or our employees fail to comply with these regulations, we or our employees may be subject to fines or other legal sanctions imposed by the SAFE or other Chinese government authorities. In addition, the SAT has issued several circulars concerning employee share options. Under these circulars, our employees working in China who exercise our share options will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to make filings with relevant tax authorities related to employee share options and withhold individual income taxes resulting from the exercise of their share options. If our employees fail to pay and we fail to withhold their income taxes, we may face sanctions imposed by tax authorities or other PRC government authorities.

If the average salary or statutory welfare expenses of our employees increase significantly, our profitability may be materially adversely impacted.

We believe we will continue to hire additional employees to keep in line with our expansion. China has experienced a significant increase in employment compensation levels in recent years. If the average salary of our employees increases significantly, our profitability may be materially adversely impacted. In addition, under various PRC labor-related laws, rules and regulations, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity leave insurance, and housing accumulation funds. The relevant government agencies may examine whether an employer has made adequate payments of the requisite statutory employee benefits, and those employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. If the relevant PRC authorities determine that we must make supplemental social insurance and housing fund contributions and/or that we are subject to fines and legal sanctions, our business, financial condition and results of operations may be adversely affected.

We could be negatively affected if our insurance coverage proves to be limited or inadequate.

We may suffer from insufficient insurance coverage for our vehicles or liabilities resulting from our operations. We bear the risk of damage to or losses of our vehicles, including those caused by accident, theft or natural disaster. We are also exposed to claims for personal injury or death and property damage as a result of automobile accidents involving vehicles driven by our customers or third-party service providers outsourced by us. We maintain motor vehicle damage insurance, third-party liability insurance, compulsory traffic accident insurance and other insurance coverage, although there can be no assurance that such coverage will be sufficient or adequate. Furthermore, due to the large volume and broad geographic coverage and rapid growth of our fleet, we may fail to renew our insurance policies on a timely basis. A successful claim against us beyond the scope or limit of our or our third-party service provider's insurance coverage may have a material adverse effect on our business, financial condition and results of operations. In addition, uninsured claims filed against us or the inability of our insurers to pay otherwise-insured claims would have an adverse effect on our financial condition. Moreover, if the insurance premiums we pay to the insurance companies increases significantly, our results of operations would be materially adversely affected.

In addition, we face risks and contingent losses resulting from car theft. We equip all of our vehicles with GPS-based tracking devices that monitor the precise location of the vehicles during the contract period. However, sophisticated thieves could locate and disable such devices, which may lead to an increase in our lost vehicles from car theft. As we have not maintained any robbery or theft insurance for our vehicles, such losses may not be sufficiently covered by the GPS product liability insurance, which may adversely affect our results of operations.

We may fail to successfully make necessary or desirable strategic alliances, acquisitions or investments, and we may not be able to achieve the benefits we expect from the alliances, acquisition or investments we make. Future investments and acquisitions could prove difficult to integrate or disrupt our business and lower our operating results.

Our growth strategy may involve strategic alliances, acquisitions or investments that are supplemental to our business and operations, including opportunities that can help us diversifying our service offering and expand our customer base. For example, we are the exclusive strategic partner of Enterprise in China. However, strategic alliances, acquisitions and investments could subject us to a number of risks, including risks associated with sharing proprietary information, disputes arising out of the transactions, non-performance or default by counterparties, significant costs of identifying and consummating transactions, diversion of resources from our existing business, potential loss of all or portion of our investments, exposure to potential unknown liabilities of the acquired business, limited ability to control or monitor strategic partners and/or managing or integrating investment portfolio, negative publicity as a result of strategic alliances, acquisition or investment, any of which may materially and adversely affect our business.

In addition, our future strategic investments and acquisitions may expose us to potential risks, including risks associated with fluctuations in our future financial results, our failure to generate sufficient revenues to offset the costs of acquisitions; and potential loss of, or harm to, relationships with suppliers, clients or employees. If any of these happens, it may have a material adverse effect on our ability to manage our business or otherwise have a material adverse effect on our business, financial condition or results of operations.

We may be exposed to intellectual property infringement and other claims, which could be time-consuming or costly to defend and may result in substantial damages.

Our success depends on our ability to use and develop our proprietary, comprehensive suite of technology systems, and our other intellectual property rights. We may face challenges to our intellectual property rights and be subject to claims that we have infringed on third parties' intellectual property rights. The validity and scope of claims relating to our proprietary technologies or other intellectual property rights may involve complex scientific, legal and factual questions and analysis, and therefore the outcomes may be highly uncertain. The defense and prosecution of intellectual property suits and related legal and administrative proceedings may be costly and may significantly divert the attention and resources of our personnel. An adverse determination in any such litigation or proceedings to which we may become a party may subject us to significant liability, require us to seek licenses from third parties, pay royalties or subject us to injunctions prohibiting the use of the relevant intellectual property rights.

Failure to adequately protect our intellectual property rights could substantially harm our brand, our business and results of operations.

We believe our brand, trademarks, software copyrights, trade secrets and other intellectual property rights are critical to our success. Any unauthorized use of our intellectual property rights could harm our competitive advantage and business. Our efforts in protecting our brand and intellectual property rights may not always be effective. We regularly file applications to register our trademarks in China, but may not be able to register such trademarks, or register them within the categories we seek. Similar trademarks registered under other different categories may dilute our brand and image and cause adverse impact on our brand recognition.

Monitoring and preventing unauthorized use is difficult. The measures we take to protect our intellectual property rights may not be adequate or sufficient. As the regulation and legal protection regarding the Internet domain names is still developing in China, other companies may have incorporated in their domain names elements similar in writing or pronunciation to our trademarks and domain names. We have also entered into confidentiality and non-compete agreements with our key employees that prohibit them from disclosing confidential information. However, these agreements may not effectively prevent unauthorized disclosure of confidential information and it may be difficult or expensive for us to enforce these agreements. Our business may be materially adversely affected if we fail to adequately or sufficiently protect our brand, trademarks, copyrights, trade secrets and our other intellectual property rights.

We face risks related to vehicle electrification, autonomous driving and other advanced technologies.

Vehicle electrification refers to a range of technologies that uses electricity to propel a vehicle and includes hybrid, plug-in, extended range and battery electric vehicles, as well as autonomous vehicles. We believe that the vehicle industry will continue to experience significant change in the coming years, in particular as it relates to vehicle electrification. Worldwide demand for electric and hybrid vehicles continues to increase, and manufacturers continue to invest more time and cost into producing these types of vehicles to reduce fuel consumption and greenhouse gas emissions, as mandated by various governmental standards and regulations. In addition, electric vehicles are afforded priority in terms of license plate applications in certain cities that have control measures over license plates.

We expect to face pressure to ensure our fleet has both electric and hybrid vehicles from consumer demand, from competitors who adopt new energy or autonomous driving vehicles, and from our purchase agreements with various vehicle manufacturers. Currently only a small portion of our car fleet is composed of electric vehicles and hybrid vehicles. In addition, autonomous driving, or “self-driving” vehicles are being tested, manufactured and sold by various automobile manufacturers globally at a rapid pace. If we are not adequately prepared to meet consumer demand for electric, hybrid and autonomous vehicles as such demand develops, our financial condition or results of operations could be adversely impacted.

In addition, as vehicle electrification and autonomous driving technologies are still in development and refinement, accidents of electric and hybrid vehicles and relevant to autonomous driving function are reported from time to time. Regulatory landscape pertaining to electric, hybrid and autonomous vehicles is still shaping. Any actual or perceived negative publicity relating to the safety of electric, hybrid and autonomous vehicles, or any material change in laws and regulations which disfavors their development and application, may adversely impact our attempt to equip more electric, hybrid and autonomous vehicles in our fleet.

We rely on third-party service providers for certain aspects of our business. Misconduct or illegal actions of our third-party service providers or other business partners could materially and adversely affect our reputation, business, financial condition and results of operations.

We depend on third-party service providers for certain aspects of our business. For example, we rely on third parties to complement our coverage for car rental services in certain cities and implement and maintain certain aspects of our technology system. Although we actively monitor the operations of these third-party service providers, and under certain circumstances have the ability to terminate their services for failure to adhere to contracted operational standards, we are unlikely to detect all the problems. If these third-party service providers do not provide adequate services to our customers or us, we have to seek to replace such service providers or remedy the inadequate services, and our reputation, brand image and our business could be materially adversely affected. We may also be held responsible for actions or non-actions of such third parties, which may expose us to possible liabilities.

We rely on third parties for elements of the payment processing infrastructure underlying our platform. If these third-party elements become unavailable or unavailable on favorable terms, our business could be adversely affected.

The convenient customer payment mechanisms provided by our platform are key factors contributing to the development of our business. We rely on third parties, including for our payment processing infrastructure, to accept payments from customers. These third parties may refuse to renew our agreements with them on commercially reasonable terms or at all. Furthermore, we rely on a limited number of payment processors, which may increase our risks of being unable to process payments in a timely and cost-effective manner. In the event of interruption, we may not be able to develop alternate or secondary processing without incurring material additional costs and substantial delays. If these companies become unwilling or unable to provide these services to us on acceptable terms or at all, our business may be disrupted. If the fees charged by payment processors increase over time, our operating costs will increase, which could adversely affect our business, financial condition, and results of operations.

Outages or other failures of the payment processing infrastructure underlying our business could harm our business and cause customers to lose trust in our payment operations and cause them to discontinue use of our services. If the quality or convenience of our payment processing infrastructure declines for any reason, the attractiveness of our services to customers could be adversely affected. If we are forced to migrate to other third-party payment service providers for any reason, the transition would require significant time and management resources, and may not be available on acceptable terms or as effective, efficient, or well- received by our customers.

Our business is dependent on the transportation, telecommunication and Internet infrastructure in regions where we operate.

Our business is dependent on the reliability of the transportation, telecommunication and Internet infrastructure in China. Any interruptions could frustrate our customers and discourage them from using our services, which could harm our results of operations. In addition, we have limited control over the fees charged by the operators of the infrastructure. If the prices we pay to them rise significantly, our results of operations may be materially and adversely affected.

We may be subject to claims, lawsuits and other legal proceedings that may adversely affect our reputation, business and results of operations.

We have been and may continue to be involved in legal and other disputes, including labor disputes, customer complaints in relation to our services, contractual disputes, and administrative penalties in the ordinary course of our business operations. Any claims against us, with or without merit, could be time-consuming and costly to defend or litigate, divert our management's attention and resources, or harm our brand reputation. If a legal or administrative proceeding against us is successful, we may be required to pay damages or fines and/or enter into agreements that may not be based upon commercially reasonable terms, or we may be unable to enter into such agreements at all. As a result, such legal and other disputes could adversely affect our ability to attract new customers, harm our reputation and have a material adverse effect on our business, results of operations and financial condition.

We are subject to risks associated with our risk management and internal control policies and procedures.

We have been proactively implementing our risk management system and improving our risk management and internal control capabilities. Nonetheless, our risk management and internal control capabilities are limited by the information and risk management tools or technologies available to us. Our ability to implement and maintain strict internal control may be affected by our expansion in business scale and business scope. We cannot assure you that all of our employees will always comply with our internal control policies and procedures. If there are any deficiencies in our risk management and internal control policies and procedures, we may be subject to credit risk, liquidity risk, market risk, operational risk or reputational risk, which may materially and adversely affect our business, financial condition and results of operations.

We are subject to anti-corruption, anti-bribery, and similar laws, and noncompliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, and other anti-corruption, anti-bribery, anti-money laundering, and similar laws in China. Anti-corruption and anti-bribery laws, which have been enforced aggressively and are interpreted broadly, prohibit companies and their employees and agents from promising, authorizing, making, or offering improper payments or other benefits to government officials and others in the public sector. We leverage our business partners to promote our car rental services business. We and our business partners may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of our business partners and intermediaries, our employees, representatives, contractors, channel partners and agents, even if we do not explicitly authorize such activities.

We cannot assure you that all of our employees and agents have complied with, or in the future will comply with, our policies and applicable law. The investigation of possible violations of these laws, including internal investigations and compliance reviews that we may conduct from time to time, could have a material adverse effect on our business. Noncompliance with these laws could subject us to investigations, severe criminal or civil sanctions, settlements, prosecution, loss of export privileges, suspension or debarment from Chinese government contracts and other contracts, other enforcement actions, the appointment of a monitor, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, whistleblower complaints, adverse media coverage and other consequences. Other internal and government investigations, regulatory proceedings, or litigation, including private litigation filed by our shareholders, may also follow as a consequence. Any investigations, actions, or sanctions could materially harm our reputation, business, results of operations, and financial condition. Further, the promulgation of new laws, rules or regulations or new interpretations of current laws, rules or regulations could impact the way we do business in other countries, including requiring us to change certain aspects of our business to ensure compliance, which could reduce revenues, increase costs, or subject us to additional liabilities.

Disputes with our strategic partners may arise during our cooperation with such partners, which may result in indemnification or other claims against us and/or termination of the cooperation and have an adverse impact on our business, results of operations and prospects.

Inventions discovered under our current or future strategic alliance agreements may become jointly owned by our strategic partners and us in some cases, and the exclusive property of one of us in other cases. Under some circumstances, it may be difficult to determine who owns a particular invention or whether it is jointly owned, and disputes could arise regarding ownership or use of those inventions. These disputes could be costly and time-consuming, and an unfavorable outcome could have a significant adverse effect on our business if we were not able to protect or license rights to these inventions.

Adverse developments affecting the financial services industry could adversely affect our current and projected business operations, financial condition and results of operations.

Adverse developments that affect financial institutions, such as events involving liquidity that are rumored or actual, have in the past and may in the future lead to bank failures and market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank (“SVB”) was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (“FDIC”) as the receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. The Department of the Treasury, the Federal Reserve and the FDIC released a statement that indicated all depositors of SVB and Signature Bank would have access to all of their funds, including funds held in uninsured deposit accounts, after only one business day of closure.

We do not hold cash deposits at SVB or Signature Bank. Also, we do not hold securities at SVB or Signature Bank and have not experienced any adverse impact to our liquidity or to our current and projected business operations, financial condition or results of operations. However, uncertainty remains over liquidity concerns in the broader financial services industry, and our business, our business partners, or relevant industries as a whole may be adversely impacted in ways that we cannot predict at this time.

Although we assess our banking relationships as we believe necessary or appropriate, our access to cash in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect the financial institutions with which we have banking relationships, and in turn, us. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could also include factors involving financial markets or the financial services industry generally. The results of events or concerns that involve one or more of these factors could include a variety of material and adverse impacts on our current and projected business operations and our financial condition and results of operations. These could include, but may not be limited to, delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets; or termination of cash management arrangements and/or delays in accessing or actual loss of funds subject to cash management arrangements.

In addition, widespread investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, result in breaches of our financial and/or contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our current and/or projected business operations, financial condition and results of operations.

We rely on certain key operating metrics to evaluate the performance of our business. Any real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We rely on certain key operating metrics, such as RevPAC and fleet utilization rate, to evaluate the performance of our business. Our operating metrics may differ from estimates published by third parties or from similarly titled metrics used by other companies due to differences in methodology and assumptions. We calculate these operating metrics using internal company data. If we discover material inaccuracies in the operating metrics we use, or if they are perceived to be inaccurate, our reputation may be harmed and our evaluation methods and results may be impaired. Furthermore, if investors make investment decisions based on the operating metrics we disclose that they view to be inaccurate, whether real or perceived, we may also face potential lawsuits or disputes and our business, prospects, financial condition and results of operations would be adversely affected as a result.

Our operations had been and may continue to be negatively affected by pandemic, epidemics, or fear of spread of contagious diseases, weather conditions, natural disasters, terrorist activities, political unrest, and other outbreaks, which could disrupt our industry and our operations and materially and adversely affect our business, financial condition, and results of operations.

Global pandemics, epidemics in China or elsewhere in the world, or fear of spread of contagious diseases, such as Ebola virus disease (EVD), COVID-19, Middle East respiratory syndrome (MERS), severe acute respiratory syndrome (SARS), H1N1 flu, H7N9 flu, and avian flu could disrupt our industry and our business operations in the areas where we operate, reduce or restrict demand for our services, or result in regional or global economic distress, which may materially and adversely affect our business, financial condition, and results of operations. Any one or more of these events or recurrence may adversely affect our business operations and revenue, or even for a prolonged period of time, which could materially and adversely affect our business, financial condition, and results of operations.

Future pandemics, epidemics, or fear of spread of contagious diseases, weather conditions, natural disasters, terrorist activities, political unrest, and other outbreaks may also limit our ability to operate normally and thereby decrease our revenue, lead to disruption in our supply chain, cause delays or disruptions in products and services provided by our suppliers, or cause other unpredictable events or adversely affect our business, financial condition and results of operations in future.

We may grant stock options and other forms of share-based incentive awards, which may result in significant share-based compensation expenses.

We may adopt share incentive plans in the future for the purpose of granting share-based compensation awards to our employees and management team members to incentivize their performance and align their interests with ours. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Misconduct by our employees during and before their employment with us could expose us to potentially significant legal liabilities, reputational harm and/or other damages to our business.

Many of our employees play critical roles in ensuring the safety and reliability of our services and/or our compliance with relevant laws and regulations. Certain of our employees have access to sensitive information and/or proprietary technologies and know-how. While we have adopted codes of conduct for all of our employees and implemented detailed policies and procedures relating to intellectual property, proprietary information and trade secrets, we cannot assure you that our employees will always abide by these codes, policies and procedures nor that the precautions we take to detect and prevent employee misconduct will always be effective. If any of our employees engage in any misconduct, illegal or suspicious activities, including but not limited to, misappropriation or leakage of sensitive personal identifiable information or proprietary information, we and such employees could be subject to legal claims and liabilities and our reputation and business could be adversely affected as a result.

In addition, while we have screening procedures during the recruitment process, we cannot assure you that we will be able to uncover misconduct of job applicants that occurred before we offered them employment, or that we will not be affected by legal proceedings against our existing or former employees as a result of their actual or alleged misconduct. We have put in place various safeguards and spend significant amount of time and efforts to address the risk of unauthorized third-party information being introduced into our systems or used in our operations. We could be involved in related proceedings that may arise in the future, or be forced to defend against any allegations in the future, even when the allegations are not justified. Any negative publicity surrounding these allegations, especially in the event that any of these employees is found to have committed any wrongdoing, could negatively affect our reputation and may have an adverse impact on our business. Likewise, suppose our sales forces do not comply with applicable laws and regulations, for example, false or misleading promotion, this could materially impact our brand image and customers' trust in our brand and could result in harming our business and financial condition.

RISKS RELATED TO DOING BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

We may not be able to fully comply with the administrative measures relating to the New Notes.

Our issuance of the New Notes is subject to various government regulatory approvals. For example, pursuant to the NDRC Foreign Debt Measures if a PRC enterprise, an offshore enterprise or its branch controlled by a PRC enterprise or an offshore enterprise controlling any PRC enterprises (provided that such bonds are issued in name of the offshore controller based on the shares, asset, revenues or other similar interest of the PRC enterprises) wishes to issue bonds outside of the PRC with a maturity of more than one year, such enterprise or its branch must, in advance of issuing such bonds, file certain prescribed information and documents with the NDRC and procure a registration certificate from the NDRC in respect of such issuance. Failure to comply with such requirement may subject the issuer and its principle responsible person to admonition, public warning and other punishment, depending on the actual conditions. We have registered the issuance of the New Notes with the NDRC and obtained certificate from the NDRC on April 16, 2025 evidencing such registration, which as of the date of this exchange offer and consent solicitation memorandum, remains valid and in full force and effect. However, we cannot assure you that the Company may maintain such certificate or fully comply with the NDRC Foreign Debt Measures in future. Our failure to comply with the NDRC Foreign Debt Measures may subject us to administrative penalties and may have material adverse effect on our ability to refinance our existing indebtedness, including the New Notes.

Our business generates and processes a large amount of data, and we are required to comply with PRC and other applicable laws relating to privacy and cybersecurity. The improper use or disclosure of data or failure to comply with applicable laws and regulations could have a material and adverse effect on our business and prospects.

We operate in the regulatory environment in which data privacy and protection is evolving. Specifically, personally identifiable and other confidential information are subject to legislation and regulations in China. We cannot assure you that relevant governmental authorities will not interpret or implement the laws or regulations in ways that strengthen the supervision of the mobility service industry, car rental service industry, our customers and us.

We are subject to numerous laws and regulations in China that address information security, privacy, data protection and the collection, storing, sharing, use, disclosure and protection of certain types of data in various jurisdictions, such as the Data Security Law promulgated by the Standing Committee of the National People's Congress of China in June 2021, which took effect in September 2021. Interpretation, application and enforcement of these laws, rules and regulations evolve from time to time and their scope may continually change, through new legislation, amendments to existing legislation and changes in enforcement. In addition, according to the Data Security Law, cross-border transfer of important data collected and produced during operation by the CIIO within the territory of the PRC shall follow the relevant requirement of the Cybersecurity Law; no organization or individual within the territory of the PRC may provide foreign judicial or law enforcement authorities with the data stored within the territory of the PRC without the approval of the competent authorities. Violators of such rules may be ordered timely rectification, warning, fines, and in serious cases, suspension of operation or revocation of business licenses. It remains unclear as to how such provisions in the Data Security Law will be interpreted and implemented.

We generally comply with industry standards and are subject to the terms of our own privacy policies. Complying with additional or new regulatory requirements could force us to incur substantial costs or require us to change our business practices or impose restrictions on our business and our interaction with our customers. Moreover, if a high profile security breach occurs with respect to our competitors, people may lose trust in the security of mobility service providers generally, including the market players in car rental service industry and us, which could damage the reputation of the industry, result in heightened regulation and strengthened regulatory enforcement and adversely affect our business and results of operations.

We expect that we will continue to face uncertainty as to whether our efforts to comply with evolving obligations under applicable data protection, privacy and security laws have been and will be sufficient. In addition, our current and future relationships with customers, vendors and other third parties could be negatively affected by any proceedings or actions against us or current or future data protection obligations imposed on them under applicable law. Furthermore, a data breach affecting personal information could result in significant legal and financial exposure and reputational damage that could potentially have an adverse effect on our business.

Our prior contractual arrangements in relation to eHi Information and Shanghai Wenlong may be subject to scrutiny by the PRC governmental authorities.

Historically, we entered into a series of contractual arrangements with eHi Information and Shanghai Wenlong, our prior variable interest entities, and their respective nominee shareholders to consolidate the financial results of these companies in our consolidated financial statements. We terminated the contractual arrangements in relation to Shanghai Wenlong in 2023 and eHi Information in 2025, and acquired the equity interests in these companies from their respective nominee shareholders for nominal consideration, after which these companies become our wholly-owned subsidiaries. Nevertheless, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, and rules relating to the agreements that established the prior contractual arrangements for these companies, including potential future scrutiny by the PRC regulatory authority, which may retroactively affect the enforceability or legality of our prior contractual arrangements with these companies and, consequently, significantly affect the historical financial condition and results of operations of these companies, and our ability to consolidate the results of these companies into our consolidated financial statements for the periods

when the prior contractual arrangement existed. If the PRC regulatory authority finds such agreements non-compliant with relevant PRC laws, regulations, and rules, or if these laws, regulations, and rules or the interpretation thereof change in the future, and such changes may be retroactively applied to our prior contractual arrangements, we could be subject to severe penalties and our control over these companies may be rendered ineffective, which could result in potential restatement of our financial statements included in this exchange offer and consent solicitation memorandum.

Changes in China's economic, political or social conditions or government policies as well as the global economy and political environment could have a material adverse effect on our business and operations.

Our performance has been and will continue to be affected by China's economy, which in turn is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world will continue to impact China's economic growth. The global macroeconomic environment is facing challenges, including the end of quantitative easing and start of interest rate hikes by the U.S. Federal Reserve, the economic slowdown in the Eurozone since 2014 and the withdrawal of the U.K. from the EU at the end of January 2020, the outbreak of COVID-19, the Russia-Ukraine crisis and the recent tension in the Middle East. There have also been concerns over unrest and terrorist threats in the Middle East, Europe, and Africa and over the conflicts involving Ukraine, Syria and North Korea, which have resulted in market volatility. There have been concerns on the relationship between the PRC and other countries, including the surrounding Asian countries, which may potentially have adverse economic effects. The ongoing trade tensions between the United States and the PRC may have tremendous negative impact on the economies of not merely the two countries concerned, but the global economy as a whole. The uncertainty surrounding Trump Administration's tariff policy on China's economy has created significant apprehension among global markets, as the potential for retaliatory measures and disrupted trade flows could have far-reaching economic consequences. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. While China's economy has experienced significant growth in the past few decades, growth has been uneven across different regions and economic sectors and it has shown slower growth since 2012 compared to the previous decade and the trend may continue. Although growth of China's economy remained relatively stable, there is a possibility that China's economic growth may materially decline in the near future. Any severe or prolonged slowdown in the global or China's economy may materially and adversely affect our business, results of operations and financial condition. Additionally, continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

We are unable to predict all the risks and uncertainties that we face as a result of current economic, political, social, and regulatory developments and many of these risks are beyond our control. All such factors may materially and adversely affect our business and operations as well as our financial performance.

Geopolitical tensions could negatively affect our business operations and results of operations.

In recent years, there has been a deterioration in the relationship between China and the United States which has resulted in intense potential conflicts between the two countries in trade, technology and other areas, and this has led to greater uncertainties in the geopolitical situations in other parts of the world affecting China and Chinese companies. Export controls, economic and trade sanctions have been threatened and/or imposed by the U.S. government on a number of Chinese technology companies, some of which are existing or potential customers and/or suppliers to us. The United States has also threatened to impose further export controls, sanctions, trade embargoes, and other heightened regulatory requirements on China and Chinese companies. These have raised concerns that there may be increasing regulatory challenges or enhanced restrictions against China and other Chinese technology companies, including us, in a wide range of areas such as data security, emerging technologies, “dual-use” commercial technologies and applications that could be deployed for surveillance or military purposes, import/export of technology or other business activities.

Rising trade and political tensions between the United States and China could place pressure on the economic growth in China as well as the rest of the world. Such rising tensions could also reduce levels of trade, investments, technological exchanges and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. The U.S. administration under President Trump in his first term had advocated for and taken steps toward restricting trade in certain goods, particularly from China. While the two nations reached a “Phase One” trade agreement in January 2020 and future trade talks are called for by both sides, the progress of future trade talks between China and the United States are subject to uncertainties, and there can be no assurance as to whether the United States will maintain or reduce tariffs, or impose additional tariffs on Chinese products in the near future. The uncertainty surrounding Trump Administration’s tariff policy on China’s economy has created significant apprehension among global markets, as the potential for retaliatory measures and disrupted trade flows could have far-reaching economic consequences. Trade tension between China and the United States may intensify and the United States may adopt even more drastic measures in the future. China has retaliated and may further retaliate in response to new trade policies, treaties and tariffs and certain sanctions implemented by the United States. For example, on January 9, 2021, the MOFCOM promulgated the Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures, which will apply to PRC individuals or entities that are purportedly barred by a foreign country’s law from dealing with nationals or entities of a third country. The measures taken by the U.S. and Chinese governments may have the effect of restricting our ability to transact or otherwise do business with entities within or outside of China. We may be unable to conduct our business as it is currently conducted as a result of such regulatory changes. On June 10, 2021, the Standing Committee of National People’s Congress (“SCNPC”) passed the Countering Foreign Sanctions Law, which became effective immediately. The Countering Foreign Sanctions Law provides a legal basis not only for the PRC government to take action in response to foreign sanctions, but also for PRC citizens and organizations to bring civil actions for injunctive relief or damages. Under the Countering Foreign Sanctions Law, the competent department of the State Council may place any individuals and organizations that are directly or indirectly involved in making, determining, or implementing the discriminatory restrictive measures as provided therein on the Countermeasure List. A foreign individual or organization on the Countermeasure List may be subject to one or several counter measures, including but not limited to prohibitions or restrictions on commercial transactions, cooperation or such other activities with organizations and individuals within the territory of PRC. Furthermore, pursuant to the Countering Foreign Sanctions Law, any organization and individual within the territory of PRC shall comply with the countermeasures. Any organization or individual who fails to comply or cooperate in implementing the countermeasures may be held liable in accordance with law.

Any further escalation in trade or other tensions between the United States and China or news and rumors of any escalation, could introduce uncertainties to China's economy and the global economy which in turn could affect the Chinese economy generally, including the use of car rental services.

Risks and uncertainties arising from the interpretation and enforcement of PRC laws and regulations could have a material adverse effect on our business, results of operations and financial condition.

Our operations in China are governed by laws and regulations of China. The legal system of China is based on written statutes, and court decisions may be cited for reference, but have limited precedential value. Accordingly, the outcome of dispute resolutions may not be consistent or predictable. There are uncertainties regarding the interpretation and application of PRC laws and regulations including, but not limited to, the laws and regulations governing our business and the enforcement and performance of our business arrangements in certain circumstances. The laws and regulations are sometimes vague and may be subject to future changes, and their official interpretation and enforcement could be unpredictable, with little advance notice. The effectiveness and interpretation of newly enacted laws or regulations, including amendments to existing laws and regulations, may be delayed, and our business may be affected if we rely on laws and regulations which are subsequently adopted or interpreted in a manner different from our current understanding of these laws and regulations. Laws and regulations concerning our industry and operations may continue to develop and change from time to time with little advance notice. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. We cannot predict what effect the interpretation of existing or new PRC laws or regulations may have on our business.

Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. The overall effect of legislation over the past several decades has significantly enhanced the protections afforded to various forms of foreign investments in China.

However, recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, different levels and areas of governments may issue policies from time to time, under which circumstances we may not be aware of our violation of these policies and rules in a timely manner.

Any administrative and court proceedings in China may be protracted in certain circumstances, resulting in substantial costs and diversion of resources and management attention. However, since PRC administrative and court authorities have different degrees of discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. These uncertainties may also impede our ability to enforce the contracts we have entered into. As a result, these uncertainties could materially and adversely affect our business and results of operations.

Our current employment practices may be restricted under the Labor Contract Law and other labor-related laws of the PRC and our labor costs may increase as a result.

The PRC Labor Contract Law and its Implementing Rules impose requirements concerning, among other things, the types of contracts to be executed between an employer and its employees, time limits for probationary periods and for how long an employee can be placed in a fixed-term employment contract. As the interpretation and implementation of the Labor Contract Law and other labor-related laws are still evolving, and PRC government has continued to introduce various new labor-related regulations, our employment policies and practice may not be deemed in compliance at all time. The Interim Provisions on Labor Dispatching (“Circular 22”), provides that an employer shall strictly control the number of employees under labor dispatching arrangements and dispatched employees can only be used in temporary, ancillary and replaceable positions. The number of dispatched workers shall be reduced to no more than 10% of the total number of employees within two years after March 1, 2014. In the past, we sourced substantially all of our employees from Qian Jin Network Information Technology (Shanghai) Co., Ltd. (“Qian Jin”), an independent third party professional human resources company. We have adjusted our employment arrangements to comply with the requirements under Circular 22. Our main method of employment is labor outsourcing and we have established cooperation with Shanghai Huizhiyun Automobile Technical Service Co., Ltd. (“Huizhiyun”), an independent third-party professional human resources company. However, there are instances where labor outsourcing may be determined as labor dispatch by courts in some cases, and we cannot assure you that our cooperation with Huizhiyun would not be determined in the same way. In addition, under the Labor Contract Law, a human resources company shall perform an employer’s obligations, including payment of remuneration to the outsourced personnel and contribution of social insurance premiums. Under the labor outsourcing service agreements between us and Huizhiyun, we, as the entity receiving labor outsourcing services, shall make a monthly payment in an amount that covers the costs of outsourced personnel including their salaries, social insurance contributions and our service fees to Huizhiyun. However, we cannot assure you that Huizhiyun has fully performed or will consistently fulfill its obligations, including any social insurance or housing fund contributions. If we are held liable for any shortage in the social insurance or housing fund contribution for the outsourced employees or other penalties or fees related to our employment practice, our results of operations and financial condition may be adversely affected. Further, labor disputes, work stoppages or slowdowns at our PRC companies or any of our third-party service providers could significantly disrupt our daily operation or our expansion plans and have a material and adverse effect on our business.

In addition, according to the Labor Contract Law and its implementing rules, if we intend to enforce the non-compete provision with our employees in the employment contracts or confidentiality agreements, we have to compensate our employees on a monthly basis during the term of the restriction period after the termination or ending of the employment contract, which may cause extra expenses to us.

Failure to make adequate social insurance and housing fund contributions for employees as required by PRC laws and regulations may subject us to penalties.

Companies 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 of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law, an employer that fails to make social insurance contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline and be subject to a late fee of up to 0.05% or 0.2% per day, as the case may be. If the employer still fails to rectify the failure to make social insurance contributions within the 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, 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. Our PRC operating entities have not made adequate social insurance and housing fund contributions for certain of employees as required by PRC laws and regulations and we may be required to make up the contributions for these plans as well as to pay late fees and fines. Certain of our PRC subsidiaries engage third party professional human resources company to make social insurance and housing fund contributions for some of their employees. There is no assurance that such third party professional human resources company has made or will make such contributions in full or in a timely manner in accordance with our service contracts with them. The relevant PRC authorities may require us to pay, or in the case of any shortfalls, to cover, such underpaid social insurance and housing fund contributions. We may also become subject to fines and legal liabilities due to any failure to make social insurance and housing fund contributions for our employees.

Increase in labor costs could adversely affect our profitability and growth.

The economic growth in China has resulted in a general increase in labor costs. Inflation may cause our operation cost to continue to increase. If we are unable to pass the increase in the operational costs on to our customers, we may suffer a decrease in profitability, and our results of operations could be materially and adversely affected. In addition, PRC entities have been subject to stricter regulatory requirements in terms of entering into labor contracts with their employees and paying various statutory employee benefits to designated government agencies for the benefit of their employees. Pursuant to the PRC Labor Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, overtime work, labor dispatch, paying remuneration, determining the term of employee's probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. Also, we need to apply for flexible working hours arrangement and comprehensive working hours scheme with relevant PRC authorities and comply with the requirements contained in the relevant approvals, or pay employees overtime work compensations in case we intend to ask our employees to work overtime. We might not be able to, in a timely manner or at all, obtain relevant approvals and fully comply with requirements therein, or pay the overtime work compensation according to relevant regulations.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practices have been and will be in compliance with labor-related laws and regulations in China in all material respects, which may subject us to labor disputes or government investigations and penalties. In addition, it may incur additional expenses in order to comply with such laws and regulations, which may adversely affect its business and profitability.

Limitations on the ability of our operating subsidiaries to pay dividends or other distributions to us, including government regulation over currency conversion, could have a material adverse effect on our ability to satisfy our liquidity requirements, including the funds necessary to repay our senior notes.

As a holding company, we rely principally on dividends and other distributions on equity paid by our PRC subsidiaries for our cash requirements, including funds and assets necessary to service any debt we may incur. The funds or assets held by our PRC subsidiaries may not be available to fund operations or for other use outside of China due to interventions in, or the imposition of restrictions and limitations on, the ability of our Cayman Islands holding company or our subsidiaries by the PRC government to transfer cash or assets. If any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Furthermore, relevant PRC laws and regulations permit payments of dividends by our PRC subsidiaries only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. Under PRC laws and regulations, our PRC subsidiaries are required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. This reserve is not distributable as dividends. As a result, our PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to us in the form of dividends, loans or advances.

Under existing PRC foreign exchange regulation, 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 approval from the PRC State Administration of Foreign Exchange (“SAFE”), by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where the 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. On January 26, 2017, the SAFE issued the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance, which continues to implement and improve the policies for the administration of outward remittance of foreign exchange profits from direct investment. A bank that handles outward remittance of profits more than US\$50,000 for a domestic institution shall review documents provided by the domestic institution and verify the authenticity of the underlying 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 have sufficient funds necessary to repay indebtedness denominated in foreign currency, including our 2026 Senior Notes and 2027 Senior Notes, or pay dividends in foreign currencies to our shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the ability of our operating subsidiaries to pay dividends or other distributions out of PRC.

Uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law, and its enactment could adversely affect our business, operating results and financial condition.

Laws regulating foreign investment in China include the PRC Foreign Investment Law (“PRC FIL”), effective from January 1, 2020, and the Regulation on Implementing the PRC Foreign Investment Law (the “Implementation Regulations”), effective from January 1, 2020. The PRC FIL specifies that foreign investments shall be conducted in line with the “negative list” to be issued or approved to be issued by the State Council. While we do not operate in an industry that is currently

subject to foreign investment restrictions or prohibition in China, it is uncertain whether our industry will be named in an updated “negative list” to be issued in the future. If our industry is added to the “negative list” or if the PRC regulatory authorities otherwise decide to limit foreign ownership in our industry, there could be a risk that we would be unable to do business in China as we are currently structured. If any new laws and/or regulations on foreign investments in China are promulgated and implemented, such changes could have a significant impact on our current corporate structure, which in turn could have a material adverse impact on our business and operations and our ability to raise capital. In such event, despite our efforts to restructure to comply with the then applicable PRC laws and regulations in order to continue our operations in China, we may experience material changes in our business and results of operations, our attempts may prove to be futile due to factors beyond our control.

The discontinuation of any tax incentives and government subsidies available to us could, in each case, decrease our net income materially and adversely affect our financial condition and results of operations.

Our PRC subsidiaries are incorporated in the PRC and are governed by applicable PRC income tax laws and regulations. Under the EIT Law and its implementing rules, the PRC has adopted a uniform statutory enterprise income tax rate of 25% for all PRC enterprises (including foreign-invested enterprises), but has granted preferential treatment to “high and new technology enterprises strongly supported by the state” a reduced enterprise tax rate of 15%. The EIT Law and its Implementing Rules also permit qualified small-scaled enterprises with low profit margins to enjoy a reduced 20% enterprise income tax rate. Several preferential tax policies have been released and implemented with respect to small low-profit enterprises during recent years. For example, on March 14, 2022, the MOF and the SAT released the Announcement on Further Implementing Preferential Income Tax Policies For Small and Micro Enterprises, the implementation of which is from January 1, 2022 to December 31, 2024, which provides that the portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20% tax rate. The MOF and the SAT have also released policies to further implement and continue the aforementioned preferential tax policies for small enterprises, including the Announcement on Preferential Income Tax Policies for Small Enterprises with Meager Profit and Individually-owned Businesses which remained effective from January 1, 2023 to December 31, 2024, and the Announcement on Relevant Tax Policies for Further Supporting the Development of Micro and Small-sized Enterprises and Individually Owned Businesses which was released in 2023 and is effective until December 31, 2027.

Additionally, pursuant to the Value-Added Tax Law of the PRC promulgated on December 25, 2024 and effective from January 1, 2026, and the Regulations for the Implementation of the Value-Added Tax Law of the PRC which came into force as of January 1, 2026, entities engaging in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are required to pay VAT. An entity rendering services in China is subject to VAT at the rate of 13%, 9%, 6%, as applicable.

Furthermore, government policies on car-related taxes and other charges may also have a material effect on our business. In the past, the PRC government has provided some tax reductions or government subsidies for certain types of automobile purchases, including purchase of new energy vehicles. We are not in a position to predict whether any tax reduction or government subsidy for automobile purchases will be granted or continued in the future. In the event that any adverse changes to existing government policies occurs, or car-related taxes and other charges are adopted by the PRC government, our results of operations may be materially and adversely affected and our further expansion may be limited.

The discontinuation of any preferential tax treatments or government subsidies available to us will cause our effective tax rate to increase, which will decrease our net income and our financial condition and results of operations may be materially and adversely affected.

Our legal rights to lease certain properties could be challenged, which could prevent us from continuing to operate the affected service locations or increase the costs associated with operating these service locations. Failure to renew our current leases or locate desirable premises for our facilities could materially and adversely affect our business.

We rely on leases with third parties who either own the properties or lease the properties from the ultimate property owner. Where the lessors do not have the proper legal right to lease the properties, the corresponding lease agreements may be deemed invalid. Furthermore, some properties may not be designated for commercial use. If we are not adequately indemnified by the lessors for our related losses, our business may be adversely affected. Some of the properties we lease from the third parties have been mortgaged by the owners prior to leasing to us. We may not be able to continue using such properties if the mortgage is foreclosed. In addition, under the PRC law, failure to register a lease agreement with the local housing bureau may result in the risk that we may not be able to continue to occupy the relevant properties if the lease is challenged by third parties.

Our standard lease agreement generally requires the lessor to make such registrations, however, as of June 30, 2025, the lease agreements relating to a number of our service locations had not been duly registered by the relevant lessors. Accordingly, if these lessors do not have the appropriate titles to the properties or necessary approvals from the ultimate owners or fail to make the requisite registrations, or if the mortgage over the leased properties is foreclosed, we may be unable to continue to operate the affected properties or incur additional costs associated with operating these service locations.

Fluctuations in exchange rate may have a material adverse effect on our results of operations.

Our reporting currency is the Renminbi. If the Renminbi strengthens relative to the local currencies or the U.S. dollar, our consolidated financial position and results of operations may be negatively impacted as these local currency or the U.S. dollar amounts will translate into fewer Renminbi. As a result, we are exposed to foreign currency risks related to our revenues and operating expenses denominated in currencies other than Renminbi.

In addition, a substantial portion of our revenues and expenses are denominated in Renminbi. We are a holding company and we rely on dividends paid by our operating subsidiaries in China for our cash needs. Any significant revaluation of Renminbi may materially and adversely affect our results of operations and financial position reported in Renminbi when translated into U.S. dollars. If we decide to convert our Renminbi into U.S. dollars for the purpose of making payments under the New Notes or other business purposes, appreciation of the U.S. dollar against Renminbi would have a negative effect on the U.S. dollar amount available to us. Further, the value of Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things, and our currency exchange losses may be magnified by PRC exchange regulations that restrict our ability to convert Renminbi into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

The 2026 Senior Notes and 2027 Senior Notes are denominated in U.S. dollars, while substantially all of our revenues are generated by our PRC operating subsidiaries and are denominated in Renminbi. Several interrelated factors may contribute to the potential devaluation of the Renminbi against the U.S. dollar. These factors include ongoing trade tensions and tariff wars between the United States and China, China's economic reforms related to the exchange rate system, and global economic conditions, such as the strength of the U.S. economy and Federal Reserve policies. If these factors lead to a devaluation of the Renminbi against the U.S. dollar, our financial condition and results of operations could be materially and adversely affected due to our substantial U.S. dollar-denominated indebtedness and other obligations. Such devaluation could also materially and adversely impact the value of our earnings, whether translated or converted into U.S. dollars or otherwise, and our ability to meet our obligations under the 2026 Senior Notes and 2027 Senior Notes.

In China, hedging instruments to mitigate exchange rate fluctuations between the Renminbi and other currencies are limited. We may occasionally enter into foreign exchange or interest rate hedging agreements for our U.S. dollar-denominated liabilities, including the liabilities under the 2026 Senior Notes and 2027 Senior Notes. These agreements might require us to pledge or transfer cash and other collateral, with the amount potentially increasing due to mark-to-market adjustments. Failure to provide such collateral could result in a default. Additionally, these hedging agreements may include terms that allow for early termination under certain conditions, which could lead to significant financial consequences, adversely affecting our financial condition and our ability to meet obligations under the 2026 Senior Notes and 2027 Senior Notes or other commitments.

PRC regulations regarding mergers and acquisitions may make it more difficult for us to make future acquisitions or dispositions of our business operations or assets in China.

In 2006, six PRC regulatory agencies, including the CSRC, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the "M&A Rules"), which became effective on September 8, 2006 and was amended on June 22, 2009. The M&A Rules and some other regulations and rules concerning mergers and acquisitions established complex procedures and requirements for acquisition of Chinese companies by foreign investors, including requirements in some instances that the PRC Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress, which became effective in 2008 and was last amended on August 1, 2022, requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the Anti-Monopoly Law-Enforcement Agency under the State Council before they can be completed. On February 7, 2021, the Anti-Monopoly Committee of the State Council published the Anti-Monopoly Guidelines for the Internet Platform Economy Sector, which intends to regulate abuse of a dominant position and other anti-competitive practices by online platform operators and the related service providers on online platforms. It also stipulates that any concentration of undertakings shall fall within the scope of anti-monopoly review. If a concentration of undertakings meets the thresholds for clearance under the applicable laws, an internet platform operator shall report such concentration of undertakings to the anti-monopoly law enforcement agency under the State Council in advance. Therefore, our acquisitions of other entities that we make in the future (whether by ourselves or our subsidiaries) that meet the thresholds for clearance, may be required to be reported to and approved by the anti-monopoly law enforcement agency in China, and if we fail to comply with such requirement, we may be subject to an order from the enforcement agency to cease the implementation of concentration, dispose of the shares or assets within a time limit, transfer the business within a time limit and take other necessary measures to restore to the

status before the concentration, and a fine of not more than 10% of our sales amount in the previous year where the concentration is regarded to have or may have the effect of eliminating or restricting competition; or a fine of not more than RMB5 million if the concentration has no effect of eliminating or restricting competition. In addition, the security review rules issued by the Ministry of Commerce which became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the Ministry of Commerce, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. On December 19, 2020, the Measures for the Security Review for Foreign Investment was jointly issued by the NDRC and the Ministry of Commerce and took effect from January 18, 2021. The Measures for the Security Review for Foreign Investment specified provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others.

In the future, we may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of the above-mentioned regulations and other rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from the Ministry of Commerce and the State Administration for Market Regulation, the SAMR, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Dividends payable to our investors may become subject to PRC tax and we may not be able to obtain certain treaty benefits on such dividends.

We are a holding company incorporated under the laws of the Cayman Islands. We conduct substantially all of our business through our PRC subsidiaries and we derive all of our income from these subsidiaries. Prior to January 1, 2008, dividends received by foreign investors from foreign-invested enterprises in China were exempted from withholding tax. However, such tax exemption ceased after January 1, 2008 with the effectiveness of the EIT Law and its Implementing Rules, and a withholding tax rate of 10% applies to such dividends (subject to reductions by the relevant tax treaties or similar tax arrangements, if applicable) except for accumulated and undistributed profit generated by foreign-invested enterprises before January 1, 2008 and distributed to foreign investors after the year of 2008.

According to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, signed on August 21, 2006 (the “Hong Kong Tax Treaty”), a company incorporated in Hong Kong, such as eHi Hong Kong and L&L, is subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more interest in such PRC subsidiaries, or at a rate of 10% if it holds less than a 25% interest in such subsidiaries. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Announcement on Relevant Issues Concerning the “Beneficial Owners” in Tax Treaties issued on February 3, 2018 by the SAT and effective from April 1, 2018, comprehensive analysis based on the stipulated factor therein and actual circumstances shall be adopted when recognizing the “beneficial owner” and agents and designated wire beneficiaries are specifically excluded from being recognized as “beneficial owners.”

As a result, although each of our Hong Kong subsidiaries eHi Hong Kong and L&L holds an interest of more than 25% in the PRC subsidiaries, it is more likely than not that eHi Hong Kong and L&L, as holding companies without other business substance, would not be entitled to tax treaty benefits and enjoy the favorable 5% rate applicable under the Hong Kong Tax Treaty on dividends. If eHi Hong Kong and L&L cannot be recognized as the beneficial owners of any dividends to be paid by our PRC subsidiaries to us, such dividends will be subject to a withholding tax of 10% as provided by the EIT Law. As of the date of this exchange offer and consent solicitation memorandum, our PRC subsidiaries have not paid any dividends, and do not currently plan to pay dividends in the foreseeable future, to our company and Hong Kong subsidiaries.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds from the offerings of any securities to make loans or additional capital contributions to our PRC operating subsidiaries.

In 2021 and 2024, we completed offering of senior unsecured notes of US\$750 million and US\$325 million in aggregate principal amount, respectively. As an offshore holding company, our ability to make loans or additional capital contributions to our PRC operating subsidiaries is subject to PRC regulations and approvals and there are restrictions for us to make loans to our affiliated Chinese entities. These regulations and approvals may delay or prevent us from using the proceeds we received in the past or will receive in the future from the offerings of securities to make loans or additional capital contributions to our PRC operating subsidiaries and our affiliated Chinese entities, and impair our ability to fund and expand our business which may adversely affect our business, financial condition and result of operations.

For example, SAFE promulgated the Circular on the Relevant Operating Issues concerning Administration Improvement of Payment and Settlement of Foreign Currency Capital of Foreign-invested Enterprises (“Circular 142”), on August 29, 2008. Under Circular 142, registered capital of a foreign-invested company settled in RMB converted from foreign currencies may only be used within the business scope approved by the applicable governmental authority and may not be used for equity investments in the PRC. In addition, foreign-invested companies may not change how they use such capital without SAFE’s approval, and may not in any case use such capital to repay RMB loans if they have not used the proceeds of such loans. In addition, to strengthen Circular 142, on November 9, 2011 the SAFE promulgated the Circular on Further Clarifying and Regulating Relevant Issues Concerning the Administration of Foreign Exchange under Capital Account (“Circular 45”), which prohibits a foreign invested company from converting its registered capital in foreign exchange currency into RMB for the purpose of making domestic equity investments, granting entrusted loans, repaying inter-company loans, and repaying bank loans that have been transferred to a third party. Circular 142 and Circular 45 may significantly limit our ability to transfer the net proceeds from offerings of our securities or any future offering to our PRC subsidiaries and convert the net proceeds into RMB, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC. On March 30, 2015, the SAFE promulgated a Circular on Reforming of Administrative Methods Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Companies (“Circular 19”), which became effective on June 1, 2015, superseding Circular 142. According to Circular 19, although it restates certain restrictions on use of investment capital in foreign currency by foreign invested company, it specifies that the registered capital of a foreign-invested company in foreign currency can be converted into RMB voluntarily and be allowed to use for equity investment in the PRC subject to certain reinvestment registration with local SAFE made by the invested company. On June 9, 2016, SAFE promulgated SAFE Circular 16, which removes certain restrictions previously provided under several SAFE circulars, including SAFE Circular 19, in respect of conversion by a foreign-invested enterprise of foreign currency registered capital into RMB and use

of such RMB capital. However, SAFE Circular 16 continues to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, and providing loans to non-affiliated enterprises except as permitted in the business scope. SAFE Circular 16 was partially amended by the SAFE Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment on December 4, 2023.

On January 26, 2017, SAFE promulgated the Circular on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (“Circular 3”), which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (i) banks must check whether the transaction is genuine by reviewing board resolutions regarding profit distribution, original copies of tax filing records and audited financial statements and stamp with the outward remittance sum and date on the original copies of tax filing records, and (ii) domestic entities must retain income to account for previous years’ losses before remitting any profits. Moreover, pursuant to Circular 3, domestic entities must explain in detail the sources of capital and how the capital will be used, and provide board resolutions, contracts and other proof as a part of the registration procedure for outbound investment.

On October 23, 2019, SAFE issued Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (“Circular 28”), which took effect on the same day. Circular 28 allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in China, with genuine investment projects and in compliance with effective foreign investment restrictions and other applicable laws. Circular 28 was partially amended by the SAFE Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment on December 4, 2023. However, as the Circular 28 was newly issued, there are still substantial uncertainties as to its interpretation and implementations in practice.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, including SAFE Circular 16 and Circular 19, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiary or with respect to future capital contributions by us to our PRC subsidiary. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we received from our offshore financing activities 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.

PRC regulations relating to the establishment of offshore special purpose vehicles by PRC residents may subject our PRC resident shareholders or us to penalties and limit our ability to acquire PRC companies or inject capital into our PRC subsidiaries, limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits to us, or otherwise adversely affect us.

On July 4, 2014, the SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange for Overseas Investment and Financing and Reverse Investment by Domestic Residents via Special Purpose Vehicles, (“Circular 37”) which replaced the Notice on Issues Relating to the Administration of Foreign Exchange for the Financing and Reverse Investment by Domestic Residents via Offshore Special Purpose Vehicles issued by SAFE in October 2005, or Circular 75. Pursuant to Circular 37, any PRC residents, including both PRC institutions and individual residents, are required to register with the local SAFE branch before making contribution to a company set up

or controlled by the PRC residents outside of the PRC for the purpose of overseas investment or financing with their legally owned domestic or offshore assets or interests, referred to in this circular as a “special purpose vehicle.” Under Circular 37, the term “PRC institutions” refers to entities with legal person status or other economic organizations established within the territory of the PRC. The term “PRC individual residents” includes all PRC citizens (also including PRC citizens abroad) and foreigners who habitually reside in the PRC for economic benefits. A registered special purpose vehicle is required to amend its SAFE registration in the event of any change of basic information including PRC individual resident shareholder, name, term of operation, or PRC individual resident’s increase or decrease of capital, transfer or exchange of shares, merger, division or other material changes. In addition, if a non-listed special purpose vehicle grants any equity incentives to directors, supervisors or employees of domestic companies under its direct or indirect control, the relevant PRC individual residents could register with the local SAFE branch before exercising such options. The SAFE simultaneously issued a series of guidances to its local branches with respect to the implementation of Circular 37. Circular 37 modified certain defined terms under Circular 75 to clarify the SAFE registration scope. For example, Circular 37 broadened the definition of special purpose vehicle to offshore entities that were (i) established for the purpose of overseas investments by PRC residents (in addition to for the purpose of financing as defined under Circular 75) and (ii) established by PRC residents with their legally owned offshore assets or interests (in addition to domestic assets or interests as defined under Circular 75); and it also broadened the definition of reverse investment to include establishing new foreign invested entities or projects as a way of domestic direct investment by PRC residents, directly or indirectly, through special purpose vehicle, which was excluded by Circular 75. Furthermore, Circular 37 modified certain SAFE registration procedures and requirements for special purpose vehicles and clarified the SAFE registration procedures for equity incentive awards granted by non-listed special purpose vehicles to directors, supervisors or employees of their controlled domestic companies. We have requested our current shareholders and/or beneficial owners to disclose whether they or their shareholders or beneficial owners fall within the ambit of the SAFE notice and urge those who are PRC residents to register with the local SAFE branch as required under the SAFE notice. On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment, or SAFE Notice 13, which amended SAFE Circular 37 by requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. PRC residents or entities who had contributed legitimate onshore or offshore interests or assets to special purpose vehicles but had not registered as required before the implementation of the SAFE Circular 37 must register their ownership interests or control in the special purpose vehicles with qualified banks. An amendment to the registration is required if there is a material change with respect to the special purpose vehicle registered, such as any change of basic information (including change of the PRC residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, and mergers or divisions.

We cannot assure you that our shareholders and/or beneficial owners have fully complied with registration requirement under Circular 37 and the subsequent notice. The failure of these shareholders and/or beneficial owners to timely register or amend their SAFE registrations pursuant to the SAFE notice or the failure of future shareholders and/or beneficial owners of our company who are PRC residents to comply with the registration procedures set forth in the SAFE notice, or any misrepresentations or failures to disclose the control of the foreign-invested enterprise that is established through round-trip investment, may subject such shareholders, beneficial owners and/or our PRC subsidiaries to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries’ ability to distribute dividends to our company or otherwise adversely affect our business.

It is unclear how Circular 37 and the subsequent notice 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.

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 financial condition and results of operations.

We and our investors might face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises where non-PRC resident holding companies are involved.

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or Circular 698, issued by the SAT on December 10, 2009 with retroactive effect from January 1, 2008 and Several Issues Related to Administration of Enterprise Income Tax for Non-Resident Enterprises, or Bulletin 24, issued by the SAT on March 28, 2011 and came into effect as of April 1, 2011, where a non-PRC resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposing of the equity interests of an overseas holding company, or an Indirect Transfer, under certain circumstances the PRC tax authority may disregard the existence of the overseas holding company if the Indirect Transfer lacks a reasonable commercial purpose and is arranged for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC enterprise income tax at a rate of up to 10%.

On February 3, 2015, the SAT issued the Bulletin on Certain Issues Concerning the Enterprise Income Tax on the Indirect Transfer of Properties by Non-resident Enterprises, (“SAT Circular 7”) and on October 17, 2017, the SAT published the Announcement of the State Administration of Taxation on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises, (“SAT Circular 37”) which comes into effect upon issuance and abolishes Circular 698 and certain provisions in Bulletin 24 and SAT Circular 37. SAT Circular 7 stipulates that when a non-resident enterprise transfers the assets (including equity interests) in an overseas holding company, which directly or indirectly owns PRC taxable properties, including equity interests in a PRC company, or the PRC Taxable Assets, for the purposes of avoiding PRC enterprise income taxes through an arrangement without reasonable commercial purpose, such an indirect transfer should be re-characterized as a direct transfer of PRC Taxable Assets in accordance with the Enterprise Income Tax Law, unless the overall arrangements relating to an indirect transfer of PRC Taxable Assets satisfies either of the safe harbor rules: (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling equity interests of a same listed overseas company on a public market; or (ii) where the non-resident enterprise had directly held and transferred such PRC Taxable Assets, the income from the transfer of such PRC Taxable Assets would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement.

We may not be able to fully comply with the administrative measures relating to the New Notes.

Our issuance of the New Notes is subject to various government regulatory approvals. For example, pursuant to the NDRC Foreign Debt Measures if a PRC enterprise, an offshore enterprise or its branch controlled by a PRC enterprise or an offshore enterprise controlling any PRC enterprises (provided that such bonds are issued in name of the offshore controller based on the shares, asset, revenues or other similar interest of the PRC enterprises) wishes to issue bonds outside of the PRC with a maturity of more than one year, such enterprise or its branch must, in advance of issuing such bonds, file certain prescribed information and documents with the NDRC and procure a registration

certificate from the NDRC in respect of such issuance. Failure to comply with such requirement may subject the issuer and its principle responsible person to admonition, public warning and other punishment, depending on the actual conditions. We have registered the issuance of the New Notes with the NDRC and obtained certificate from the NDRC on April 16, 2025 evidencing such registration, which as of the date of this exchange offer and consent solicitation memorandum, remains valid and in full force and effect. However, we cannot assure you that the Company may maintain such certificate or fully comply with the NDRC Foreign Debt Measures in future. Our failure to comply with the NDRC Foreign Debt Measures may subject us to administrative penalties and may have material adverse effect on our ability to refinance our existing indebtedness, including the New Notes.

We may be subject to fines and legal sanctions imposed by the SAFE or other Chinese government authorities if we or our employees fail to comply with PRC regulations relating to employee share incentive plans adopted by overseas-listed companies for PRC domestic individuals.

On December 25, 2006, the PBOC issued the Administration Measures on Individual Foreign Exchange Control, or the PBOC Regulation. On January 5, 2007, the SAFE issued the Implementing Rules for the PBOC Regulation. Both of these regulations became effective on February 1, 2007.

According to these regulations, all foreign exchange matters relating to employee stock holding plans, share option plans or similar plans of overseas-listed companies with domestic individuals' participation require approval from the SAFE or its local branch. On February 15, 2012, the SAFE promulgated the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plan of Overseas-Listed Company, or the Share Option Rule, which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Share Holding Plan or Share Option Plan of Overseas-Listed Company issued by the SAFE on March 28, 2007. Under the Share Option Rule, PRC domestic individuals who participate in any share incentive plan including employee shareholding plan, share option plan or similar plan in an overseas-listed company are required to register with the relevant local SAFE branch and complete certain other procedures related to the share incentive plan through a PRC agent. Under the Share Option Rule, PRC domestic individuals include PRC citizens (including Hong Kong, Macau and Taiwan nationals) and foreign nationals who have continuously resided in China for at least a year, and a PRC agent may be a domestic company participating in the share incentive plan or a domestic institution that is qualified to engage in assets custodian business and has been duly designated by a domestic company.

If we or our employees fail to comply with these regulations, we or our employees may be subject to fines or other legal sanctions imposed by the SAFE or other Chinese government authorities. In addition, the SAT has issued several circulars concerning employee share options. Under these circulars, our employees working in China who exercise our share options will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to make filings with relevant tax authorities related to employee share options and withhold individual income taxes resulting from the exercise of their share options. If our employees fail to pay and we fail to withhold their income taxes, we may face sanctions imposed by tax authorities or other PRC government authorities.

RISKS RELATED TO THE NEW NOTES AND THE SUBSIDIARY GUARANTEES

We are a holding company and payments with respect to the New Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries that do not guarantee the New Notes.

We are a holding company that operates through our subsidiaries. We conduct our operations through our PRC subsidiaries. None of our PRC subsidiaries will provide a Subsidiary Guarantee either upon issuance of the New Notes or at any time thereafter. Moreover, under the terms of the Indenture, existing Subsidiary Guarantors may be able to release their Subsidiary Guarantees and become Non-Guarantor Subsidiaries. Accordingly, creditors, including trade creditors of the Non-Guarantor Subsidiaries and any holders of preferred shares in such entities, would have a claim on the assets of the Non-Guarantor Subsidiaries that would be prior to the claims of holders of the New Notes. As a result, our payment obligations under the New Notes will be structurally

subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries, including their obligations under guarantees they may issue in connection with our business operations, and all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the New Notes. As of June 30, 2025, our Non-Guarantor Subsidiaries (which include all of our PRC subsidiaries) had indebtedness in an amount of RMB3,797.7 million (US\$530.1 million). See “Description of Other Material Indebtedness.” Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, such Non-Guarantor Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to us. In addition, the New Notes and the Indenture permit us and our subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations. We cannot assure you that the Subsidiary Guarantors and any subsidiaries that may become Subsidiary Guarantors in the future would have the funds necessary to satisfy our financial obligations under the New Notes if we are unable to do so.

The events of default provision under the New Notes will carve out any cross-default events arising directly or indirectly from any defaults or events of default under the Exchange Notes.

The events of default provision under the New Notes carves out any cross-default events arising directly or indirectly from any defaults or events of default under the Exchange Notes. Holders of the New Notes may face more uncertainty and potentially higher credit risk in this regard if any default occurs with respect of the Exchange Notes, but holders of the New Notes will continue to hold the New Notes without recourse to any cross-default.

Contribution to our consolidated financial information by the Subsidiary Guarantors is immaterial.

Our consolidated financial information includes our PRC subsidiaries which do not provide Subsidiary Guarantees. Almost all of our revenue and income (as shown in our consolidated financial information included elsewhere in this exchange offer and consent solicitation memorandum) are attributed to our PRC operating subsidiaries and any contribution from direct operations of the Subsidiary Guarantors is immaterial.

The restrictions under agreements relating to our indebtedness are subject to exceptions.

Although the provisions in agreements relating to our indebtedness, including the Indenture, contain restrictions that may limit our financial and operating flexibility, these restrictions are subject to important exceptions and qualifications. Such exceptions and qualifications may allow us to, among other things, incur additional indebtedness, pledge assets to secure certain indebtedness, make certain investments and/or sell certain of our assets (including capital stock of subsidiaries that hold our assets). As a result of such actions, we may become significantly leveraged, sustain losses on our investments and/or lose revenue streams, any of which could materially and adversely affect our ability to satisfy our obligations under the New Notes and other indebtedness.

The New Notes and the Subsidiary Guarantees are unsecured obligations of us and our Subsidiary Guarantors.

The New Notes and the Subsidiary Guarantees are the unsecured obligations of us and our Subsidiary Guarantors, respectively, and will be effectively subordinated to all future secured indebtedness of our company or the Subsidiary Guarantors. As a result, upon any distribution to creditors in a bankruptcy, liquidation or similar proceeding relating to us or the Subsidiary Guarantors, the holders of secured indebtedness of us or the Subsidiary Guarantors will be entitled to be paid to the extent of the value of such secured assets before any payment may be made with respect to the New Notes or the Subsidiary Guarantees.

Enforcing your rights under the New Notes or the Subsidiary Guarantees across multiple jurisdictions may prove difficult.

The New Notes will be issued by us and guaranteed by the Subsidiary Guarantors. We and our Subsidiary Guarantors are incorporated in the Cayman Islands, British Virgin Islands and Hong Kong. The New Notes, the Subsidiary Guarantees and the Indenture will be governed by the laws of the State of New York. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in the Cayman Islands, British Virgin Islands and Hong Kong. Such multi-jurisdictional proceedings are complex, may be costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the New Notes and the Subsidiary Guarantees will be subject to the insolvency and administrative laws of such jurisdiction and there can be no assurance that you will be able to effectively enforce your rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of the Cayman Islands, British Virgin Islands and Hong Kong may be materially different from, or be in conflict with, each other and those with which you may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. See “– Risks Related to the New Notes and the Subsidiary Guarantees – The Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees.”

Some of our subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries.

As a holding company, we depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from our subsidiaries, to satisfy our obligations, including our obligations under the New Notes. The ability of our subsidiaries to pay dividends is subject to, among other things, their distributable earnings and cash flow conditions, restrictions contained in the articles of association and the loan agreements entered into by our subsidiaries and applicable laws. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the New Notes. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the New Notes and the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees.

Particularly, PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such accumulated profits differ from profits determined in accordance with IFRSs in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. Dividends paid by our PRC subsidiaries to their non-PRC parent company are generally subject to a 10% withholding tax. In January 2017, the SAFE issued the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance, which continues to implement and improve the policies for the administration of outward remittance of foreign exchange profits from direct investment. A bank that handles outward remittance of profits of more than US\$50,000 for a domestic institution shall review documents provided by the domestic institution and verify the authenticity of the underlying transactions.

As a result of such restrictions, there could be limitations, including timing limitations, on our ability to receive payments from our PRC subsidiaries to meet our payment obligations under the New Notes and the obligations of the Subsidiary Guarantors and there could be restrictions on payments required to redeem the New Notes at maturity or as required for any early redemption. Furthermore, we may in the future resort to offshore shareholder loans, rather than equity contributions, to our PRC subsidiaries to finance their operations. In such event, the market interest rates that our PRC subsidiaries can pay with respect to offshore loans generally may not exceed comparable interest rates in the international finance markets. The interest rates on shareholder loans that our subsidiaries may pay, therefore, are likely to be lower than the interest rate for the New Notes. Our PRC subsidiaries may also be required to pay withholding tax at a rate of 10% (or a lower treaty rate, if any) on our behalf on the interest paid under any shareholder loan. Prior to payment of interest and principal on any such shareholder loan, the PRC subsidiaries (as foreign-invested enterprises in China) must present evidence of payment of the withholding tax on the interest payable on any such shareholder loan and evidence of registration with SAFE, as well as any other documents that SAFE or its local branch may require.

As a result of the foregoing, we cannot assure you that we will have sufficient cash flow from dividends or payments on intercompany loans or advances from our subsidiaries to satisfy our obligations under the New Notes or the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees.

We may be able to redeem the New Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

As described under “Description of the New Notes – Redemption for Taxation Reasons,” in the event we are required to withhold tax on payments on the New Notes and pay additional amounts with respect thereto as a result of future changes in specified tax law or future changes in the existing official position or the stating of an official position regarding the application or interpretation of such tax law, we may redeem the New Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

We may be able to redeem the New Notes prior to maturity.

The optional redemption feature of the New Notes may limit the market value of New Notes. During any period when we may elect to redeem the New Notes, the market value of the New Notes may not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

We may also be expected to redeem New Notes when our cost of borrowing is lower than the interest rate on the New Notes. At those times, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the New Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

We may not be able to repurchase the New Notes upon a Change of Control.

We must offer to purchase the New Notes upon the occurrence of a Change of Control at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. See “Description of the New Notes.” The source of funds for any such purchase would be our available cash or third-party financing. However, we may not have sufficient available funds at the time of the

occurrence of any Change of Control to make purchases of outstanding New Notes. Our failure to make the offer to purchase or to purchase the outstanding New Notes would constitute an event of default under the New Notes. The event of default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If our other debt were to be accelerated, we may not have sufficient funds to purchase the New Notes and repay the debt. In addition, the financing agreements we enter into in the future may prohibit us from making purchases of the New Notes upon the occurrence of a Change of Control. Furthermore, the definition of Change of Control for purposes of the Indenture does not necessarily afford protection for the holders of the New Notes in the event of some highly-leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations. These types of transactions could, however, increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control for purposes of the Indenture also includes a phrase relating to the sale of “all or substantially all” of our assets. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the New Notes and the ability of a holder of the New Notes to require us to purchase its New Notes pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of our assets may be uncertain.

Our operations are restricted by the terms of the New Notes, which could limit our ability to plan for or to react to market conditions or meet our capital needs, which could increase your credit risk.

The Indenture includes a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our Restricted Subsidiaries, to:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates;
- effect a consolidation or merger; and
- engage in any business other than businesses permitted by the Indenture.

These covenants could limit our ability to plan for or react to market conditions or to meet our capital needs. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

A trading market for the New Notes may not develop, and there are restrictions on resale of the New Notes.

The New Notes are a new issue of securities for which there is currently no trading market. Approval in-principle has been received from the SGX-ST for the listing of the New Notes on the SGX-ST. We do not intend to make any application for the listing of, and permission to deal in, the New Notes other than on the SGX-ST. It is expected that the listing of the New Notes will, if approval is granted by the SGX-ST for the listing of the New Notes on the SGX-ST, commence on or about one business day following the Settlement Date. However, we cannot assure you that we will obtain or to be able to maintain a listing of the New Notes on the SGX-ST, or that if listed, a trading market for the New Notes will be develop on the SGX-ST.

The New Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your New Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See “Transfer Restrictions.” If an active trading market does not develop or is not sustained, the market price and liquidity of the New Notes could be adversely affected.

The liquidity and price of the New Notes following the Exchange Offer with Exit Consent may be volatile.

The price and trading volume of the New Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows, proposals for new investments, strategic alliances and acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions nationally or internationally could cause the price of the New Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the New Notes.

We will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to debt securities listed in certain other countries.

We will be subject to continuing listing obligations in respect of the New Notes to be listed and quoted on the SGX-ST. The disclosure standards imposed by the SGX-ST may be different than those imposed by the HKSE or the securities exchanges in other countries or regions such as the United States. As a result, the level of information that is available may not correspond to what investors in the New Notes are accustomed to.

The initial Subsidiary Guarantors do not currently have significant operations.

The initial Subsidiary Guarantors do not currently have significant operations and our consolidated financial statements includes entities which are not Subsidiary Guarantors. We cannot assure you that the initial Subsidiary Guarantors or any subsidiaries that may become Subsidiary Guarantors in the future will have the funds necessary to satisfy our financial obligations under the New Notes and Subsidiary Guarantees if we are unable to do so. See “– We are a holding company and payments with respect to the New Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries that do not guarantee the New Notes.”

The Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees.

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in the Cayman Islands, the British Virgin Islands, Hong Kong and other jurisdictions where future Subsidiary Guarantors may be established, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;
- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;
- was insolvent or rendered insolvent by reason of the incurrence of such guarantee;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measure of insolvency for purposes of the foregoing will vary depending on the laws of the applicable jurisdiction. Generally, however, a guarantor would be considered insolvent at a particular time if it were unable to pay its debts as they fell due or if the sum of its debts was then greater than all of its properties at a fair valuation or if the present fair salable value of its assets was then less than the amount that would be required to pay its probable liabilities in respect of its existing debts as they became absolute and matured. In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantor. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration. In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees will be limited to the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the guarantee, as it relates to such Subsidiary Guarantor, voidable under such applicable insolvency or fraudulent transfer laws.

If a court voids a Subsidiary Guarantee, subordinates such guarantee to other indebtedness of the Subsidiary Guarantor or holds such guarantee unenforceable for any other reason, holders of the New Notes would cease to have a claim against that Subsidiary Guarantor based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) of such Subsidiary Guarantor, and would solely be creditors of us and any Subsidiary Guarantors whose guarantees have not been voided or held unenforceable. We cannot assure you that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the New Notes.

United States securities laws restrict the circumstances under which you can transfer the New Notes.

We are offering the New Notes in reliance upon exemptions from registration under the Securities Act and applicable state securities laws. Therefore, the New Notes may be transferred or resold only in transactions registered under, exempt from, or not subject to the registration requirements of the Securities Act and all applicable state securities laws. You should read the discussions under “Transfer Restrictions” for further information about these and other transfer restrictions. It is your obligation to ensure that your offers and sales of New Notes comply with applicable law.

The New Notes will initially be held in book-entry form only, and you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The New Notes will initially only be issued in global certificated form and held through Euroclear and/or Clearstream and their respective participants. Interests in the Global Notes will trade in book-entry form only, and New Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or registered holders of New Notes. The common depositary for Euroclear and Clearstream will be the sole registered holder of the Global Notes representing the New Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the New Notes will be made to the paying agent which will make payments to Euroclear or Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the Global Notes representing the New Notes and may be credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of New Notes under the Indenture.

Unlike the registered holders of the New Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from registered holders of the New Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the New Notes.

The Special Premiums, if any, may be challenged under applicable bankruptcy, insolvency or similar laws, which could impair the enforceability of such premiums.

Upon acceleration of the New Notes under certain circumstances as a result of an event of default under the New Notes, we may be liable to pay, in addition to the principal of, and accrued and unpaid interest on, the New Notes, the Special Premiums (as defined in “Description of the New Notes – Events of Default”). Under relevant bankruptcy laws, insolvency or similar laws, such premiums could be voided if, among other things, the premiums are deemed penalties or other forms of damages. If a court voids the Special Premiums or holds such premiums unenforceable for any reason, holders of the New Notes would lose any claim in respect of the Special Premiums.

Certain major terms of the New Notes may be modified, amended or waived with the consent of holders of not less than 90% in aggregate principal amount of the outstanding New Notes, which may adversely affect the interest of the holders of the New Notes and increase the credit risks of the New Notes.

Typically, certain major terms of an indenture may only be modified, amended or waived with the consent of all holders of the outstanding notes. However, the New Notes Indenture allows modification, amendments or waivers of certain major terms to be made with the consent of holders of not less than 90% in aggregate principal amount of the outstanding New Notes, including the reduction of the principal amount of, or premium, if any, or interest on, any New Note, the release of any Subsidiary Guarantor from its Subsidiary Guarantee, except as provided in the New Notes Indenture. Such provisions would reduce the protection afforded to the holders of the New Notes and potentially increase the credits risks of the New Notes.

Our PRC subsidiaries may be unable to obtain and remit foreign exchange.

Our ability to satisfy our obligations under the New Notes partially depends upon the ability of our PRC subsidiaries to obtain and remit sufficient foreign currency to pay dividends to us and, if applicable, to repay shareholder loans. Our PRC subsidiaries must present certain documents to SAFE, its authorized branch, or the designated foreign exchange bank, for approval, registration or filing before they can obtain and remit foreign currencies out of China, including, in the case of dividends, evidence that the relevant PRC taxes have been paid and, in the case of shareholder loans, evidence of the registration of the loan with SAFE. Prior to payment of interest and principal on any shareholder loan we make to our PRC subsidiaries, the relevant PRC subsidiary must also present evidence of payment of withholding tax at a rate of 10% or a lower tax treaty rate, if any, on the interest payable in respect of such shareholder loan. If any PRC subsidiary for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, the PRC subsidiary will be unable to pay us dividends or interest and principal on shareholder loans, which may affect our ability to satisfy our obligations under the New Notes.

The Notice of the People’s Bank of China and the State Administration of Foreign Exchange on Matters Concerning the Integrated Domestic and Foreign Currency Cash Pooling Business for Multinational Corporations (the “Cash Pooling Notice”) was promulgated in December 2025 and introduces a unified regulatory framework for multinational enterprises’ cross-border cash pooling of both RMB and foreign currency funds. Our existing bilateral cash pooling program is subject to the requirements and restrictions under the Cash Pooling Notice that imposes eligibility criteria, net cross-border financing quotas capping the volume of fund flows, designated account requirements, restrictions on the use of pooled funds, and ongoing reporting obligations. The quota limits and use-of-funds restrictions could constrain the amount and timing of cross-border transfers available to the Company from its PRC subsidiaries, and that non-compliance or future regulatory tightening could result in sanctions or suspension of the cash pooling business, ultimately impairing the Company’s ability to use the pooled funds.

We may be subject to risks presented by fluctuations in exchange rates between the Renminbi and other currencies, particularly the U.S. dollar.

The New Notes are denominated in U.S. dollars, while substantially all of our revenues are generated by our PRC operating subsidiaries and are denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the PBOC on July 21, 2005, Renminbi-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. Since 2007, the PRC government has adopted several reforms concerning the exchange rate system. It may adopt further reforms, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the U.S. dollar, our financial condition and results of operations could be materially and adversely affected because of our substantial U.S. dollar denominated indebtedness and other obligations. Such devaluation could also materially and adversely affect the value, translated or converted into U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the New Notes.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. In addition, following the offering of the New Notes, we may enter into foreign exchange or interest rate hedging agreements in respect of our U.S. dollar-denominated liabilities under the New Notes. These hedging agreements may require us to pledge or transfer cash and other collateral to secure our obligations under the agreements, and the amount of collateral required may increase as a result of mark-to-market adjustments. If we were unable to provide such collateral, it could constitute a default under such agreements.

Any hedging obligation entered into or to be entered into by us or our subsidiaries, may contain terms and conditions that may result in the early termination, in whole or in part, of such hedging obligation upon the occurrence of certain termination or analogous events or conditions (howsoever described), including such events relating to us and/or any of our subsidiaries, and the terms and conditions of such hedging obligation(s) may provide that, in respect of any such early termination, limited or no payments may be due and payable to, or that certain payments may be due and payable by, us and/or any of our subsidiaries (as relevant) in respect of any such early termination. Any such early termination, in whole or in part, of any such hedging obligation(s), and the payment and any other consequences and effects of such early termination(s), may materially and adversely affect our financial condition and/or any of our subsidiaries and may materially and adversely affect the performance of our or their respective obligations under or in relation to the New Notes (if applicable), any indebtedness or any other present or future obligations and commitments.

The insolvency laws of the Cayman Islands and other local insolvency laws may differ from U.S. bankruptcy law or those of another jurisdiction with which holders of the New Notes are familiar.

Because we are incorporated, and future Subsidiary Guarantors may be incorporated, under the laws of the Cayman Islands, an insolvency proceeding relating to us or any such Subsidiary Guarantor, even if brought in the United States, would likely involve Cayman Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law. In addition, our initial Subsidiary Guarantors are incorporated, and future Subsidiary Guarantors may be incorporated, in the British Virgin Islands, Hong Kong or other jurisdictions and the insolvency laws of the British Virgin Islands, Hong Kong or such other jurisdictions may also differ from the laws of the United States or other jurisdictions with which the holders of the New Notes are familiar.

We conduct substantially all of our business operations through our PRC subsidiaries. The Subsidiary Guarantors, as equity holders in our PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of the United States and other jurisdictions with which the holders of the New Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in the New Notes.

The terms of the New Notes permit us to make investments in Unrestricted Subsidiaries, minority-owned joint ventures or any other persons.

We may from time to time consider entering into joint ventures or making minority investments in other persons. Such joint ventures or other persons may not be Restricted Subsidiaries. Although the Indenture restricts us and our Restricted Subsidiaries from making investments in Unrestricted Subsidiaries or minority joint ventures, these restrictions are subject to important exceptions and qualifications.

QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER WITH EXIT CONSENT

Q: Why is the Company making the Exchange Offer with Exit Consent?

A: The Exchange Offer with Exit Consent is being made as part of the Company's policy to refinance the Exchange Notes, actively manage its balance sheet liabilities, and optimize its debt structure to extend debt maturity profile.

Q: What will I receive if I tender my Exchange Notes in the Exchange Offer with Exit Consent?

A: For each US\$1,000 principal amount of outstanding Exchange Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, an Eligible Holder will receive the Exchange and Consent Consideration consisting of: (a) US\$100 Upfront Principal Payment; (b) a principal amount of the New Notes equal to US\$900; (c) the Exchange and Consent Fee; (d) Fractional Cash Payment; and (e) any Accrued Interest. See "Summary of the Exchange Offer with Exit Consent" and "Description of the Exchange Offer with Exit Consent – Exchange and Consent Consideration" for further details.

Q: What are the consequences of not tendering in the Exchange Offer with Exit Consent?

A: If at least the Minimum Acceptance Amount is not tendered, we may not be able to refinance the Exchange Notes. We may therefore face liquidity pressure and will be subject to increased default risk under the Exchange Notes Indenture and our other outstanding indebtedness.

Following the consummation of the Exchange Offer with Exit Consent, the trading market for Exchange Notes that are not exchanged could become more limited than the existing trading market for the Exchange Notes. A more limited trading market might adversely affect the liquidity, market price and price volatility of the Exchange Notes. See the section entitled "Risk Factors – Risks Related to the Exchange Offer and Exit Consent Solicitation Generally – Upon consummation of the Exchange Offer with Exit Consent, liquidity of the market for outstanding Exchange Notes may be substantially reduced, and market prices for outstanding Exchange Notes may decline as a result" for additional risk disclosure.

Even if the Exchange Offer with Exit Consent is successful, there remains a risk that a significant stub of the Exchange Notes could remain outstanding. If the Company is unable to repay this stub at maturity, it could trigger cross-default provisions across the Company's other indebtedness. See the section entitled "Risk Factors – If a significant principal amount of Exchange Notes remains outstanding following the Exchange Offer with Exit Consent and the Company is unable to repay such Exchange Notes at maturity, cross-default provisions in the Company's other indebtedness, including the 2027 Senior Notes, could be triggered."

Q: How do the Exchange Notes differ from the New Notes to be issued in the Exchange Offer with Exit Consent?

A: The interest rate on the Exchange Notes is 7.00% per annum and the Exchange Notes will mature on September 21, 2026. The minimum denomination of the Exchange Notes is US\$200,000 with integral multiples of US\$1,000 in excess thereof.

The New Notes will bear interest at the rate of 10.0% per annum, payable semi-annually in arrears. The New Notes will have a tenor of 3.5 years. The principal amount of the New Notes will amortize as follows: (i) December 14, 2026 (in an amount equal to 7.5% of the original principal amount of New Notes), (ii) June 14, 2027 (in an amount equal to 2% of the original principal amount of New Notes), (iii) December 14, 2027 (in an amount equal to 5% of the original principal amount of New Notes), (iv) June 14, 2028 (in an amount equal to 5% of the original principal amount of New Notes), (v) December 14, 2028 (in an amount equal to 5% of the original principal amount of New Notes), and (vi) June 14, 2029 (in an amount equal to 5% of the original principal amount of New Notes), with the remaining balance due and payable on the final maturity date, subject to adjustment in case of issuance of additional New Notes, partial redemption or repurchase. The minimum denomination of the New Notes is US\$50,000 with integral multiples of US\$1,000 in excess thereof.

The New Notes are not rated at the time of this exchange offer and consent solicitation memorandum. If, at any time prior to April 14, 2028, the New Notes are accelerated or otherwise become due and payable, in each case, in respect of any event of default, the Contingency Event Premium together with the Applicable Premium with respect to an optional redemption of the New Notes shall also be due and payable as though the New Notes had been optionally redeemed in full at the time of such acceleration event and shall constitute part of the obligations payable to holders. Certain major terms of the New Notes Indenture may be modified, amended or waived with the consent of holders of not less than 90% in aggregate principal amount of the outstanding New Notes, including the reduction of the principal amount of, or premium, if any, or interest on, any New Note, the release of any Subsidiary Guarantor from its Subsidiary Guarantee, except as provided in the New Notes Indenture. In addition, the New Notes indenture will provide us with more flexibility to elect generally accepted accounting principles as primary basis of financial reporting. See “Description of the New Notes”, “Risk Factors – Risks Related to the New Notes – The Special Premiums, if any, may be challenged under applicable bankruptcy, insolvency or similar laws, which could impair the enforceability of such premiums” and “Risk Factors – Risks Related to the New Notes – Certain major terms of the New Notes may be modified, amended or waived with the consent of holders of not less than 90% in aggregate principal amount of the outstanding New Notes, which may adversely affect the interest of the holders of the New Notes and increase the credit risks of the New Notes.”

Q: Are there any conditions to the consummation of the Exchange Offer with Exit Consent?

A: Our obligation to complete the Exchange Offer with Exit Consent is conditioned upon, among other things, the following: (i) not less than the Minimum Acceptance Amount of the Exchange Notes shall have been validly tendered prior to the Expiration Deadline; (ii) there being no material adverse change in the market from the date of this exchange offer and consent solicitation memorandum to the Settlement Date; and (iii) the satisfaction of the other conditions described in “Description of the Exchange Offer with Exit Consent – Conditions to the Exchange Offer with Exit Consent .”

Subject to applicable law, we may terminate or withdraw the Exchange Offer with Exit Consent if any of the conditions are not satisfied or waived by the Settlement Date. We may also extend the Exchange Offer with Exit Consent from time to time until the conditions are satisfied or waived.

Although we have no present plans or arrangements to do so, we reserve the right to amend, modify or waive, at any time, the terms and conditions of the Exchange Offer with Exit Consent, subject to applicable law. We will give you notice of any amendments, modifications or waivers as and if required by applicable law.

Q: When will the Exchange Offer and Exit Consent Solicitation expire?

A: The Exchange Offer and Exit Consent Solicitation will expire at 4:00 p.m., London time on March 30, 2026, subject to our right to extend or earlier terminate that time and date at our absolute discretion. A broker, dealer, bank, custodian trust company or other nominee or other intermediary that holds Exchange Notes of any Eligible Holder may have earlier deadlines for accepting the Instructions than those specified herein.

Q: Under what circumstances can the Exchange Offer and Exit Consent Solicitation be extended, amended or terminated?

A: We reserve the right to extend the Exchange Offer and Exit Consent Solicitation at our absolute discretion for any reason. We expressly reserve the right, at any time, to amend the terms of the Exchange Offer with Exit Consent in any respect prior to the Expiration Deadline, subject to applicable law. Further, we may extend the Exchange Offer and Exit Consent Solicitation if we make a material change in the terms of the Exchange Offer with Exit Consent or in the information contained in this exchange offer and consent solicitation memorandum or waive a material condition to the Exchange Offer with Exit Consent. During any extension of the Exchange Offer and Exit Consent Solicitation, Exchange Notes that were previously tendered for exchange will remain subject to the Exchange Offer with Exit Consent. Any waiver, amendment or modification of the Exchange Offer with Exit Consent, including any change in the Exchange and Consent Consideration, will apply to all Exchange Notes previously validly tendered. We reserve the right to terminate the Exchange Offer with Exit Consent at any time prior to the Settlement Date if any conditions are not met. For the avoidance of doubt, the Supplemental Indenture will not be executed and, if executed, will not become operative if the Exchange Offer with Exit Consent is terminated, withdrawn or otherwise not consummated and the New Notes are not issued. For more information regarding our right to extend, amend or terminate the Exchange Offer with Exit Consent, see “Description of the Exchange Offer and Exit Consent Solicitation – Expiration Deadline; Extensions; Amendments; Termination.”

Q: When will the Company issue the New Notes?

A: Assuming the conditions to the Exchange Offer with Exit Consent are satisfied or waived, we anticipate that we will issue the New Notes and settle the Exchange Offer with Exit Consent, including the delivery and payment of the Exchange and Consent Consideration, on or about April 14, 2026, unless the Exchange Offer with Exit Consent is extended or earlier terminated.

Q: What are my rights if I change my mind after I tender my Exchange Notes?

A: Tenders of Exchange Notes may not be withdrawn or revoked once submitted unless we are required by law to permit such withdrawal or revocation.

Q: Will the Company receive any cash proceeds from the Exchange Offer with Exit Consent?

A: No. See “Use of Proceeds.”

Q: When will the Company purchase or redeem the Exchange Notes?

- A: Exchange Notes tendered in the Exchange Offer with Exit Consent pursuant to valid and accepted instructions will be exchanged on the Settlement Date and subsequently cancelled.

Whether or not the Exchange Offer with Exit Consent is consummated, we expressly reserve the absolute right, at our sole discretion, from time to time to redeem or purchase any Exchange Notes that remain outstanding after the Expiration Deadline through open market or privately negotiated transactions, one or more additional tenders or exchange offers or otherwise, on terms that may differ from the Exchange Offer with Exit Consent and could be for cash or other consideration, or to exercise any of our redemption rights, including redemption rights, under the indenture governing the Exchange Notes.

Q: Can I transfer my Exchange Notes after submitting an instruction?

- A: Upon giving instructions with respect to any Exchange Notes, an Eligible Holder will agree that its Exchange Notes will be blocked from transferring in the relevant account in the relevant Clearing System from the date the relevant instruction is submitted until the Settlement Date or the date of termination or modification of the Exchange Offer with Exit Consent (including where such Exchange Notes are not accepted by the Company for exchange), whichever is earlier. If the settlement of the Exchange Offer with Exit Consent is delayed for any reason, the participating holders who have tendered their Exchange Notes will be unable to trade or transfer such Exchange Notes during the gap period, which could adversely affect their ability to manage their investment positions.

Q: What happens if some or all of my Exchange Notes are not accepted?

- A: If we decide not to accept some or all of your Exchange Notes because of an invalid tender, the occurrence of the other events set forth in this exchange offer and consent solicitation memorandum or otherwise, the Exchange Notes not accepted by us for the Exchange Offer with Exit Consent will be returned back to the tendering holder's account at Euroclear or Clearstream on the Settlement Date, as applicable.

Q: Will I have to pay any fees or commissions if I tender my Exchange Notes in the Exchange Offer with Exit Consent?

- A: If your Exchange Notes are held through a broker or other nominee who tenders the Exchange Notes on your behalf, your broker may charge you a commission for doing so. You should consult with your broker or nominee to determine whether any charges apply. Otherwise, you will not be required to pay any fees or commissions to us, the Dealer Managers or the Information, Exchange and Tabulation Agent in connection with the Exchange Offer with Exit Consent.

Q: How do I tender my Exchange Notes for exchange in the Exchange Offer with Exit Consent?

- A: See "Description of the Exchange Offer with Exit Consent – Procedures for Tendering Exchange Notes." For further information, please contact Sodali & Co who has been retained by us as the Information, Exchange and Tabulation Agent for the Exchange Offer with Exit Consent, or consult your broker, dealer, commercial bank, trust company or other nominee or custodian for assistance.

PLEASE NOTE: The Exchange Offer with Exit Consent is available only to holders who are not U.S. persons (within the meaning of Regulation S) and are outside the United States. To participate in the Exchange Offer with Exit Consent, a holder of Exchange Notes must either hold such Exchange Notes through a direct participant in Euroclear or Clearstream or arrange for the transfer of its Exchange Notes so that they are held through such a direct participant. **U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER EXCHANGE NOTES IN THE EXCHANGE OFFER WITH EXIT CONSENT.**

Q: Will the New Notes be freely tradable?

A: The transfer of the New Notes is restricted. The New Notes will not be registered under, and we are not obligated to register the New Notes under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See “Transfer Restrictions.” We have not agreed to or otherwise undertaken to register the New Notes, and have no intention to do so. There can be no assurance as to the development or liquidity of any market for the New Notes.

Q: What amendments to the Exchange Notes Indenture is the Company seeking and what is the Exit Consent Requisite Consents?

A: The principal amendments for the Exchange Notes Indenture is to eliminate substantially all of the non-monetary restrictive covenants and to modify certain of the non-monetary events of default and other provisions in the Exchange Notes Indenture which may be eliminated or amended with the Exit Consents from holders of a majority principal amount of the outstanding Exchange Notes. See “Exit Consent Amendments” for further details.

Q: Can I submit an Exit Consent only with respect to my Exchange Notes under the Exit Consent Solicitation but not participate in the Exchange Offer? How about tendering Exchange Notes in the Exchange Offer only but not submit an Exit Consent?

A: No. In order to give your Exit Consent, you must validly tender your Exchange Notes in the Exchange Offer. By validly tendering Exchange Note in the Exchange Offer, you will be deemed to have given your Exit Consent. You may not give Exit Consent only without tendering Exchange Notes. Similarly, you cannot tender your Exchange Notes in the Exchange Offer only and not submit an Exit Consent.

Q: To whom should I direct any questions?

A: Questions about the terms of the Exchange Offer with Exit Consent should be directed to the Dealer Managers or the Information, Exchange and Tabulation Agent, as appropriate. If you have questions regarding exchange procedures, please contact the Information, Exchange and Tabulation Agent. Contact information for the Dealer Managers and the Information, Exchange and Tabulation Agent are set forth on the back cover of this exchange offer and consent solicitation memorandum. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominees or custodians for assistance concerning the Exchange Offer with Exit Consent. All documents related to the Exchange Offer with Exit Consent will be made available, subject to eligibility, on the Transaction Website.

USE OF PROCEEDS

We will not receive any cash proceeds from the Exchange Offer with Exit Consent. Any Exchange Notes exchanged in connection with the Exchange Offer with Exit Consent will be cancelled on the Settlement Date.

DESCRIPTION OF THE EXCHANGE OFFER WITH EXIT CONSENT

GENERAL

We intend to conduct the Exchange Offer with Exit Consent in accordance with the applicable rules and regulations of any jurisdiction where the offer of the New Notes and the exchange of the Exchange Notes and the Exit Consent Solicitation are permitted. The Exchange Offer with Exit Consent will only be made to, and the New Notes are being offered and will be issued only to, Eligible Holders of Exchange Notes who have complied with the procedures set out herein, or on whose behalf their brokers, dealers, custodians, trust companies or other nominees or custodians have complied with the procedures herein and confirmed and represented that such holders are non-U.S. persons located outside the United States, or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States, as those terms are defined in Regulation S under the Securities Act.

PURPOSE OF THE EXCHANGE OFFER WITH EXIT CONSENT

The Exchange Offer with Exit Consent is being made as part of the Company's policy to refinance the Exchange Notes, actively manage its balance sheet liabilities, and optimize its debt structure to extend debt maturity profile.

TERMS OF THE EXCHANGE OFFER WITH EXIT CONSENT

Upon the terms and subject to the conditions set forth in this exchange offer and consent solicitation memorandum, we are offering to exchange our outstanding 7.00% Senior Notes due 2026 (ISIN: XS2384059122, Common Code: 238405912) and soliciting the Exit Consents from the Eligible Holders to the Exit Consent Amendments as described in section entitled "Exit Consent Amendments" of the Exchange Notes Indenture, and to the execution of amendments to the Exchange Notes Indenture giving effect to the Exit Consent Amendments, for the Exchange and Consent Consideration as set forth below. As of the date of this exchange offer and consent solicitation memorandum, US\$266,030,000 in aggregate principal amount of the Exchange Notes are outstanding.

Eligible Holders of the Exchange Notes validly accepted and exchanged in the Exchange Offer with Exit Consent will, from and including the Settlement Date, waive any and all rights with respect to the Exchange Notes (other than the right to receive the Exchange and Consent Consideration) and will release and discharge us from any and all claims such holders may have, now or in the future, arising out of or related to such Exchange Notes, including any and all accrued and unpaid interest thereon.

Exchange Notes accepted pursuant to the Exchange Offer with Exit Consent will be exchanged on the Settlement Date and will subsequently be cancelled.

Each Eligible Holder will be deemed to have provided its Exit Consent upon its tender of the Exchange Note. The Exit Consent Amendments will be binding on all holders of the Exchange Notes upon our receipt of consent from the Eligible Holders of not less than the Exit Consent Requisite Consents and will become effective upon execution of the Supplemental Indenture with the Exchange Notes Trustee providing for the Exit Consent Amendments, which form is set out in Appendix A – Form of Supplemental Indenture, but will only become operative when the Exchange Offer with Exit Consent has been consummated, and operative only upon payment of the Exchange and Consent Consideration, on the Settlement Date. All Exit Consents delivered will be deemed to be the Exit Consents to the Exit Consent Amendments as a whole.

In order to give your Exit Consent, you must validly tender your Exchange Notes in the Exchange Offer. By validly tendering Exchange Notes in the Exchange Offer, you will be deemed to have given your Exit Consent. You may not give Exit Consent only without tendering the Exchange Notes in the Exchange Offer.

If the Exit Consent Amendments are accepted and effected, the Exchange Notes that are not tendered and accepted pursuant to the Exchange Offer with Exit Consent will be subject to the Exit Consent Amendments. We cannot assure you that the Exchange Offer with Exit Consent will be consummated on the terms described in this exchange offer and consent solicitation memorandum or at all.

Upon receipt of the Exit Consent Requisite Consents, we intend to instruct the Information, Exchange and Tabulation Agent to deliver written confirmation of the Exit Consent Requisite Consents to the Exchange Notes Trustee as soon as practicable after the Expiration Deadline. We will not be obligated to accept validly tendered Exchange Notes for exchange pursuant to the Exchange Offer with Exit Consent, unless and until, among other things, the Exit Consent Requisite Consents shall have been received and the other conditions set forth herein shall have been satisfied or waived.

Following the receipt of the Exit Consent Requisite Consents, we intend to execute the Supplemental Indenture with the Exchange Notes Trustee on the Settlement Date providing for the Exit Consent Amendments as described in the section entitled “Exit Consent Amendments” in this exchange offer and consent solicitation memorandum which form is set out in Appendix A – Form of Supplemental Indenture. See the form of the Supplemental Indenture in Appendix A hereto for further details. Pursuant to the terms of the Exchange Notes Indenture as amended by the Supplemental Indenture which will be effective upon execution, the provisions to be eliminated or modified by the Exit Consent Amendments will remain unchanged until the relevant Exchange Notes that were validly tendered are accepted for exchange pursuant to the terms of the Exchange Offer with Exit Consent and when the Exchange Offer with Exit Consent has been consummated, and operative only upon payment of the Exchange and Consent Consideration, on the Settlement Date, whereupon the Exit Consent Amendments will automatically become operative.

EXCHANGE AND CONSENT CONSIDERATION

Eligible Holders of the outstanding Exchange Notes that are validly tendered prior to the Expiration Deadline and accepted for exchange will receive for each US\$1,000 principal amount of the Exchange Notes the Exchange and Consent Consideration consisting of: (a) US\$100 Upfront Principal Payment, (b) a principal amount of the New Notes equal to US\$900, (c) the Exchange and Consent Fee; (d) Fractional Cash Payment, and (e) Accrued Interest.

The Exchange Notes bear interest at the rate of 7.00% per annum. Interest accrued and unpaid on the principal amount of Exchange Notes from and including the last interest payment date (being March 21, 2026) up to, but excluding, the Settlement Date, will be payable in cash (rounded to the nearest US\$0.01, with US\$0.005 rounded upwards).

Notwithstanding anything to the contrary contained in this exchange offer and consent solicitation memorandum or in any other document related to the Exchange Offer with Exit Consent, we expressly reserve the right, at our sole discretion and regardless of whether any of the conditions described under “Description of the Exchange Offer with Exit Consent – Conditions to the Exchange Offer with Exit Consent” have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer with Exit Consent, in whole or in part, (ii) waive any of the conditions described herein, in whole or in part, including the Minimum Acceptance Amount, (iii) extend the Expiration Deadline or Settlement Date, (iv) amend the terms of the Exchange Offer with Exit Consent, including the Minimum Acceptance Amount, or (v) modify the form or amount of the consideration to be paid pursuant to this Exchange Offer with Exit Consent.

If all or any of the Exchange Notes tendered for exchange by any holder has not been accepted, you will receive (i) the Exchange and Consent Consideration in relation to the amount of the Exchange Notes validly tendered and accepted in the Exchange Offer with Exit Consent; and (ii) in relation to those Exchange Notes not accepted in the Exchange Offer with Exit Consent but validly tendered, such Exchange Notes will be returned to such holder. No other holders of the Exchange Notes will be entitled to receive the Exchange and Consent Consideration.

NEW NOTES

The New Notes will have a tenor of 3.5 years. The principal amount of the New Notes will amortize as follows: (i) December 14, 2026 (in an amount equal to 7.5% of the original principal amount of New Notes), (ii) June 14, 2027 (in an amount equal to 2% of the original principal amount of New Notes), (iii) December 14, 2027 (in an amount equal to 5% of the original principal amount of New Notes), (iv) June 14, 2028 (in an amount equal to 5% of the original principal amount of New Notes), (v) December 14, 2028 (in an amount equal to 5% of the original principal amount of New Notes), and (vi) June 14, 2029 (in an amount equal to 5% of the original principal amount of New Notes), with the remaining balance due and payable on the final maturity date, subject to adjustment in case of issuance of additional New Notes, partial redemption or repurchase. The New Notes will bear interest at the rate of 10.0% per annum, payable semi-annually in arrears.

New Notes ISIN/Common Code: XS3323573876/332357387

ELIGIBILITY FOR ACCEPTANCE OF THE EXCHANGE OFFER WITH EXIT CONSENT

Your submission of an electronic instruction to Euroclear or Clearstream, as applicable, with respect to any Exchange Notes will only be valid if you are an Eligible Holder.

EXPIRATION DEADLINE; EXTENSIONS; AMENDMENTS; TERMINATION

For purposes of the Exchange Offer with Exit Consent, the Expiration Deadline will be 4:00 p.m., London time, on March 30, 2026, subject to our right to extend or earlier terminate that time and date at our absolute discretion, in which case the Expiration Deadline means the latest time and date to which such time and date is extended or earlier terminated.

We reserve the right, at our absolute discretion, by giving written notice to the Dealer Managers, the Exchange Notes Trustee and the Information, Exchange and Tabulation Agent to:

- extend the Exchange Offer with Exit Consent;
- terminate the Exchange Offer with Exit Consent if a condition to our obligation to consummate the Exchange Offer with Exit Consent is not satisfied or waived prior to the Settlement Date, or if we determine that accepting the exchanges, paying the Exchange and Consent Consideration and effecting the transactions contemplated are not in our best interests; and
- amend or modify the Exchange Offer with Exit Consent, or waive any condition to the Exchange Offer with Exit Consent.

If we make a material change in the terms of the Exchange Offer with Exit Consent or the information concerning the Exchange Offer with Exit Consent, or waive a material condition of the Exchange Offer with Exit Consent, we will promptly disseminate disclosure regarding the changes to the Exchange Offer with Exit Consent and extend the Exchange Offer with Exit Consent, if required by law.

During any extension of the Exchange Offer with Exit Consent, Exchange Notes that were previously tendered for exchange will remain subject to the Exchange Offer with Exit Consent. Any waiver, amendment or modification of the Exchange Offer with Exit Consent, including any change in the Exchange and Consent Consideration will apply to all Exchange Notes previously validly tendered for such extension or the business days following such earlier termination.

We will promptly announce any extension, amendment or termination of the Exchange Offer with Exit Consent by issuing an announcement via the HKEXnews website, the Transaction Website, and through Euroclear and Clearstream. We will announce any extension or earlier termination of the Expiration Deadline no later than 9:00 a.m., Hong Kong time, on the next business day after the previously scheduled Expiration Deadline.

For the avoidance of doubt, the Supplemental Indenture will not be executed and, if executed, will not become operative if the Exchange Offer with Exit Consent is terminated, withdrawn or otherwise not consummated and the New Notes are not issued.

ACCEPTANCE OF THE EXCHANGE NOTES

Subject to the terms and conditions of the Exchange Offer with Exit Consent, and assuming we do not otherwise terminate the Exchange Offer with Exit Consent, we will be deemed to accept validly tendered Exchange Notes when, and if, we give oral or written notice of acceptance to the Dealer Managers and the Information, Exchange and Tabulation Agent. If any tendered Exchange Notes are not accepted for any reason described in the terms and conditions of the Exchange Offer with Exit Consent, such unaccepted Exchange Notes will be returned to the tendering holder at our expense promptly after the expiration or termination of the Exchange Offer with Exit Consent. Any unaccepted Exchange Notes will be returned back to the tendering holder's account at the relevant Clearing System. Under no circumstances will we be required to accept Exchange Notes for exchange that have not been validly tendered prior to the Expiration Deadline in accordance with the procedures set forth in this exchange offer and consent solicitation memorandum. We reserve the absolute right to reject any and all tenders of the Exchange Notes not in proper form or any Exchange Notes the acceptance for exchange of which may, in the opinion of counsel, be unlawful. See “– Procedures for Tendering Exchange Notes.”

SETTLEMENT DATE; DELIVERY OF CONSIDERATION

The Settlement Date will occur after the Expiration Deadline. We anticipate that the Settlement Date will occur on or about April 14, 2026, unless the Exchange Offer with Exit Consent is extended or earlier terminated.

Subject to the terms and conditions of the Exchange Offer with Exit Consent, and assuming that the Exchange Offer with Exit Consent is not otherwise terminated by us, on the Settlement Date, Eligible Holders of Exchange Notes who validly tendered in accordance with the procedures set forth in this exchange offer and consent solicitation memorandum prior to the Expiration Deadline that are accepted by us will receive the Exchange and Consent Consideration.

Any cash payments of principal repayment, the exchange and consent fee, the cash payments for fractional portions of the New Notes and for Accrued Interest on the Exchange Notes accepted for exchange, will be made by deposit of funds with Euroclear or Clearstream. Euroclear or Clearstream will transmit the New Notes and cash payments to Eligible Holders whose Exchange Notes are accepted for exchange in accordance with the terms of the Exchange Offer with Exit Consent.

MINIMUM ACCEPTANCE AMOUNT

Upon the terms and subject to the conditions set forth in this exchange offer and consent solicitation memorandum, including the Minimum Acceptance Amount, being US\$226,126,000 or 85% of the outstanding principal amount of the Exchange Notes, we are offering to exchange any and all of the Exchange Notes for which valid tenders are received prior to the Expiration Deadline. We determine, in our sole discretion, whether we will accept for exchange pursuant to the Exchange Offer. Unless waived by us, if we receive valid tenders of the Exchange Notes for less than the Minimum Acceptance Amount, we will not proceed with the Exchange Offer and the Exchange Offer shall lapse automatically.

We reserve the right, in our sole and absolute discretion, to amend or waive the conditions to the Exchange Offer with Exit Consent, including the Minimum Acceptance Amount, in accordance with the terms of this Exchange Offer with Exit Consent, subject to applicable law.

CONDITIONS TO THE EXCHANGE OFFER WITH EXIT CONSENT

Notwithstanding anything to the contrary contained in this exchange offer and consent solicitation memorandum or in any other document related to the Exchange Offer with Exit Consent, we expressly reserve the right, at our sole and absolute discretion and regardless of whether any of the conditions described under this section have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer with Exit Consent, in whole or in part, (ii) waive any of the conditions described herein, in whole or in part, (iii) extend the Expiration Deadline or the Settlement Date, (iv) amend the terms of the Exchange Offer with Exit Consent (including the Minimum Acceptance Amount) or (v) modify the form or amount of the consideration to be paid pursuant to the Exchange Offer with Exit Consent.

Notwithstanding any other provisions of the Exchange Offer with Exit Consent, or any extension of the Exchange Offer with Exit Consent, we will not be required to deliver any consideration (and we may terminate the Exchange Offer with Exit Consent or, at our sole and absolute discretion and option, modify, extend or otherwise amend the Exchange Offer with Exit Consent), unless each of the following conditions are satisfied or waived:

- (1) not less than the Minimum Acceptance Amount of the Exchange Notes shall have been validly tendered (for which Exit Consent will be deemed to have been validly delivered) prior to the Expiration Deadline;
- (2) Receipt of Exit Consent Requisite Consents of outstanding Exchange Notes not owned by the Company;
- (3) the Supplemental Indenture with the Exchange Notes Trustee providing for the Exit Consent Amendments, which form is set out in Appendix A – Form of Supplemental Indenture, having been duly executed;
- (4) there is no material adverse change in the financial markets from the date of this exchange offer and consent solicitation memorandum to the Settlement Date;

- (5) no action or event shall have occurred or to our knowledge, been threatened (including a default under an agreement, indenture or other instrument or obligation to which we or one of our subsidiaries is a party or by which we or one of our subsidiaries is bound), nor shall any action, proceeding, application, claim, counterclaim or investigation (whether formal or informal) be pending or have been taken, nor shall any statute, rule, regulation, judgment, order, stay, decree or injunction have been proposed, promulgated, enacted, entered, enforced or deemed to be applicable to the Exchange Offer with Exit Consent or the exchange of the Exchange Notes under the Exchange Offer with Exit Consent by or before any court or governmental, regulatory or administrative agency or instrumentality, domestic or foreign, authority or tribunal, or by any other person, domestic or foreign, that either:
- (i) challenges the Exchange Offer with Exit Consent or the exchange of the Exchange Notes under the Exchange Offer or might, directly or indirectly, prohibit, prevent, restrict or delay consummation of, or might otherwise adversely affect in any material manner, the Exchange Offer with Exit Consent or the exchange of the Exchange Notes under the Exchange Offer; or
 - (ii) in our reasonable judgment, could materially affect our business, condition (financial or otherwise), income, operations, properties, assets, liabilities or prospects, or materially impair the contemplated benefits to us of the Exchange Offer with Exit Consent or the exchange of the Exchange Notes under the Exchange Offer or might be material to Eligible Holders of the Exchange Notes in deciding whether to accept the Exchange Offer with Exit Consent; there shall not have occurred or be likely to occur any event affecting the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of us or our subsidiaries that, in our sole judgment, either (i) is, or is reasonably likely to be, materially adverse to our business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects, or (ii) would or might prohibit, prevent, restrict or delay consummation of the Exchange Offer with Exit Consent;
- (6) none of the following has occurred:
- (i) any general suspension of or limitation on trading in securities on the PRC, the United States, Singapore, or London, Hong Kong securities or financial markets, or in the over-the-counter market (whether or not mandatory);
 - (ii) any material decrease in the trading price of the Exchange Notes in the PRC, the United States, Singapore, London, Hong Kong or other major securities or financial markets;
 - (iii) a material impairment in the general trading market for debt securities;
 - (iv) a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in the PRC, the United States, Singapore, London or Hong Kong or other major financial markets (whether or not mandatory);
 - (v) a commencement or escalation of a war, armed hostilities, terrorist act or other national or international crisis directly or indirectly relating to the PRC, the United States, Singapore, London or Hong Kong;

- (vi) any limitation (whether or not mandatory) by any governmental, administrative or regulatory authority or agency, domestic or foreign, or other event having a reasonable likelihood, in our reasonable judgment, of affecting, the extension of credit by banks or other lending institutions in the PRC, the United States, Singapore, London or Hong Kong;
 - (vii) any material disruption has occurred in securities settlement or clearance services in the PRC, the United States, Singapore, London or Hong Kong;
 - (viii) any amalgamation, merger, acquisition or other business combination proposal involving us or our subsidiaries shall have been proposed, announced or made by any person or entity;
 - (ix) any material adverse change in the PRC, the United States, Singapore, London or Hong Kong securities or financial markets generally; and
 - (x) in the case of any of the foregoing existing at the time of the commencement of the Exchange Offer with Exit Consent, a material acceleration or worsening thereof; and
- (7) the Exchange Notes Trustee shall not have objected in any respect to, nor have taken any action that could in our reasonable judgment adversely affect the consummation of, the Exchange Offer with Exit Consent or the exchange of the Exchange Notes under the Exchange Offer nor shall the Exchange Notes Trustee have taken any action that challenges the validity or effectiveness of the procedures used by us in making the Exchange Offer with Exit Consent or the exchange of the Exchange Notes under the Exchange Offer;
- (8) the New Notes shall have been listed on the SGX-ST on the next business day after issuance, subject to official notice of issuance; and
- (9) the New Notes shall be eligible for clearance and settlement through Euroclear and/or Clearstream.

Waiver, Termination and Modification

The foregoing conditions are for our sole benefit and may be waived by us, in whole or in part, at our absolute discretion. Any determination made by us concerning an event, development or circumstance described or referred to above will be conclusive and binding. Our failure at any time to exercise any of our rights will not be deemed a waiver of any other right, and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

If any of the conditions is not satisfied, we may, at any time prior to the Settlement Date, subject to applicable law:

- terminate the Exchange Offer with Exit Consent and return all tendered Exchange Notes;
- modify, extend or otherwise amend the Exchange Offer with Exit Consent, including the Minimum Acceptance Amount, and retain all tendered Exchange Notes until the Expiration Deadline, which may be extended; or
- waive any unsatisfied conditions with respect to the Exchange Offer with Exit Consent, and accept all Exchange Notes tendered and delivered.

REPRESENTATIONS, WARRANTIES AND COVENANTS OF ELIGIBLE HOLDERS OF THE EXCHANGE NOTES

Upon instruction to tender the Exchange Notes, which will be irrevocable except as required by applicable law, and subject to the terms and conditions of the Exchange Offer with Exit Consent generally, each Eligible Holder will be deemed, among other things, to:

- (1) irrevocably sell, assign and transfer to or upon our order or the order of our nominee, all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of such holder's status as a holder of, all Exchange Notes tendered thereby, such that thereafter it shall have no contractual or other rights or claims in law or in equity against the Company, the Exchange Notes Trustee or any fiduciary, trustee, fiscal agent, security agent or other person connected with the Exchange Notes arising under, from or in connection with such Exchange Notes;
- (2) waive any and all rights with respect to the Exchange Notes tendered thereby (including, without limitation, any existing or past defaults and their consequences in respect of such Exchange Notes); and
- (3) release and discharge us, each Subsidiary Guarantor, the Exchange Notes Trustee, each Agent or any fiduciary, trustee, fiscal agent, security agent or other person connected with the Exchange Notes from any and all claims such Eligible Holder may have (now or in the future), arising out of or relating to the Exchange Notes tendered thereby, including, without limitation, any claims that such Eligible Holder is entitled to receive additional principal or interest payments with respect to the Exchange Notes tendered thereby (other than as expressly provided in this exchange offer and consent solicitation memorandum) or to participate in any redemption or defeasance of the Exchange Notes tendered thereby.

In addition, such Eligible Holder of the Exchange Notes will be deemed to represent, warrant and undertake to the Company, the Dealer Managers, the New Notes Trustee, the Exchange Notes Trustee, the Agents and the Information, Exchange and Tabulation Agent that:

- (1) it has received and reviewed this exchange offer and consent solicitation memorandum including the terms of the New Notes set out herein;
- (2) it is the beneficial owner (as defined herein) of, or a duly authorized representative of one or more such beneficial owners of, the Exchange Notes tendered thereby;
- (3) it (i) has not received or been sent copies of this exchange offer and consent solicitation memorandum or any related documents in, into or from the United States, (ii) is not a "U.S. person" and is not located in the United States, (iii) is not an agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal who has given instructions with respect of the Exchange Offer with Exit Consent from within the United States or from a U.S. person, (iv) has not otherwise utilized in connection with the Exchange Offer with Exit Consent, directly or indirectly, the mails, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of interstate or foreign commerce, or of any facilities of a national securities exchange, of the United States and (v) is offering to exchange the Exchange Notes from outside the United States;

- (4) it is not a target of any financial or economic sanctions or trade embargoes administrated or enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury, the U.S. Department of State or Commerce or any other United States, European Union, United Nations or United Kingdom economic sanctions;
- (5) it acknowledges that the Exchange Offer with Exit Consent is subject to the restrictions set out in the section entitled “Offer and Distribution Restrictions”;
- (6) it acknowledges that the New Notes to be exchanged for the Exchange Notes tendered for exchange hereby have not been registered under the Securities Act and may only be sold or otherwise transferred subject to the restrictions set out in the section entitled “Transfer Restrictions;”
- (7) it acknowledges that this Exchange Offer with Exit Consent is subject to the restrictions set out in “Offer and Distribution Restrictions;”
- (8) the Exchange Notes being tendered thereby were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and we will acquire good, indefeasible and unencumbered title to such Exchange Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same;
- (9) it will not sell, pledge, hypothecate or otherwise encumber or transfer any Exchange Notes tendered thereby and agrees that any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;
- (10) in evaluating the Exchange Offer with Exit Consent and in making its decision whether to participate therein by tendering its Exchange Notes and consenting to the Exit Consent Amendments, such Eligible Holder has made its own independent evaluation of the matters referred to herein and in any related communications and is not relying on any statement, representation or warranty, express or implied, made to such Eligible Holder by the Company, the Subsidiary Guarantors, the Dealer Managers, the Information, Exchange and Tabulation Agent, the New Notes Trustee, the Exchange Notes Trustee, the Agents or any of their respective advisors other than those contained in this exchange offer and consent solicitation memorandum (as amended or supplemented prior to the Expiration Deadline);
- (11) neither the New Notes Trustee, the Exchange Notes Trustee nor any Agent is responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, accuracy, completeness, validity, enforceability or correctness of any statement made and any documents referred to (including the Exchange Notes) in this exchange offer and consent solicitation memorandum or any omissions from this exchange offer and consent solicitation memorandum and the New Notes Trustee, the Exchange Notes Trustee and the Agents shall not be responsible for any failure to obtain any licence, consent or other authority in connection with the Exchange Offer;
- (12) the delivery of an electronic instruction to the relevant Clearing System shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with the Exchange Offer with Exit Consent, in each case on and subject to the terms and conditions set out or referred to in this exchange offer and consent solicitation memorandum;

- (13) the delivery of an electronic instruction to the relevant Clearing System shall constitute (subject to the terms and conditions of the Exchange Offer with Exit Consent generally) the appointment of the Information, Exchange and Tabulation Agent as its attorney and agent, and an instruction to such attorney and agent (such appointment and instruction to be irrevocable) to complete and execute all or any form(s) of transfer and other document(s) at the discretion of such attorney and agent in relation to the Exchange Notes tendered thereby in favor of the Company or such other person or persons as the Company may direct, and to deliver such form(s) of transfer and other document(s) in the attorney's and agent's discretion and/or the certificate(s) and other documents of title relating to such Exchange Notes' registration and to execute all such other documents and to do all such other acts and things as may be in the opinion of such attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the Exchange Offer with Exit Consent, and to vest in the Company or their nominees such Exchange Notes;
- (14) the terms and conditions of the Exchange Offer with Exit Consent shall be deemed to be incorporated in, and form a part of, the electronic instruction, which shall be read and construed accordingly;
- (15) by delivering an electronic instruction with respect to its Exchange Notes through Euroclear or Clearstream, it consents to the disclosure by Euroclear or Clearstream of certain details concerning its identity, the aggregate principal amount of such Exchange Notes and the account details to the Information, Exchange and Tabulation Agent;
- (16) it has not distributed or forwarded this exchange offer and consent solicitation memorandum, or any part thereof, or any other documents or materials relating to the Exchange Offer with Exit Consent to any person, and it has complied with all laws and regulations applicable to it for the purpose of its participation in the Exchange Offer with Exit Consent;
- (17) the Exchange Notes Trustee and the New Notes Trustee will not be held responsible or liable for any liabilities or consequences arising as a result of acts taken by us or pursuant to the terms of the Exchange Offer with Exit Consent or the exchange offer and consent solicitation memorandum and we further declare that the Exchange Notes Trustee and the New Notes Trustee have no responsibility for the terms of the Exchange Offer with Exit Consent or the information in this exchange offer and consent solicitation memorandum;
- (18) it has made an independent investment decision in consultation with its own investment; tax and other professional advisors to the extent that it considers it necessary;
- (19) it has full power and authority to consent to the Exit Consent Amendments and it acknowledges that it consents to the Exit Consent Amendments as described in this exchange offer and consent solicitation memorandum and all terms and conditions set out in this exchange offer and consent solicitation memorandum and authorizes, directs and requests the execution and delivery of the Supplemental Indenture by the Exchange Notes Trustee, subject to the terms of this exchange offer and consent solicitation memorandum. It acknowledges that the delivery of an electronic instruction to this effect constitutes its written consent to the Exit Consent Amendments in respect of the Notes in its account in the relevant clearing system;

- (20) it empowers, authorizes, and requests the Exchange Notes Trustee or the New Notes Trustee to do all such other things as may be necessary or expedient to carry out and give effect to this Exchange Offer with Exit Consent and the Exit Consent Amendments;
- (21) no information has been provided to it by the Exchange Notes Trustee or the New Notes Trustee with regard to the tax consequences arising from the receipt of the consent fee, and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in this Exchange Offer with Exit Consent and agrees that it will not and does not have any right of recourse (whether by way of reimbursements, indemnity or otherwise) against the Exchange Notes Trustee or the New Notes Trustee in respect of such taxes and payments;
- (22) neither the Exchange Notes Trustee nor the New Notes Trustee has given it any information with respect to this Exchange Offer with Exit Consent, nor has the Exchange Notes Trustee nor the New Notes Trustee made any recommendation or statement to it as to whether it should participate in this Exchange Offer with Exit Consent and it has made its own independent investment decision with regard to participating in this Exchange Offer with Exit Consent based on any investment, legal, tax, financial or other professional advice it has deemed necessary to seek;
- (23) it has not relied on the Exchange Notes Trustee and the New Notes Trustee, or any person affiliated with any of them, in connection with its investigation of the accuracy of this Exchange Offer with Exit Consent or its decision to consent to the Exit Consent Amendments;
- (24) it does remise, release and forever discharge the Exchange Notes Trustee and the New Notes Trustee and its employees, officers, directors, affiliates, agents, predecessors and successors, of and from any and all manner of actions, causes of actions, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, claims and demands whatsoever in law or in equity arising from and relating to the execution of each of the Supplemental Indenture and any transactions contemplated in connection with this exchange offer and consent solicitation memorandum.

Each Eligible Holder of the Exchange Notes that submits an electronic instruction will also be deemed to represent, warrant and agree with respect to the transfer restrictions as set forth under the section entitled “Transfer Restrictions.”

The representations and warranties and agreements of an Eligible Holder tendering Exchange Notes shall be deemed to be repeated and reconfirmed on and as of the Expiration Deadline and the Settlement Date. For the purposes of this exchange offer and consent solicitation memorandum, the “beneficial owner” of any Exchange Notes shall mean any Eligible Holder that exercises sole investment discretion with respect to such Exchange Notes.

PROCEDURES FOR TENDERING EXCHANGE NOTES

General

To participate in the Exchange Offer with Exit Consent, an Eligible Holder must validly tender its Exchange Notes for exchange pursuant to the Exchange Offer with Exit Consent prior to the Expiration Deadline pursuant to the procedures described below.

To meet the deadlines referred to in this exchange offer and consent solicitation memorandum, custodians, nominees and the relevant Clearing System may require you to act on a date prior to the Expiration Deadline. Additionally, they may require further information in order to process all requests to tender. Eligible Holders are urged to contact their custodians or the relevant Clearing System as soon as possible to ensure compliance with their procedures and deadlines.

The method of delivery of the electronic instructions to the Information, Exchange and Tabulation Agent is at the election and risk of the Eligible Holder. The Eligible Holder of the Exchange Notes should allow sufficient time to assure delivery to and receipt by the Information, Exchange and Tabulation Agent prior to the Expiration Deadline.

Questions about the terms of the Exchange Offer with Exit Consent should be directed to the Dealer Managers or the Information, Exchange and Tabulation Agent, as applicable. If you have questions regarding tender procedures, please contact the Dealer Managers or the Information, Exchange and Tabulation Agent. Contact information for the Dealer Managers and the Information, Exchange and Tabulation Agent are set forth on the back cover of this exchange offer and consent solicitation memorandum. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee or custodian for assistance concerning the Exchange Offer with Exit Consent.

Valid Tender of the Exchange Notes

If you are an Eligible Holder of Exchange Notes and you wish to tender your Exchange Notes for exchange pursuant to the Exchange Offer with Exit Consent, you may accept the Exchange Offer with Exit Consent prior to the Expiration Deadline by submitting a valid electronic instruction to the relevant Clearing System in accordance with the requirements of the relevant Clearing System. By submitting an electronic instruction in accordance with the requirements of the relevant Clearing System, you shall be deemed to represent, warrant and undertake the following to the Company, the Dealer Managers, the Information, Exchange and Tabulation Agent, the New Notes Trustee and the Exchange Notes Trustee on each of the Expiration Deadline and the Settlement Date:

- that you wish to receive the New Notes under the terms of the Exchange Offer with Exit Consent;
- that you are a person located outside the United States and not a U.S. person (within the meaning of Regulation S under the Securities Act);
- the accuracy of your name and securities account number at the relevant Clearing System in which you hold the Exchange Notes and to which the New Notes are to be credited;
- you have authorized the relevant Clearing System to block your position in the Exchange Notes until the Settlement Date or termination or withdrawal of the Exchange Offer with Exit Consent;
- the accuracy of the cash account number at the relevant Clearing System to which the cash portion of the Exchange and Consent Consideration should be credited; and
- that you consent to the disclosure by Euroclear or Clearstream of certain details concerning your identity, the aggregate principal amount of such Exchange Notes and the account details to the Information, Exchange and Tabulation Agent.

Your acceptance of the Exchange Offer with Exit Consent will constitute a binding agreement between you and us in accordance with the terms, and subject to the conditions, set forth herein and in the electronic instruction. Such acceptance will be binding upon receipt by the relevant Clearing System of a valid electronic instruction in respect of all matters except your tender of the Exchange Notes for exchange, which will be binding immediately.

By submitting a valid electronic instruction to the relevant Clearing System, you are deemed to represent, warrant and undertake to the Company, the Subsidiary Guarantors, the Dealer Managers, the Information, Exchange and Tabulation Agent and the Exchange Notes Trustee that:

- you have received, reviewed and accepted the terms of this exchange offer and consent solicitation memorandum, the terms of the New Notes and the “Transfer Restrictions;”
- you currently hold the Exchange Notes at the time of submission of an electronic instruction, and will continue to hold the Exchange Notes, until the time of settlement on the Settlement Date or the termination of the Exchange Offer with Exit Consent;
- you have blocked the Exchange Notes (and they will remain blocked) in the securities account to which such Exchange Notes are credited in the relevant Clearing System with effect from, and including, the date on which the relevant Clearing System receives the electronic instruction until the earlier of the time of settlement on the Settlement Date or termination or modification of the Exchange Offer with Exit Consent, all in accordance with the normal procedures of the relevant Clearing System and after taking into account the deadlines imposed by the relevant Clearing System;
- you will transfer the Exchange Notes which are the subject of the electronic instruction, on the Settlement Date, with full title, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and we will acquire good, indefeasible and unencumbered title to such Exchange Notes, free and clear of all liens charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same; and
- (i) you are the beneficial owner of, or are a duly authorized representative of one or more such beneficial owners of, the Exchange Notes and you are not a U.S. person and are not located in the United States of America at the time you submitted the electronic instruction and (ii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (x) you have full investment discretion with respect to the Exchange Notes covered by the electronic instruction or (y) the person on whose behalf you are acting is a non-U.S. person located outside the United States of America at the time he or she instructed you to accept the Exchange Offer with Exit Consent.

If you are unable to give any of the representations and warranties described above, please contact the Dealer Managers. Do not send Exchange Notes or electronic instructions to the Dealer Managers, the Company, the Exchange Notes Trustee or the Information, Exchange and Tabulation Agent.

PROCEDURES FOR PARTICIPATING IN THE EXCHANGE OFFER WITH EXIT CONSENT

To tender Exchange Notes pursuant to the Exchange Offer with Exit Consent, a beneficial owner should deliver, or arrange to have delivered on its behalf, via Euroclear or Clearstream, as applicable, and in accordance with the requirements of Euroclear or Clearstream, as applicable, a valid exchange instruction that is received by the Information, Exchange and Tabulation Agent by the Expiration Deadline. Exchange instructions must be submitted in respect of no less than a minimum principal amount of Exchange Notes (being US\$50,000), and may thereafter be submitted in integral multiples of US\$1,000; *provided that*, if an Eligible Holder shall elect to partially exchange its Exchange Notes into New Notes, the principal amount of each retained Exchange Note must be in a minimum amount of US\$200,000.

In addition, a separate Exchange Instruction must be completed on behalf of each beneficial owner of the Exchange Notes.

Eligible Holders are responsible for ensuring that their instructions will result in the New Notes they are entitled to receive being at least equal to the minimum principal amount of US\$50,000. In order to be eligible to receive at least the minimum principal amount of US\$50,000 in the New Notes, each Eligible Holder must submit electronic instruction in a principal amount of at least US\$56,000. Instructions that would result in a principal amount of New Notes below US\$50,000 will be rejected.

Beneficial owners are advised to check with any bank, securities broker or other intermediary through which they hold Exchange Notes when such intermediary would need to receive instructions from a beneficial owner in order for that beneficial owner to be able to participate in the Exchange Offer with Exit Consent by the Expiration Deadline specified in this exchange offer and consent solicitation memorandum. *The deadlines set by any such intermediary and Euroclear or Clearstream, as applicable, for the submission of exchange instructions will be earlier than the Expiration Deadline specified in this exchange offer and consent solicitation memorandum.*

EXCHANGE INSTRUCTIONS

Only direct participants of Euroclear and Clearstream may submit exchange instructions through Euroclear or Clearstream. Each beneficial owner of Exchange Notes that is not a direct participant of Euroclear or Clearstream must arrange for the direct participant through which such beneficial owner holds its Exchange Notes to submit a valid exchange instruction on its behalf to Euroclear or Clearstream, as applicable, before the deadlines specified by Euroclear or Clearstream, as applicable.

Euroclear and Clearstream Participants

A beneficial owner wishing to participate in the Exchange Offer with Exit Consent must submit, or arrange to have submitted on its behalf, at or before the Expiration Deadline and before the deadlines set by Euroclear or Clearstream, as applicable (unless the Exchange Offer with Exit Consent is terminated earlier), a duly completed electronic instruction to Euroclear or Clearstream, as applicable.

The submission of Exchange Notes for exchange will be deemed to have occurred upon receipt by Euroclear or Clearstream, as applicable, of a valid electronic instruction in accordance with the requirements of Euroclear or Clearstream, as applicable. The receipt of such electronic instruction by Euroclear or Clearstream, as applicable, will be acknowledged in accordance with the standard practices of Euroclear or Clearstream, as applicable, and will result in the blocking of such Exchange Notes in Euroclear or Clearstream, as applicable, so that no transfers may be effected in relation to such Exchange Notes.

By submitting an electronic instruction in respect of the Exchange Offer with Exit Consent, the relevant Eligible Holder will be deemed to have confirmed (i) that such Eligible Holder wishes to participate in the Exchange Offer with Exit Consent for the aggregate principal amount of the Exchange Notes specified in the electronic instruction, (ii) that such Eligible Holder consents to the disclosure by Euroclear or Clearstream of certain details concerning the relevant direct participant, the aggregate principal amount of such Exchange Notes specified in the electronic instruction and the account details in which the Exchange Notes are held, to the Information, Exchange and Tabulation Agent, (iii) that the New Notes and any cash payments are to be credited to the securities account and cash account numbers, respectively, at Euroclear or Clearstream, as applicable, in which the Exchange Notes are held.

Any Exchange Notes exchanged in connection with the Exchange Offer with Exit Consent will be cancelled on the Settlement Date.

Tenders of Exchange Notes may not be withdrawn or revoked once submitted unless we are required by law to permit such withdrawal or revocation.

DETERMINATION OF VALIDITY

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tendered Exchange Notes pursuant to any of the procedures described above, and the form and validity of all documents will be determined by us at our sole discretion, which determination will be final and binding absent a finding to the contrary by a court of competent jurisdiction. We reserve the absolute right to reject any or all tenders of any Exchange Notes determined by us not to be in proper form, or if the acceptance of or exchange of such Exchange Notes may, in the opinion of our counsel, be unlawful or result in a breach of contract. A waiver of any defect or irregularity with respect to the tender of one Exchange Note shall not constitute a waiver of the same or any other defect or irregularity with respect to the tender of any other Exchange Notes.

Your tender of the Exchange Notes will not be deemed to have been validly made until all defects or irregularities in your tender and delivery have been cured or waived. None of us, the Dealer Managers, the Information, Exchange and Tabulation Agent, the Exchange Notes Trustee or any other person or entity is under any duty to give notification of any defects or irregularities in any tender of any Exchange Notes or with respect to any Exit Consent, or will incur any liability for failure to give any such notification.

NO PARTICIPATION BY THE COMPANY

The Company may not submit any electronic instructions. Neither the Company, the Subsidiary Guarantors nor any of their respective affiliates hold any of the Exchange Notes.

NO GUARANTEED DELIVERY

There are no guaranteed delivery procedures provided by the Company or any other entity making payments on behalf of the Company in connection with the Exchange Offer. Eligible Holders must tender their Exchange Notes in accordance with the procedures set forth herein.

THE EXCHANGE NOTES TRUSTEE AND AGENTS

In accordance with normal practice, the Exchange Notes Trustee and Agents express no opinion on the terms of the Exchange Offer with Exit Consent. The Exchange Notes Trustee and Agents have not been involved in formulating the terms of the Exchange Offer with Exit Consent, and makes no representation that all relevant information has been disclosed to holders of the Exchange Notes herein or that the information contained herein is accurate or complete. Each holder of the Exchange Notes is responsible for assessing the merits of the Exchange Offer with Exit Consent. Accordingly, the Exchange Notes Trustee and Agents recommend that the holders of the Exchange Notes seek their own independent financial, tax or legal advice with regard to the impact of the implementation of the Exchange Offer with Exit Consent. The Exchange Notes Trustee and Agents shall be entitled to all of the rights, protections, privileges, indemnities and other benefits granted or afforded to it under the Exchange Notes Indenture.

INFORMATION, EXCHANGE AND TABULATION AGENT

Sodali & Co has been appointed as the Information, Exchange and Tabulation Agent for the Exchange Offer with Exit Consent. Questions concerning tender procedures should be directed to the Information, Exchange and Tabulation Agent at the address and telephone numbers listed on the back cover of this exchange offer and consent solicitation memorandum. Holders of the Exchange Notes may also contact their broker, dealer, commercial bank, trust company or other nominee or custodian for assistance concerning the Exchange Offer with Exit Consent. We will pay the Information, Exchange and Tabulation Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses. We have agreed to indemnify the Information, Exchange and Tabulation Agent against certain liabilities, including liabilities arising under the U.S. federal securities laws.

DEALER MANAGERS

We have retained Deutsche Bank AG, Singapore Branch and J.P. Morgan Securities (Asia Pacific) Limited (the “Dealer Managers” and each a “Dealer Manager”) to act as the dealer managers and solicitation agents for the Exchange Offer with Exit Consent. We have agreed to pay the Dealer Managers reasonable and customary fees for their services and we will reimburse the Dealer Managers for their reasonable out-of-pocket expenses, including the reasonable expenses and disbursements of their legal counsel. The obligations of the Dealer Managers to perform their functions are subject to various conditions. We have agreed to indemnify the Dealer Managers against various liabilities, including various liabilities under the U.S. federal securities laws. Questions regarding the terms of the Exchange Offer with Exit Consent may be directed to Dealer Managers at their applicable address and fax number listed on the back cover of this exchange offer and consent solicitation memorandum.

Each of the Dealer Managers is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Each of the Dealer Managers and its affiliates has, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Company and/or its subsidiaries (together the “Group”), for which they received or will receive customary fees and expenses. The Dealer Managers have also entered into a dealer manager agreement with the Company and the guarantors of the Exchange Notes, which contains certain provisions regarding the payment of fees, reimbursement of expenses and indemnity arrangements.

In the ordinary course of their various business activities, the Dealer Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of any member of the Group. The Dealer Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Each of the Dealer Managers is entitled to hold positions in the Exchange Notes, either for their own account or for the account, directly or indirectly, of third parties. Each of the Dealer Managers may make or continue to make a market in, or vote in respect of, or act as principal in any transactions in, or relating to, or otherwise act in relation to, the Exchange Notes and may or may not participate in the Exchange Offer with Exit Consent or take any other action in respect of the Exchange Notes for its own account or for the account of third parties. Each of the Dealer Managers is entitled to continue to own or dispose of, in any manner it may elect, any Exchange Notes they may beneficially own as at the date of this exchange offer and consent solicitation memorandum or, from such date, to acquire further Exchange Notes, subject to applicable law. Neither the Dealer Managers has any obligation to the Company to deliver instructions in favour of the Exit Consent Amendments relating to the Exchange Notes held or beneficially owned by it. No such submission or non-submission of instructions by the Dealer Managers should be taken by any holder of the Exchange Notes or any other person as any recommendation or otherwise by the Dealer Managers, as the case may be, as to the merits of participating or not participating in the Exchange Offer with Exit Consent.

None of the Dealer Managers or any of their respective directors, employees, officers, consultants, agents or affiliates assume any responsibility for the accuracy or completeness of the information in this exchange offer and consent solicitation memorandum or for any failure by the Company to disclose events that may have occurred or may affect the significance or accuracy of such information or the terms of the exchange offer or the consent solicitation.

None of the Dealer Managers nor any of their respective directors, officers, employees, agents or affiliates makes any representation or recommendation whatsoever regarding the Exchange Offer with Exit Consent or any recommendation as to whether holders of the Exchange Notes should participate in the Exchange Offer with Exit Consent.

Each of the Dealer Managers is an agent only of the Company and owes no duty to any holder of the Exchange Notes.

ANNOUNCEMENTS

The announcement of the commencement of the Exchange Offer with Exit Consent, the final aggregate principal amount of the Exchange Notes tendered and accepted for exchange, the receipt

of the Exit Consent Requisite Consents, the final total aggregate principal amount of the New Notes and the settlement of the Exchange Offer with Exit Consent will be released via the HKEXnews website and the Transaction Website, and made through Euroclear or Clearstream, and will occur as specified in the section entitled “Expected Timetable of Events” unless otherwise extended or amended. All other announcements will be made through Euroclear or Clearstream. Significant delays may be experienced in publishing notices through Euroclear or Clearstream and the holders of the Exchange Notes are urged therefore to contact the Dealer Managers or the Information, Exchange and Tabulation Agent for the relevant announcements. All announcements will be made available on the Transaction Website operated by the Information, Exchange and Tabulation Agent.

The Company and the Information, Exchange and Tabulation Agent will announce the outcome of the Exchange Offer on the dates set out in the section entitled “Expected Timetable of Events” and the section entitled “Description of the Exchange Offer with Exit Consent.”

OTHER FEES AND EXPENSES

We will bear the fees and expenses of soliciting tenders and consents for the Exchange Offer with Exit Consent. Tendering holders of the Exchange Notes will not be required to pay any fee or commission to the Dealer Managers or the Information and Exchange Agent. If, however, a tendering holder handles the transaction through its broker, dealer, commercial bank, trust company or other nominee or custodian, that holder may be required to pay brokerage fees or commissions to such broker, dealer, commercial bank, trust company or other nominee or custodian.

TRANSFER TAXES

We will pay all transfer taxes, if any, applicable to the exchange of the Exchange Notes pursuant to the Exchange Offer with Exit Consent. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing the Exchange Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the Exchange Notes tendered;
- tendered Exchange Notes are registered in the name of any person other than the person signing; or
- a transfer tax is imposed for any reason other than the exchange of the Exchange Notes under the Exchange Offer with Exit Consent.

If satisfactory evidence of payment of transfer taxes is not submitted with the tendered Exchange Notes, the amount of any transfer taxes will be billed to the tendering holder.

SOURCES OF FUNDS FOR THE EXCHANGE OFFER WITH EXIT CONSENT

We intend to use internal funds to pay all cash components of the Exchange and Consent Consideration.

Tenders of Exchange Notes by Sanctions Restricted Persons will not be accepted.

An Eligible Holder or a beneficial owner of Exchange Notes who is, or who we believe to be, a Sanctions Restricted Person (as defined herein), may not participate in the Exchange Offer with Exit

Consent. No steps taken by a Sanctions Restricted Person to tender any or all of its Exchange Notes for exchange pursuant to the Exchange Offer with Exit Consent will be accepted by us and such Sanctions Restricted Person will not be eligible to receive the Exchange and Consent Consideration, in any circumstances.

“Sanctions Restricted Person” refers to each person or entity (a **“Person”**):

- (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as of the date hereof can be found at: <https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en>); or (iv) the most current “consolidated list of financial sanctions targets in the United Kingdom” (which as of the date hereof can be found at: <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets>);
- (b) that is located, organized, or resident in a country or territory that is itself the subject of sanctions administered or enforced by any Sanctions Authority (as of the date hereof, Cuba, Iran, North Korea, Syria, the Crimea, so-called Donetsk People’s Republic, and so-called Luhansk People’s Republic regions of Ukraine, and non-government controlled areas of the Kherson and Zaporizhzhia regions of Ukraine); or
- (c) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of: (i) their inclusion in the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the “SSI List”), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “EU Annexes”), the current list of “Designated Persons: Russia” published by OFSI (which as at the date hereof can be found at: <https://www.gov.uk/government/publications/financial-sanctions-ukraine-sovereigntyand-territorial-integrity>), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”) under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being a “Chinese Military-Industrial Complex Company” as defined by the Office of Foreign Assets Control of the U.S. Department of the Treasury which are subject to U.S. Executive Order 13959, as amended by Executive Order 14032, which restricts U.S. persons from trading the publicly-traded securities and derivatives of such entities; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons.

“Sanctions Authority” refers to each of the United States government, United Nations, European Union (or any of its member states), the United Kingdom, any other relevant governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions

or the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury.

Notwithstanding anything else contained in this exchange offer and consent solicitation memorandum or any other document in connection hereto, the Information, Exchange and Tabulation Agent may refrain without liability from doing anything that would or might in its opinion be contrary to any law (including any Sanctions (as that term is defined herein)) or may result in the Information, Exchange and Tabulation Agent becoming a Sanctions Restricted Person (as that term is defined herein)) and may without liability do anything which is, in its opinion, necessary to comply with Sanctions or to avoid becoming a Sanctions Restricted Person (as that term is defined herein).

EXIT CONSENT AMENDMENTS

This section sets forth a description of the proposed changes to the Exchange Notes Indenture for which the Exit Consents are being sought pursuant to this exchange offer and consent solicitation memorandum.

The principal purpose is to obtain the Exit Consent Requisite Consents to eliminate substantially all of the restrictive covenants and to amend certain of the events of default and other provisions in the Exchange Notes Indenture.

Summary of the Proposed Amendments

The Exit Consent Amendments would, in substance, eliminate or amend the following covenants and provisions in the Exchange Notes Indenture (which are also identified below by their respective section references in the Exchange Notes Indenture):

1. eliminate the covenant entitled “Governmental Approvals and Licenses; Compliance with Law” (Section 4.03);
2. eliminate the covenant entitled “Payment of Taxes” (Section 4.04);
3. eliminate the covenant entitled “Limitation on Indebtedness” (Section 4.05);
4. eliminate the covenant entitled “Limitation on Restricted Payments” (Section 4.06);
5. eliminate the covenant entitled “Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries” (Section 4.08);
6. eliminate the covenant entitled “Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries” (Section 4.09);
7. eliminate the covenant entitled “Limitation on Sale and Leaseback Transactions” (Section 4.11);
8. eliminate the covenant entitled “Limitation on Transactions with Shareholders and Affiliates” (Section 4.14);
9. eliminate the covenant entitled “Limitation on Business Activities” (Section 4.15);
10. eliminate the covenant entitled “Use of Proceeds” (Section 4.16);
11. eliminate the covenant entitled “Maintenance of Insurance” (Section 4.17);

12. eliminate the covenant entitled “Provision of Financial Statements and Reports” (Section 4.20) except Section 4.20(b)(ii) and Section 4.20(d) will not be deleted;
13. amend the provision entitled “Events of Default” (Section 6.01) by deleting Section 6.01(d), Section 6.01(e), and Section 6.01(f) relating to breach of certain non-monetary covenants, default on other material indebtedness resulting in acceleration or non-payment of principal and unpaid material final money judgments without a stay of enforcement.

The Exit Consent Amendments would also make certain other changes in the Exchange Notes Indenture of a technical or conforming nature, including the deletion of certain definitions and the elimination of certain cross references. The Exit Consent Amendments constitute one single proposal with respect to the Exchange Notes and a tendering holder must consent to the Exit Consent Amendments in their entirety and may not consent selectively with respect to certain Exit Consent Amendments. The Exit Consent Amendments will be binding on all holders of the Exchange Notes upon our receipt of consent from the Eligible Holders of not less than the Exit Consent Requisite Consents and will become effective upon execution of the Supplemental Indenture with the Exchange Notes Trustee providing for the Exit Consent Amendments, which form is set out in Appendix A – Form of Supplemental Indenture, but will only become operative when the Exchange Offer with Exit Consent has been consummated, and operative only upon payment of the Exchange and Consent Consideration, on the Settlement Date.

If you do not tender your Exchange Notes in the Exchange Offer with Exit Consent and the Exit Consent Amendments to the Exchange Notes become effective, you will be bound by the Exit Consent Amendments even if you did not consent to them.

As per the Exchange Notes Indenture, the Exit Consent Amendments only require the consent of holders of not less than a majority in aggregate principal amount of the outstanding Exchange Notes and not unanimous consent. The Exit Consent Amendments are not to, and shall not be construed to, modify, amend, or affect, in any respect: (a) the obligation of the Company to pay principal and interest on the Exchange Notes when due; (b) the Stated Maturity of the Exchange Notes; (c) the interest rate applicable to the Exchange Notes; (d) the ranking of the Exchange Notes relative to other indebtedness of the Company; or (e) the Subsidiary Guarantees, each of which shall remain in full force and effect in accordance with their respective terms as set forth in the Exchange Notes Indenture.

Please refer to “Appendix A – Form of Supplemental Indenture” to this exchange offer and consent solicitation memorandum for an illustration of the Exit Consent Amendments discussed above.

EXCHANGE RATE INFORMATION

The following table sets forth the noon buying rate in Renminbi as set forth in the H.10 statistical release of the Federal Reserve Bank of New York for the periods indicated:

Period	Noon Buying Rate			
	Period End	Average ⁽¹⁾	High	Low
		(RMB per U.S. Dollar)		
2021	6.3726	6.4382	6.3435	6.5716
2022	6.8972	6.7518	6.3084	7.3048
2023	7.0999	7.0896	6.7010	7.3430
2024	7.2993	7.1933	7.0106	7.2993
2025	6.9931	7.1708	6.9931	7.3499
2026				
January	6.9510	6.9692	6.9462	6.9965
February	6.8579	6.9064	6.8409	6.9463
March (through March 13, 2026)	6.8961	6.8880	6.8655	6.9066

Source: Federal Reserve Statistic Release

- (1) Annual average for any given year is calculated by using the average of the exchange rates on the end of each month during such year. Monthly average for any given month is calculated by using the average of the daily rates during such month.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following selected consolidated statements of comprehensive loss data for the years ended December 31, 2023 and 2024 and the consolidated balance sheets data as of December 31, 2023 and 2024 have been derived from, and should be read in conjunction with, our audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024, together with the related notes, included elsewhere in this exchange offer and consent solicitation memorandum. The following selected consolidated statements of comprehensive loss data for the six months ended June 30, 2024 and 2025 and the consolidated balance sheets data as of June 30, 2025 have been derived from, and should be read in conjunction with, our unaudited interim condensed financial information as of and for the six months ended June 30, 2025, together with the related notes, included elsewhere in this exchange offer and consent solicitation memorandum. The unaudited interim condensed financial information have been prepared on the same basis as our audited consolidated financial statements and include all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair statement of our financial position and operating results for the period presented. Results for interim periods are not indicative of results for the full year.

Our financial information presented below has been prepared in accordance with IFRSs. Our historical results do not necessarily indicate our results expected for any future periods.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS DATA

	For the Year Ended December 31,					For the Six Months Ended June 30,				
	2023		2024			2024		2025		
	% of Total RMB	Revenues	RMB	USD	% of Total Revenues	% of Total RMB	Revenues	RMB	USD	% of Total Revenues
	(in thousands, except percentages)									
	(unaudited)					(unaudited)				
Car rentals and services revenues	4,216,053	86.6%	5,384,586	751,659	75.7%	2,547,048	76.7%	2,807,537	391,917	89.3%
Sale of used rental vehicles revenues	650,261	13.4%	1,729,136	241,378	24.3%	773,910	23.3%	337,791	47,154	10.7%
Total revenues	4,866,314	100.0%	7,113,722	993,037	100.0%	3,320,958	100.0%	3,145,328	439,071	100.0%
Cost of revenues of car rentals and services	(3,479,465)	(71.5%)	(4,725,349)	(659,633)	(66.4%)	(2,296,411)	(69.1%)	(2,480,658)	(346,287)	(78.9%)
Cost of revenues of sales of used rental vehicles	(648,069)	(13.3%)	(1,688,034)	(235,640)	(23.7%)	(766,040)	(23.1%)	(341,561)	(47,680)	(10.9%)
Gross profit	738,780	15.2%	700,339	97,764	9.8%	258,507	7.8%	323,109	45,104	10.3%
Selling and marketing expenses	(182,494)	(3.8%)	(216,092)	(30,165)	(3.0%)	(111,214)	(3.3%)	(98,065)	(13,689)	(3.1%)
General and administrative expenses	(399,692)	(8.2%)	(403,217)	(56,287)	(5.7%)	(207,539)	(6.2%)	(212,800)	(29,706)	(6.8%)
Net impairment reversals on financial assets	321,974	6.6%	218,371	30,483	3.1%	130,020	3.9%	6,761	944	0.2%
Other income/(expense), net	17,838	0.4%	6,697	935	0.1%	(567)	*	1,515	211	*
Other gains/(losses), net	22,599	0.5%	(84,500)	(11,796)	(1.2%)	(78,770)	(2.4%)	29,100	4,062	0.9%
Finance income	3,959	0.1%	3,551	496	*	2,255	0.1%	2,122	296	0.1%
Finance costs	(632,214)	(13.0%)	(828,930)	(115,714)	(11.7%)	(400,101)	(12.0%)	(403,268)	(56,294)	(12.8%)
Finance costs, net	(628,255)	(12.9%)	(825,379)	(115,218)	(11.6%)	(397,846)	(12.0%)	(401,146)	(55,998)	(12.8%)
Loss before income tax	(109,250)	(2.2%)	(603,781)	(84,285)	(8.5%)	(407,409)	(12.3%)	(351,526)	(49,071)	(11.2%)
Income tax (expenses)/benefit	(54)	*	9,800	1,368	0.1%	–	–	325	45	*
Loss for the year/period	(109,304)	(2.2%)	(593,981)	(82,917)	(8.3%)	(407,409)	(12.3%)	(351,201)	(49,026)	(11.2%)
Other comprehensive loss										
<i>Items that may not be subsequently reclassified into</i>										
<i>profit or loss</i>										
Exchange differences	(89,841)	(1.8%)	(64,445)	(8,996)	(0.9%)	(28,855)	(0.9%)	16,260	2,270	0.5%
Changes in the fair value of equity investments at fair value through other comprehensive income (“FVOCI”)	(130)	*	102,841	14,356	1.4%	–	–	–	–	–
Deferred tax for fair value change on financial assets at FVOCI	–	–	(23,713)	(3,310)	(0.3%)	–	–	–	–	–
Total comprehensive loss for the year/period	(199,275)	(4.1%)	(579,298)	(80,867)	(8.1%)	(436,264)	(13.1%)	(334,941)	(46,756)	10.6%
Total comprehensive loss attributable to equity holders of the Company	(199,275)	(4.1%)	(579,298)	(80,867)	(8.1%)	(436,264)	(13.1%)	(334,941)	(46,756)	10.6%

Note:

* less than 0.1%

CONSOLIDATED BALANCE SHEETS DATA

	As of December 31,			As of June 30,	
	2023	2024		2025	
	RMB	RMB	USD	RMB	USD
	(in thousands)			(unaudited)	
ASSETS					
Non-current assets					
Property, plant and equipment	7,127,201	5,479,354	764,888	5,165,952	721,139
Prepayments for purchase of vehicles	38,034	448	63	19,964	2,787
Right-of-use assets	554,862	2,324,168	324,441	2,130,475	297,403
Intangible assets	203,526	200,970	28,054	199,793	27,890
Deferred tax assets	17,616	27,923	3,898	31,910	4,454
Financial assets at fair value	73,986	171,026	23,874	171,026	23,874
Prepayments and other receivables	837,263	683,559	95,421	571,796	79,820
	8,852,488	8,887,448	1,240,640	8,290,916	1,157,367
Current assets					
Inventories	52,035	49,185	6,866	53,581	7,480
Trade receivables	599,414	890,146	124,260	822,271	114,785
Prepayments and other receivables	723,345	971,880	135,669	1,115,667	155,741
Restricted cash	1,149	1,150	161	1,050	147
Cash and cash equivalents	543,126	594,259	82,955	395,514	55,212
	1,919,069	2,506,620	349,911	2,388,083	333,364
Total assets	10,771,557	11,394,068	1,590,551	10,678,999	1,490,731
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	4,222	4,222	589	4,222	589
Share Premium	4,656,594	4,656,594	650,035	4,656,594	650,035
Other reserves	14,783	29,466	4,113	45,726	6,383
Accumulated losses	(4,172,267)	(4,766,248)	(665,343)	(5,117,449)	(714,368)
Total equity/(deficit)	503,332	(75,966)	(10,604)	(410,907)	(57,360)
LIABILITIES					
Non-current liabilities					
Borrowings, non-current	3,396,142	5,371,982	749,900	5,218,823	728,520
Lease liabilities, non-current	314,247	943,311	131,681	656,389	91,628
Deferred tax liabilities	17,616	41,573	5,803	45,234	6,314
Financial liabilities at fair value through profit or loss	9,265	29,085	4,060	—	—
	3,737,270	6,385,951	891,444	5,920,446	826,462
Current liabilities					
Trade payables	269,962	86,470	12,071	58,948	8,229
Accrued expenses and other current liabilities	872,443	645,335	90,085	731,155	102,065
Advances and contract liabilities	84,127	123,706	17,269	92,007	12,844
Current tax liabilities	23,269	23,658	3,303	23,359	3,261
Borrowings, current	5,038,910	2,767,118	386,275	2,713,114	378,736
Lease liabilities, current	242,244	1,437,796	200,709	1,520,486	212,252
Financial liabilities at fair value through profit or loss.. . . .	—	—	—	30,391	4,242
	6,530,955	5,084,083	709,711	5,169,460	721,629
Total liabilities	10,268,225	11,470,034	1,601,155	11,089,906	1,548,091
Total equity and liabilities	10,771,557	11,394,068	1,590,551	10,678,999	1,490,731

NON-IFRSs FINANCIAL MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we use adjusted EBIT and adjusted EBITDA as non-IFRSs financial measures. Adjusted EBIT represents net income or loss before interest expense, interest income, provision for income taxes, net fair value (gain)/loss on financial assets at FVPL, net fair value (gain)/loss on financial liabilities at FVPL, gain/loss on repurchase of senior notes, losses on exchange of senior notes, provision for doubtful receivables and foreign exchange (gain)/loss. Adjusted EBITDA represents adjusted EBIT before depreciation and amortization. The depreciation and amortization includes depreciation and impairment charges for property, plant and equipment, gains or losses on sales of used rental vehicles, depreciation of right-of-use assets, amortization of intangible assets. We present adjusted EBIT and adjusted EBITDA because they are used by our management to evaluate our operating and financial performance and to plan and forecast the future. We also believe that adjusted EBIT and adjusted EBITDA provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods.

The following table reconciles our adjusted EBIT and adjusted EBITDA for the years ended December 31, 2023 and 2024, and for the six months ended June 30, 2024 and 2025, respectively, to the most directly comparable financial measure calculated and presented in accordance with IFRSs and International Accounting Standard (“IAS”) 34, which is net loss:

	As of December 31,			As of June 30,		
	2023	2024		2024	2025	
	RMB	RMB	USD	RMB	RMB	USD
	(in thousands)					
	(unaudited)					
Net loss	(109,304)	(593,981)	(82,917)	(407,409)	(351,201)	(49,026)
Interest income	(3,959)	(3,551)	(496)	(2,255)	(2,122)	(296)
Interest expenses	632,214	828,930	115,714	400,101	403,268	56,294
Provision for income taxes . .	54	(9,800)	(1,368)	–	(325)	(45)
Net fair value gain/(loss) on financial assets at FVPL . .	6,062	5,802	810	1,825	–	–
Net fair value loss/(gain) on financial liabilities at FVPL	(1,637)	19,820	2,767	(557)	1,306	182
Gain/Loss on repurchase of senior notes	(32,827)	(20,272)	(2,830)	–	(34,540)	(4,822)
Net impairment losses on financial assets	(321,974)	(218,371)	(30,483)	(130,020)	(6,761)	(944)
Losses on exchange of senior notes	–	70,115	9,788	70,115	–	–
Foreign exchange (gain)/loss .	5,803	9,035	1,261	7,387	4,134	577
Adjusted EBIT	174,432	87,727	12,246	(60,813)	13,759	1,921
Depreciation and amortization	1,570,890	2,121,344	296,128	1,042,212	1,165,018	162,630
Adjusted EBITDA	1,745,322	2,209,071	308,374	981,399	1,178,777	164,551

The use of adjusted EBIT and adjusted EBITDA have certain limitations because they do not reflect all items of income and expense that affect our operations. Items excluded from adjusted EBIT and adjusted EBITDA are significant components in understanding and assessing our operating and financial performance. Interest expense, interest income, provision for income taxes, net fair value (gain)/loss on financial assets at FVPL, net fair value (gain)/loss on financial liabilities at FVPL, gain/loss on repurchase of senior notes, losses on exchange of senior notes, provision for doubtful receivables and foreign exchange (gain)/loss, which are not reflected in adjusted EBIT, and those items and depreciation and amortization, which are not reflected in adjusted EBITDA, have been and may continue to be incurred in our business. Each of these items should also be considered in the overall evaluation of our results. Additionally, adjusted EBIT and adjusted EBITDA do not consider capital expenditures and other investing activities and should not be considered as measures of our liquidity. We reconcile these non-IFRSs financial measures to the nearest IFRSs measure, which should be considered when evaluating our performance. The terms adjusted EBIT and adjusted EBITDA are not defined under IFRSs, and adjusted EBIT and adjusted EBITDA are not measures of net income or loss, operating income or loss, operating performance or liquidity presented in accordance with IFRSs. When assessing our operating and financial performance, you should not consider such data in isolation or as a substitute for our net income or loss, operating income or loss or any other operating performance measure that is calculated in accordance with IFRSs. Further, adjusted EBIT and adjusted EBITDA may differ from the non-IFRSs information used by other companies, including peer companies, and therefore comparability may be limited. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure. You should also note that the adjusted EBIT and adjusted EBITDA as presented herein is calculated differently from Consolidated EBITDA as defined and used in the Indenture. See “Description of the New Notes – Definitions” for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture.

Results of operations

Six months ended June 30, 2025 compared to six months ended June 30, 2024

Total revenues

Our total revenues decreased by RMB175.7 million, or 5.3%, from RMB3,321.0 million in the six months ended June 30, 2024 to RMB3,145.3 million (US\$439.1 million) in the six months ended June 30, 2025.

Car rentals and services. Our car rentals and services revenue increased by RMB260.5 million, or 10.2%, from RMB2,547.0 million in the six months ended June 30, 2024 to RMB2,807.5 million (US\$391.9 million) in the six months ended June 30, 2025, primarily driven by the growth of our average available fleet size from 97,953 in six months ended June 30, 2024 to 104,981 in six months ended June 30, 2025.

Sales of used rental vehicles. Our total revenues from sales of used rental vehicles decreased by RMB436.1 million, or 56.4%, from RMB773.9 million in the six months ended June 30, 2024 to RMB337.8 million (US\$47.2 million) in the six months ended June 30, 2025, due to a decrease in disposal of used vehicles in the six months ended June 30, 2025, as our transition to asset-light operating lease model was mainly implemented in 2024.

Cost of revenues of car rentals and services

Our cost of revenues of car rentals and services increased by RMB184.3 million, or 8.0%, from RMB2,296.4 million in the six months ended June 30, 2024 to RMB2,480.7 million (US\$346.3 million) in the six months ended June 30, 2025, mainly due to the growth of car rentals and services revenues and increase in average available fleet size.

Cost of revenues of sales of used rental vehicles

Our cost of revenues of sales of used rental vehicles decreased by RMB424.4 million, or 55.4%, from RMB766.0 million in the six months ended June 30, 2024 to RMB341.6 million (US\$47.7 million) in the six months ended June 30, 2025, due to the decrease in revenues from sales of used rental vehicles driven by the decreased disposal of used vehicles.

Selling and marketing expenses

Our selling and marketing expenses decreased by RMB13.1 million, or 11.8%, from RMB111.2 million in the six months ended June 30, 2024 to RMB98.1 million (US\$13.7 million) in the six months ended June 30, 2025, primarily due to the decrease in advertising and promotion expenses driven by the decreasing expenditure in brand promotion.

General and administrative expenses

Our general and administrative expenses increased by RMB5.3 million, or 2.6%, from RMB207.5 million in the six months ended June 30, 2024 to RMB212.8 million (US\$29.7 million) in the six months ended June 30, 2025, primarily due to the increase in the depreciation of our new building.

Net impairment reversals on financial assets

We recorded net impairment reversals on financial assets of RMB130.0 million and RMB6.8 million (US\$0.9 million) in the six months ended June 30, 2024 and 2025, respectively, mainly due to a reduction of RMB123.2 million in bad debt recovery.

Other gains/(losses), net

We recorded other losses, net of RMB78.8 million in the six months ended June 30, 2024 while we recorded other gains, net of RMB29.1 million (US\$4.1 million) in the six months ended June 30, 2025, primarily as we recorded loss on exchange of senior notes of RMB70.1 million in the six months ended June 30, 2024, while we recorded gain on repurchase of senior notes of RMB34.5 million in the six months ended June 30, 2025.

Income tax (expenses)/benefit

We recorded income tax benefit of RMB0.3 million (US\$0.04 million) in the six months ended June 30, 2025.

Net loss

As a result of the foregoing, we recorded net loss of RMB351.2 million (US\$49.0 million) in the six months ended June 30, 2025, as compared to net loss of RMB407.4 million in the six months ended June 30, 2024.

Year ended December 31, 2024 compared to year ended December 31, 2023

Total revenues

Our total revenues increased by RMB2,247.4 million, or 46.2%, from RMB4,866.3 million in 2023 to RMB7,113.7 million (US\$993.0 million) in 2024.

Car rentals and services. Our car rentals and services revenues increased by RMB1,168.5 million, or 27.7%, from RMB4,216.1 million in 2023 to RMB5,384.6 million (US\$751.7 million) in 2024, mainly driven by the increase in our transaction volume, as well as the growth of our average available fleet size from 68,440 in 2023 to 101,226 in 2024.

Sales of used rental vehicles. Our total revenues from sales of used rental vehicles significantly increased by RMB1,078.8 million, or 165.9%, from RMB650.3 million in 2023 to RMB1,729.1 million (US\$241.4 million) in 2024, as we disposed of more used vehicles along with our increasing implementation of the asset-light operating lease model throughout 2024.

Cost of revenues of car rentals and services

Our cost of revenues of car rentals and services increased by RMB1,245.8 million, or 35.8%, from RMB3,479.5 million 2023 to RMB4,725.3 million (US\$659.6 million) in 2024, mainly due to the increase in vehicle operating lease and insurance cost which attributed to the increase in average available fleet size.

Cost of revenues of sales of used rental vehicles

Our cost of revenues of sales of used rental vehicles significantly increased by RMB1,039.9 million, or 160.5%, from RMB648.1 million in 2023 to RMB1,688.0 million (US\$235.6 million) in 2024, in line with the significant increase in revenues from sales of used rental vehicles driven by the increased disposal of used vehicles.

Selling and marketing expenses

Our selling and marketing expenses increased by RMB33.6 million, or 18.4%, from RMB182.5 million in 2023 to RMB216.1 million (US\$30.2 million) in 2024, mainly due to increases in commission fees as a result of the growth of total revenues, as well as an increase in advertising and promotion fee attributable to the collaboration with Shanghai Disney Resort.

General and administrative expenses

Our general and administrative expenses increased by RMB3.5 million, or 0.9%, from RMB399.7 million in 2023 to RMB403.2 million (US\$56.3 million) in 2024, mainly due to the increase in the rent of our headquarter office.

Net impairment reversals on financial assets

We recorded net impairment reversals on financial assets of RMB322.0 million and RMB218.4 million (US\$30.5 million) in 2023 and 2024, respectively, mainly because we continued to collect amounts due from car dealers during these periods, driven by the recovery of the used car sales market.

Other gains/(losses), net

We recorded other gains, net of RMB22.6 million in 2023 while we recorded other losses, net of RMB84.5 million (US\$11.8 million) in 2024, primarily as we recorded loss on exchange of senior notes of RMB70.1 million in 2024.

Income tax (expenses)/benefit

We recorded income tax expenses of RMB54,000 in 2023 while we recorded income tax benefit of RMB9.8 million (US\$1.4 million) in 2024.

Net loss

As a result of the foregoing, we recorded net loss of RMB594.0 million (US\$82.9 million) in 2024, as compared to net loss of RMB109.3 million in 2023.

Off balance sheet arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

OPERATING DATA

The following tables set forth our key operating metrics as of the dates and for the periods indicated:

	As of/For the Year Ended December 31,		As of/For the Six Months Ended June 30,	
	2023	2024	2024	2025
Period-end fleet size ⁽¹⁾	92,699	125,701	129,029	134,988
Average available fleet size ⁽²⁾	68,440	101,226	97,953	104,981
ADRR (RMB) ⁽³⁾	238	228	225	219
Fleet utilization rate (%) ⁽⁴⁾	70.8	63.8	63.6	67.6
RevPAC (RMB) ⁽⁵⁾	169	145	143	148

(1) “Period-end fleet size” refers to the aggregate number of self-owned vehicles and operating-leased vehicles in our vehicle fleet as of the last day of a given period, including vehicles that we have written off in accordance with our accounting policy and vehicles that are currently missing but have not been written off.

(2) “Average available fleet size” is calculated by dividing the aggregate number of days in which our vehicle fleet was in operation during a given period by the total number of days during the same period. In determining the size of our “vehicle fleet in operation,” we include all vehicles in our vehicle fleet except for vehicles that have been written off in accordance with our accounting policy and vehicles that have not been consistently made available for rent and that we may consider to dispose when appropriate opportunities arise. The difference between average available fleet size and period-end fleet size is primarily attributable to the time lag in including new vehicles in our “vehicle fleet in operation” after acquisition or lease, and the time lag in disposing of or returning vehicles after they are excluded from the “vehicle fleet in operation.”

(3) “ADRR” or “Average daily rental rate” refers to RevPAC of our vehicle fleet in a given period divided by the fleet utilization rate during the same period.

- (4) “Fleet utilization rate” refers to the aggregate transaction days for our vehicle fleet during a given period divided by the aggregate days our vehicle fleet are in operation during the same period. “Transaction days” refer to the aggregate number of days on which a vehicle in our vehicle fleet was on rent during a given period.
- (5) “RevPAC” refers to average daily revenues per available vehicle, which is calculated by dividing the revenues during a given period by the aggregate number of days in which our vehicle fleet was in operation during the same period.

Our period-end fleet size increased from 92,699 as of December 31, 2023 to 125,701 as of December 31, 2024 and our average available fleet size increased from 68,440 for the year ended December 31, 2023 to 101,226 for the year ended December 31, 2024, primarily because we started to implement and take advantage of the asset-light operating lease model in late 2023 to increase our fleet size and leased a significant amount of operating-leased vehicles since the first quarter of 2024.

Our period-end fleet size increased from 129,029 as of June 30, 2024 to 134,988 as of June 30, 2025 and our average available fleet size increased from 97,953 for the six months ended June 30, 2024 to 104,981 for the six months ended June 30, 2025, primarily because we further increase fleet size via operating-lease model since the first quarter of 2024.

Our ADRR for the year ended December 31, 2024 was RMB228, as compared to RMB238 for the year ended December 31, 2023, primarily due to our strategic decision to lower pricing in order to increase market share in 2024, as well as to respond to competition from industry peers. Our fleet utilization rate and RevPAC for the year ended December 31, 2024 were 63.8% and RMB145, respectively, as compared to 70.8% and RMB169 for the year ended December 31, 2023, respectively, primarily because we decided to significantly increase our fleet size via operating-lease since the first quarter of 2024, and it would take time for our fleet utilization rate and RevPAC to ramp up following such significant increase in fleet size.

Our ADRR for the six months ended June 30, 2024 was RMB225, as compared to RMB219 for the six months ended June 30, 2025, primarily due to our strategic decision to lower pricing in order to increase market share as well as to respond to competition from industry peers. Our fleet utilization rate and RevPAC for the six months ended June 30, 2024 were 63.6% and RMB143, respectively, as compared to 67.6% and RMB148 for six months ended June 30, 2025, respectively, primarily because of the increasing demand in travel and mobility industry as well as the increasing fleet supply.

There is no industry norm with respect to the calculations of these operating metrics. As a result, our operating metrics may not be comparable to those used by other industry participants.

INDUSTRY OVERVIEW

The information presented in this section has been derived from an industry report commissioned by us and prepared by iResearch Consulting Group, an independent research firm, to provide information regarding our industry and our market position in China (the “iResearch report”).

OVERVIEW OF THE MOBILITY-AS-A-SERVICE (“MAAS”) ECOSYSTEM

The MaaS is a mission-critical function serving the transportation needs of millions, individuals and businesses alike, on a daily basis. It encompasses private cars, public transportation, as well as shared mobility, which in turn includes car rentals, ride-hailing and bike sharing. With the large population and standing as the second largest economy, China’s MaaS industry has a large total addressable market and significant untapped potential.

China’s MaaS market is expected to continue its robust growth in the next decade. Favorable tailwinds include steady GDP growth, disposable income growth, world-class infrastructure, increasing consumer demand as well as supportive government policy. In particular, China has the world’s largest transportation network consisting of over 1,300 high-speed train stations and 263 civil airports as of December 31, 2024. China also has the highest volume of motor vehicles of 453 million and the highest number of licensed drivers amounting to 542 million as of December 31, 2024, according to iResearch. According to International Monetary Fund, China’s GDP is projected to continue its steady growth at 3.3%-4.6% in the next six years, thus creating strong needs for leisure travel and business travel. Additionally, the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 of the People’s Republic of China (the “14th Five-Year Plan”) has outlined stimulating domestic demand by encouraging domestic tourism and consumption upgrade as priorities for the whole nation. Furthermore, China’s growing upper-middle and above class and upgrading lifestyle trend continue to create demand for personalized and flexible mobility options. For example, people are desiring more private and customized mobility services. Finally, the supply and demand balance of the automotive industry has gradually shifted in favor of the buyers, whereas new energy vehicles (“NEV”) and autonomous driving (“AD”) technologies and continual infrastructure construction are expected to continue to significantly transform the affordability, accessibility and applicability of people’s mobility options.

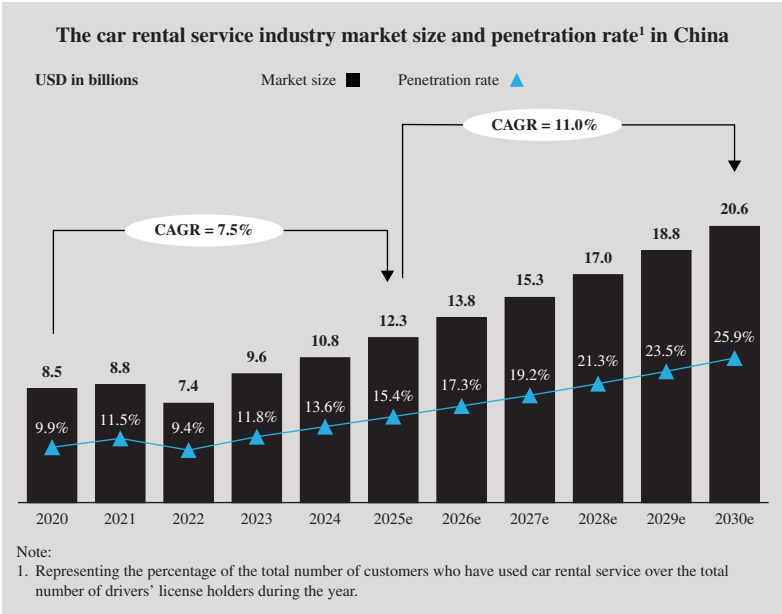
In general, consumers evaluate each of the MaaS options based on a number of key criteria, including flexibility, comfort, privacy, care-free services and cost. Within the broader MaaS ecosystem, shared mobility, including car rental, has in recent years emerged as an increasingly popular option among consumers and other end-users. The broader MaaS ecosystem offers better flexibility, comfort, privacy (as compared to public transportation) and superior economics. The MaaS ecosystem also helps reduce the carbon footprint. By increasing vehicle utilization, shared mobility helps reduce traffic congestion, lower travel cost, and make mobility more accessible and affordable. According to iResearch, the market for shared mobility in China is projected to increase at a CAGR of 10.2% from RMB561.2 billion (US\$80.0 billion) in 2025 to RMB911.7 billion (US\$129.9 billion) in 2030. Additionally, as user cases of ride-hailing and car rentals may overlap, and considering that the ride-hailing service fees encompass the continuously rising labor costs for drivers, consumers are increasingly opting for self-drive car rentals as a cost-effective alternative to ride hailing, which is expected to further broaden the addressable market of car rentals.

We operate in the car rental service market, which is the fastest growing segment in the next five years within the shared mobility industry. As compared to ride-hailing services, taxis and public transportation, car rental services offer enhanced flexibility, safety, hygiene, privacy and care-free services for passengers and can also offer customers with driving pleasure which is often deprived of in other formats of shared mobility. Use cases of car rental services typically include leisure travel, business travel, intra-city daily commuting and inter-city travel. Car rental companies offer point-to-point connectivity with superior economics on medium- to long-distance travels (typically inter-city travels). In contrast, other modes of shared mobility such as ride-hailing and taxis are typically opted for by passengers for shorter distance travels and less cost-effective for medium- to long-distance travels. The need for medium- to long-distance inter-city travel is expected to significantly increase in the future alongside with the rapid rollout of inter-city highways by the PRC government, calling for an even higher demands for car rental services. In addition, with technologies like EV and AD coming into reality, use cases for car rental services are ever-expanding in the future. Furthermore, the fierce competitions among OEMs would lower the costs for vehicle procurement for car rental service companies, which would in turn benefit the car rental service industry.

OVERVIEW OF CHINA’S CAR RENTAL SERVICE INDUSTRY

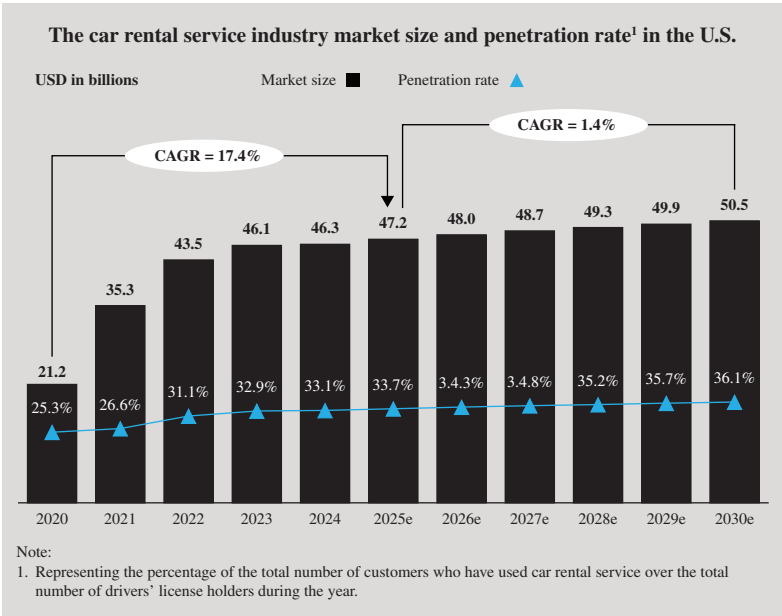
Overview

China’s car rental service industry is still at an early stage with a relatively low penetration rate and yet a high level of market fragmentation, compared to its U.S. and Brazilian counterparts, the two more mature markets in the world according to iResearch, which feature high penetration rate and high market concentration. The cumulative penetration rate, measured as the number of customers who have ever used car rental services in their lifetime to the total number of drivers’ license holders, was very low at 15%-20% in 2024 in China’s car rental service industry. According to iResearch, despite the impact of the COVID-19 pandemic, the market size of China’s car rental service market increased from RMB60.0 billion (US\$8.5 billion) in 2020 to RMB76.1 billion (US\$10.8 billion) in 2024, and is predicted to further increase to RMB86.0 billion (US\$12.3 billion) in 2025. China’s car rental service market is approaching an inflection point and set to experience high growth in the next six years, and is predicted to grow at a CAGR of 11.0% from 2025 to 2030, reaching a market size of RMB144.7 billion (US\$20.6 billion) by 2030, according to iResearch.



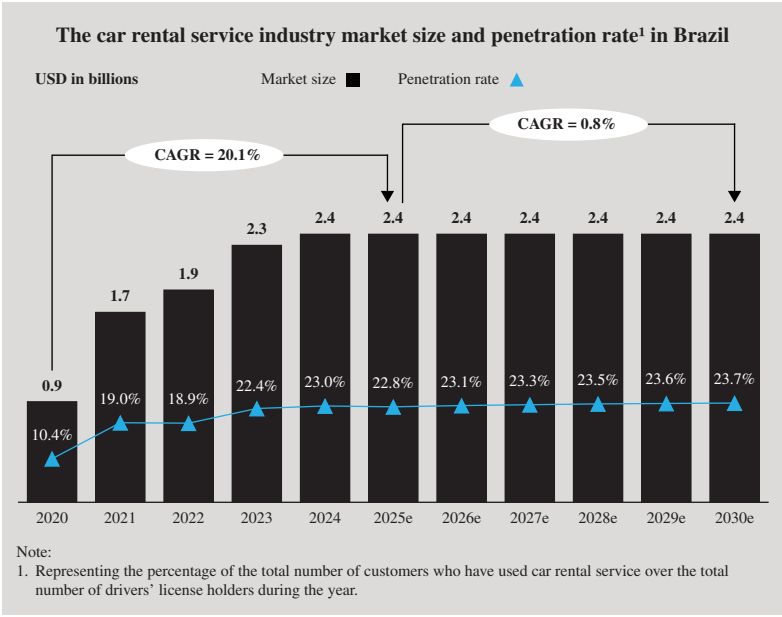
Source: iResearch report

In comparison, the cumulative penetration rate of U.S.’s car rental service industry has already reached 45%-55% in 2024. The U.S. car rental service industry experienced its period of rapid growth in the 1980s and is now in a period of stable growth. The U.S. car rental service market is expected to grow at a CAGR of 1.4% from 2025 to 2030, reaching a total size of US\$50.5 billion by 2030, according to iResearch.



Source: iResearch report

The Brazilian car rental service industry has a cumulative penetration rate of 30%-35% in 2024 with moderate growth. The market size is predicted to be US\$2.4 billion in 2025, and is expected to grow at a CAGR of 0.8%, reaching US\$2.4 billion by 2030.

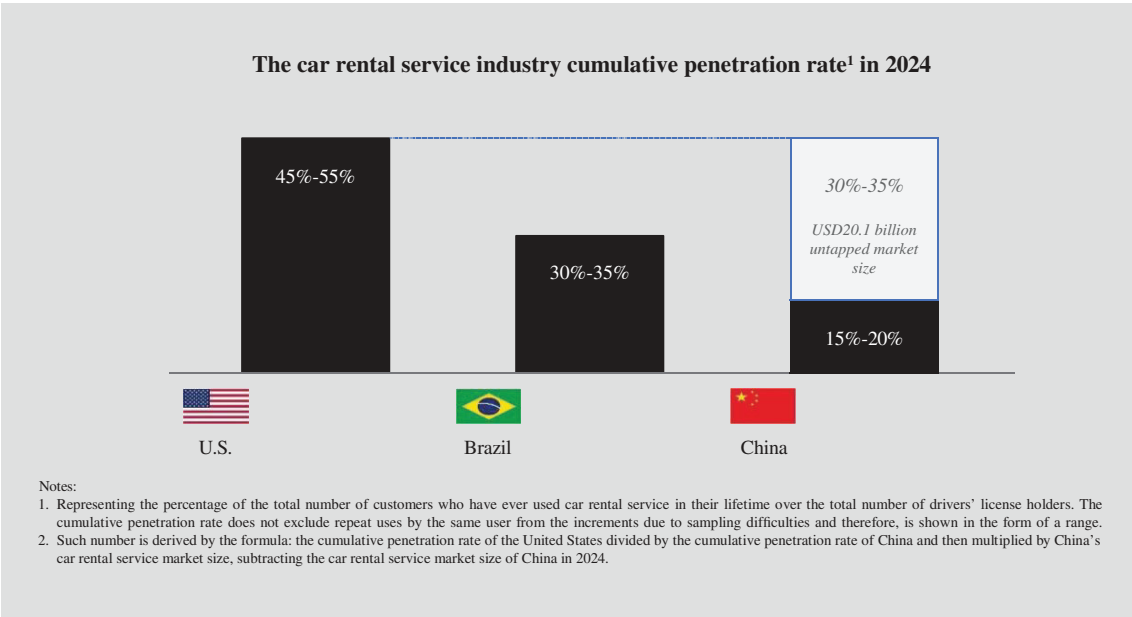


Source: iResearch report

Characteristics of China’s Car Rental Service Market

Low market penetration rate with significant untapped market

Given its early stage of development, China’s car rental service market is characterized by a relatively low penetration rate. According to iResearch, the cumulative penetration rate of China’s car rental service industry was 15%-20% in 2024, which was significantly lower than that in the U.S. (45%-55%) and Brazil (30%-35%). The cumulative penetration rate in China is expected to gradually increase to 45%-55% by 2030, according to iResearch, and it is expected to increase ultimately to match those of the more mature markets, representing a large yet untapped market.



Source: iResearch report

High market fragmentation and prevalence of local small-scale operators

China’s car rental service industry remains highly fragmented, as the top two car rental service companies had a market share of only over 5% (in terms of total revenue) in 2024, according to iResearch. In comparison, the top three players in the U.S. and Brazil accounted for 88.3% and 83.0% of their respective total market during the same period. As of the end of 2024, there were approximately one million car rental service related companies in China, according to iResearch. Many of these small- to medium-sized players only operate in local areas, without a national or regional footprint.

Lack of standardized service quality leading to inconsistencies in customer experiences

Due to the prevalence of local small players, service quality lacks standardization across and within regions. Car rental service companies have different fleet size and vehicle types with varying qualities and conditions. Likewise, car pickup and return at different car rental service companies can lead to very different experiences for customers. Such variations in pricing, expediency and service quality can lead to volatilities in customer experience. Additionally, except for a few established players, the market as a whole has yet to fully evolve to accommodate customers’ ever-increasing demands for service-oriented, rather than purely functional car rental services. Players with the ability to ensure consistent service quality are well-poised to win customer recognition and loyalty.

Fleet size-based operational approaches

Depending on their fleet size, different types of car rental service companies in China utilize different fleet management and operational models, many of which may not prove to be efficient. Small-scale operators with fleet size below 50 are typically less capable in vehicle dispatching technologies and could only do this manually. Larger players, as they expand, have often resorted to franchise model. Under the franchise model, these companies license out their trademarks and brands to franchisees, over which they have limited control, resulting in quality control issues. Furthermore, the franchise model could introduce additional operational complexities and difficulties when the headquarter tries to roll out innovative service. On the other side, the asset-light operating lease model, under which car rental services providers lease vehicles from automotive OEMs and financial institutions, have become increasingly popular for companies to enlarge and refresh their fleet due to relevantly low capital expenditure requirements upfront and alleviation of risks relating to vehicle disposals. Companies with the ability to scale up their operation without sacrificing service quality and losing efficiency are well-positioned to emerge as the dominant market players.

DRIVERS FOR GROWTH IN MAINLAND CHINA'S CAR RENTAL SERVICE MARKET

Upgrade of infrastructure and navigational technologies leading to rising passenger throughput from high-speed railways and airlines and improved travel accessibility by car

China's infrastructure has been and continues to be a key driver for China's economic growth. Currently, China has the world's largest transportation network consisting of over 1,300 high-speed train stations and 263 civil airports as of December 31, 2024, according to iResearch. Under the 14th Five-Year Plan, the government plans to construct 30 civil airports, 3,000 kilometers of railways, and 25,000 kilometers of highways from 2021 to 2025. According to the MOT and China Railway, as of December 31, 2024, the length of China's operating high-speed railway reached 48,000 kilometers and the length of China's highways reached approximately 190,000 kilometers, both of which are the highest in the world. According to the MOT and National Bureau of Statistics, as of December 31, 2024, the total inter-regional personnel mobility reached approximately 64.5 billion person-times, among which, railway passenger volume was 4.3 billion person-times, accounting for 6.7%, while civil airlines passenger volume was 0.7 billion person-times, accounting for 1.1%. With world-class infrastructure, the economic and time costs for long-haul travel through railways and airlines are lowered, which drives passenger throughput and in turn increases the demands for car rental services at destinations as a complementary mobility option.

As the upgrade of navigational technologies continue to improve accuracy, self-driving becomes an increasingly preferred option for passengers. China's widespread wireless connection network facilitates the use of navigational technologies by lowering associated costs and it also enables seamless connectivity with friends and family in mobile environments, thereby further increasing preference towards self-driving. The upgrade of navigational technologies together with accessibility to wireless connection boost short-haul travel through self-driving, which tends to increase demands for car rental services.

Growing upper-middle and above class with stronger willingness and ability to spend on leisure travel and increasing demands for car rentals for business travel by enterprises

The total number of residents in upper-middle and above class is predicted to increase gradually, from 463.8 million in 2024 to 585.7 million in 2030, according to iResearch. This demographic group is more open-minded towards consumption and increasingly pursues lifestyle upgrade and leisure travel. With stronger willingness and higher ability to pay, this group of population, who is willing to choose car rental services to fulfill their demands for flexible, affordable and personalized travel experience, is the key target customers for car rental service companies. As such, China's growing upper-middle and above class stands to become a key driver of growth for the Chinese car rental service industry.

Additionally, while traditionally enterprises normally use a combination of self-owned vehicles and rental vehicles for business travel, due to increasing need to reduce costs and increase efficiency, they gradually prefer car rental services more as compared to purchasing self-owned vehicles, so as to reduce fixed asset investments thereby improving capital utilization efficiency as well as alleviate the burden in terms of vehicle maintenance, repairs, and daily management. Car rental companies may offer flexible vehicle rental services with different rental periods and vehicle models to address diverse transportation needs of enterprises in various scenarios and enhance vehicle utilization efficiency.

Rapid development of second-tier and third-tier cities with growing demands for car rental services

The continuous advancement of urbanization has brought about increased mobility demands, especially in second and third-tier cities where public transportation is less developed, while car rental services can provide a flexible mean of transportation. The new generation are more and more inclined to opt for cost-effective niche tourist destinations, instead of popular tourist destinations. This trend has led to a tourism boom in second and third-tier cities, thereby driving local demands for car rental services. Moreover, as of December 31, 2024, 96 cities in China had car ownership exceeding 1 million vehicles, with 45 cities exceeding 2 million vehicles, and 26 cities exceeding 3 million vehicles. The increasing car ownership has caused traffic congestion issues in these cities, while car rentals offer an alternative to private car, and alleviate traffic pressure.

Increasing demands for travel safety and hygiene in post COVID-19 pandemic era and increasing demands for personal mobility

The COVID-19 pandemic has led to commuters and travelers placing an increasing emphasis on safety, hygiene and privacy when selecting their transportation options. According to iResearch, the emphasis of safety, hygiene and privacy increased from 51.1%, 20.9% and 26.6% in pre pandemic era to 67.1%, 48.3% and 36.4% in post pandemic era, respectively. This structural change in customer preference is expected to have an eternal impact on the demands for car rental services, which are perceived as safer options than public transportation and other shared mobility services which implement relatively loosed social distancing measures. According to iResearch, the proportion of individuals who prefer self-driving or car rental options for their daily commuting increased by 64.8% in the post pandemic as compared to in pre pandemic era. Car rental service industry tends to recover faster as compared to the broader MaaS peers, which increased at 13.1% in 2024 as compared to 2023, and at a CAGR of 11.0% from 2025 to 2030, higher than most of its MaaS peers, according to iResearch. In the long run, consumers are expected to continue to place a premium on the travel safety, hygiene and privacy, boosting demand for self-driving and car rental options.

Moreover, car rental serves for the diversification of mobility options and better meets personalized needs of commuters and travelers as compared to public transportation and other shared mobility services, such as ride-hailing. As commuters and travelers may reserve vehicle and rides on a pre-arranged basis, car rental can well meet demands of commuters and travelers in various scenarios, including, among others, long-distance travel during vacation time, homecoming during holiday seasons, intra-city daily business commuting. Additionally, car rental can effectively meet personalized needs, such as preference on vehicle models.

Market consolidation by leading companies as the car rental service industry matures

Given its nascent nature, the car rental service industry in China remains highly fragmented. As it matures, consolidation is expected to follow, as intensifying competition forces smaller companies to exit while promoting leading incumbents to reap economies of scale by expanding their market share either through organic growth or mergers and acquisitions. Through integration of resources and synergies across business segments, leading players are capable of enhancing their operational efficiency.

Increasing labor costs of professional drivers for other shared mobility services and aging population of professional drivers leading to growing demands for self-driving and car rental options

As the economy develops, the labor costs in China have kept increasing in recent years and are expected to increase in the long run. According to iResearch, the average annual salary of urban private sector employees for leasing and commercial service increased from RMB43,770 in 2015 to RMB67,107 in 2023. With the increasing labor costs of professional drivers, car rental services have cost advantages over other shared mobility services such as ride-hailing services and taxis. In addition, as the aging population of professional drivers increase, their driving capabilities would be negatively affected by factors such as age-related changes in vision, reaction and physical function, thereby heightening the safety risks for public transportation, ride-hailing services and taxis. As a result of the increasing labor costs and aging population of professional drivers, the demands for self-driving and car rental options are expected to grow in the long term.

Widening gap between number of licensed drivers and number of car owners

Due to policy on purchase restrictions, there has been an imbalance between the number of driver's license holders and the number of private cars in China. Furthermore, high costs in car ownership, including purchase price, license plate quota, parking, fuel or electricity cost, maintenance and insurance may also prevent many license holders from owning a car. According to iResearch, the gap is expected to widen from 196.1 million in 2024 to 228.2 million in 2029. This imbalance is further exacerbated during national holidays given the increasing popularity of self-driving trips. Such imbalance calls for strong demand for car rental services.

Maturity of EV and AD technologies predicted to expand use cases for car rental services

NEV technologies are expected to transform the existing mobility paradigm by lowering unit costs of mobility. Continuous improvement in NEV technologies expand riders' mobility options with lower costs, greater range and faster charging, thus further increasing demand for shared mobility options such as car rental services.

The gradual advancement of AD technologies is predicted to continuously create more use cases for car rental services. AD technologies encompass six levels from L0 to L5, among which L1-L2 technologies are advanced driver assistance systems (ADAS) functions such as adaptive cruise control (ACC), autonomous emergency braking (AEB), and lane keeping assist. These L1-L2 technologies can alleviate driver fatigue and stress during long-distance driving or congested road conditions, thereby enhancing driving comfort. They also help reduce the number of accidents caused by human inattention and thus claims per vehicle, and help handle emergency situations more accurately. Additionally, these technologies optimize driving routes and styles to reduce fuel consumption and emissions, contributing to environmental protection. Once AD technologies advance into L5, the driving process will be fully automated without drivers' involvement. The market for car rental services will encounter significant increase as a result of users' increasing preference over car rentals than self-ownership, and the removal of the requirement to hold a driver's license to use car rental services. The continuous advancement of AD technologies will significantly increase the total addressable market for car rental services.

Favorable policies promoting domestic consumption upgrade and tourism industry

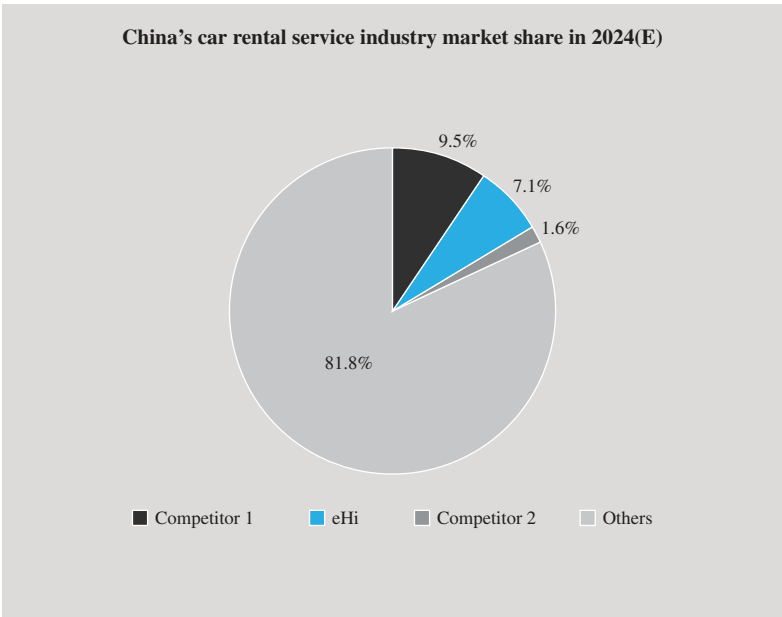
Car rental services, as a key MaaS offering, aligns closely with China's economic development priorities outlined in the 14th Five-Year Plan adopted by the National People's Congress. The 14th Five-Year Plan stimulates domestic demand by encouraging domestic tourism and consumption upgrade as priorities for the whole nation. Car rental service industry is well suited to drive this economic development by addressing the travel demand, promoting the tourism industry and facilitating the consumption upgrade, all of which are the core of China's economy and in line with the very intention of the policy makers. In particular, the 14th Five-Year Plan upgrades traditional consumption, accelerates the shift from purchase management to usage management for automobiles and other consumer goods so as to promote green consumption upgrade, which strongly favors the whole car rental service industry. Additionally, several recent policies such as the Several Measures on Unleashing the Potential of Tourism Consumption to Promote High-Quality Development of Tourism and Domestic Tourism Improvement Plan (2023-2025) published by the General Office of the State Council aim to enhance consumer and tourism supply, meet diverse consumer demands and promote high-quality development in the tourism industry.

COMPETITIVE LANDSCAPE AND MARKET PARTICIPANTS

According to iResearch, three major business models of car rental services in China include direct operation model, franchise model, and Online Travel Agency (OTA) aggregation model, and among them, the direct operation model has significant advantages. In addition, automotive OEMs and distributors have also started to offer car rental services as a path to attract potential customers for sales of their automobiles. Direct operation refers to headquarters investing directly in operations under a unified brand, establishing branches or stores nationwide. This model ensures standardized services, transparent pricing, high service quality, and consistent brand image maintenance. The franchise model involves franchisors licensing their brand, trademark, services, and technologies to franchisees for a fee. This model may vary in service consistency and quality, with issues from franchisees potentially impacting company reputation and brand value. The OTA aggregation model integrates services of car rental companies via online platform, providing a single channel for consumers. Under this model, service quality and consistency rely on the quality of each service provider, whose performance may impact the reputation and brand value of the platform. With the gradual advancement in AD and artificial intelligence ("AI") technologies, personalized options on

car brands and models will be increasingly important in users’ choice of car rental services providers. Professional car rental services providers could leverage their fleet composed of diverse car brands and models to offer great flexibility for users, which will help them out compete automotive OEMs and distributors who offer only a limited number of car models. Moreover, the ability of managing their fleet efficiently, including dynamic supply-demand matching, autonomous vehicle dispatching and predictive maintenance as assisted by AI technologies, largely distinguishes professional car rental services providers from other market participants.

Players in the car rental service market typically compete on network coverage, fleet size, brand recognition, operating efficiency and service offering. According to iResearch, the top two car rental service companies with a market share over 5% (in terms of total revenue) are estimated to have 16.6% of the total revenue in China’s car rental service industry in 2024. The below pie chart sets forth the estimated market share of China’s car rental service industry in 2024:



Source: iResearch report

Notes:

- (1) Competitor 1 is a car rental service provider, headquartered in Beijing and founded in 2007, and primarily engages in car rental and fleet rental service for individual users and enterprise users.
- (2) Competitor 2 is a state holding car rental service provider, headquartered in Beijing and founded in 1992, and primarily engages in long-term rental service for business users.

The below table sets forth a comparative overview of key operating metrics for these top two companies with a market share over 5% (in terms of total revenue) in China’s car rental service industry in 2024.

For the year ended/As of December 31, 2024 ⁽¹⁾	eHi	Competitor 1 ⁽²⁾
CAGR of total revenue growth ⁽³⁾	20.3%	9.7%
Period-end fleet size	125,701	Around 160,000
Number of cities/counties covered	501	Over 400
ADRR	RMB228	RMB216

Notes:

- (1) The table only sets forth market players with a market share over 5% in terms of total revenue. The data in the table above is based on publicly available information and estimates derived from expert interviews, which may not be identical to their internal data due to confidentiality matters.
- (2) Competitor 1 is a car rental service provider, headquartered in Beijing and founded in 2007, and primarily engages in car rental and fleet rental service for individual users and enterprise users.
- (3) Represents the CAGR of total revenue growth from 2014 to 2024.

Source: iResearch

ENTRY BARRIERS FOR CHINA'S CAR RENTAL SERVICE MARKET

Winning in the car rental service industry requires differentiated capabilities and we have already built up several key barriers to ensure our sustained leadership in this industry. China's large-scale car rental service market is characterized by medium level of industry barriers, including but not limited to the following factors:

Nationwide coverage

Car rental service companies with nationwide coverages are able to offer a more comprehensive suite of services that smaller regional players cannot, such as inter-provincial vehicle pick up and returns. By leveraging the extensive service network, these players may harness the network effect to deliver quality services to customers uniformly and consistently. A nationwide coverage also allows for more flexible vehicle dispatchment to balance fluctuations in regional demand and helps bring up overall utilization rate.

Economies of scale

Incumbent players with large fleet sizes are able to enjoy significant economies of scale, including but not limited to favorable procurement terms, fixed overhead sharing as well as strategic arrangements for used car disposal, enabling them to enhance operational efficiency and reducing costs.

Well-established and trusted brand

A well-established and trusted brand is critical for customer acquisition and retention. The leading incumbents have built up distinct brand awareness with deep understanding of China's car rental service market and accumulated significant customer loyalty, and may pose as a strong deterrent for companies considering to enter.

Strong technology capabilities and operational know-how

In order to access and curate a large customer base, car rental service companies need to invest in developing strong technologies and operational expertise to provide quick, streamlined and reliable services. Given high costs of maintaining large fleets, car rental service companies need to maintain high fleet utilization rates by leveraging their technologies. Capturing customer preferences in differed regions and modifying the service offerings accordingly also require a high level of operational efficiency.

Reliable financial capabilities and support

The car rental service industry is a capital intensive industry as significant amount of initial investment is required for vehicle procurement and service station build-up. Strong and reliable financial backing from a diverse set of industry and institutional investors and various funding channels with flexible financing terms or options are key to success.

Local knowledge and relationship

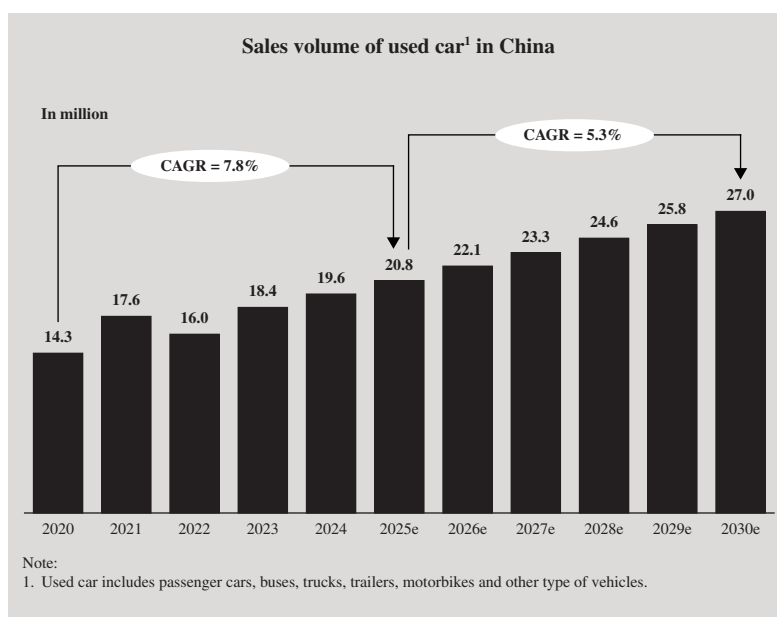
Building a nationwide car rental service platform necessitates deep local knowledge and relationships in the regions where players seeking to enter. Such local networks are built over time and difficult for new entrants to establish.

As a result of the aforementioned barriers, many established international brands that have tried to break into China's car rental service market, failed to succeed. Potential foreign entrants need to dedicate large amounts of resources to establish their local footing, or partnering up with local incumbents in order to compete with the more established local brands.

CHINA'S USED CAR SALES MARKET

Car rental service companies in China typically dispose of used cars through various types of retail channels, such as broker/dealer markets, stores authorized by OEMs and automobile dealerships, used car trading platforms, auction companies and direct sales to individual customers.

The used car sales business in China is expected to experience robust growth, driven by the continued increase in car ownership, an increasing number of OEMs and automobile dealerships entering and promoting the development of the used car market and growing demand for and acceptance by consumers towards used cars. The PRC government has made increased efforts to promote circular economy and more effective automotive lifecycle management. The used car sales business in China is expected to experience robust growth. The issue of Notice on Several Measures to Realize Automobile Circulation and Expand Automobile Consumption (《關於搞活汽車流通擴大汽車消費若干措施的通知》) in July 2022, demonstrates the government's efforts in boosting the vitality of used car market, which further supports the proper circulation and use of aged cars. To stimulate demand for used cars, the government has reduced value-added tax on used-car dealers from 3% to 0.5% for sales of used-cars in May 2020 and renewed this policy in September 2023. According to iResearch, the volume of used car transactions in China is expected to grow from 20.8 million in 2025 to 27.0 million in 2030, representing a CAGR of 5.3%. In addition, the used car sales market in China is still at an early stage of development with the volume of used car transactions equal to approximately 0.6 times of the volume of new car transactions, lower than those of more mature markets such as the U.S. where the volume of used car transactions is equal to approximately 2.3 times of the volume of new car transactions, according to iResearch.



Source: iResearch report

Currently, the used car industry is faced with several pain points, including unstable and fragmented car supply, long transaction chain (typically pass through two or three intermediaries before reaching final customers), wavering quality, and fluctuating pricing. Car rental service companies such as eHi are well-positioned to enter this market, given their stable and large supply of high-quality used cars, deep relationships with OEMs and used car sales channels, and established capabilities in monitoring, anticipating and optimizing pricing for used cars. By selling used cars from their own fleets, car rental service companies can capture more profits previously belonging to intermediaries. After carrying out the used car business, car rental service companies will reduce dependencies on OEM's program cars, since they will have more options to dispose of the used cars by themselves.

OUR CORPORATE HISTORY AND STRUCTURE

OUR CORPORATE HISTORY

We commenced our business in 2006, which was initially focused on providing chauffeured car services to premium corporate and institutional clients. In 2008, we began to provide car rental services to individual customers. Our subsidiary, eHi Car Services Limited (previously known as Prudent Choice International Limited or eHi Auto Services Limited), was incorporated in the Cayman Islands as an exempted company on August 3, 2007. eHi Car Services Limited was our Cayman Islands holding company prior to its merger with Teamsport Bidco Limited in 2019.

In March 2008, eHi Rental was established in China by two nominee shareholders designated by Mr. Ray Ruiping Zhang to engage in, among other things, car rental services. Also in March 2008, we established our first wholly foreign owned subsidiary Shuzhi Information Technology (Shanghai) Co., Ltd., or Shuzhi, in China. In November 2009, Shuzhi acquired the 94.13% equity interest of eHi Rental, and two nominee shareholders designated by Shuzhi acquired the remaining 5.87% equity interest of eHi Rental.

In September 2010, we through eHi Car Services Limited acquired all the shares of eHi Auto Services (Hong Kong) Holding Limited, or eHi Hong Kong, a then dormant company incorporated in Hong Kong, and became its sole shareholder.

In December 2010, Shuzhi and eHi Hong Kong completed a share transfer and capital increase of eHi Rental, upon which eHi Hong Kong acquired the 5.87% equity interest of eHi Rental from the two nominee shareholders. As a result, eHi Rental was converted into a Sino foreign joint venture enterprise. eHi Hong Kong and Shuzhi currently hold 95.55% and 4.45% equity interests of eHi Rental, respectively.

In December 2011, we, through eHi Hong Kong, established our second wholly foreign owned subsidiary, eHi Jiangsu, in China. In May 2020, eHi Rental acquired all of the equity interest of eHi Jiangsu from eHi Hong Kong. We have, through eHi Rental and eHi Jiangsu, established and acquired several subsidiaries in various regions in China to expand the geographic coverage of our business operations.

In November 2015, we, through eHi Rental, established a wholly owned subsidiary eHi Management. eHi Management was incorporated to operate car rental management and related software development business.

In October 2013, we established L&L Financial Leasing Holding Limited, or L&L, in Hong Kong through eHi Hong Kong, which is a holding company of Shanghai Taihao Financial Leasing Co., Ltd., or Shanghai Taihao, and Shanghai Taide Financial Leasing Co., Ltd., or Shanghai Taide. Shanghai Taide was incorporated in the Shanghai Free Trade Zone.

In November 2013, we, through eHi Rental, established a wholly owned subsidiary Shanghai Taihan Trading Co., Ltd., or Shanghai Taihan. Shanghai Taihan was incorporated in the Shanghai Free Trade Zone to operate sales of vehicles and used vehicles business.

In November 2014, eHi Car Services Limited completed its initial public offering and its listing on the New York Stock Exchange became effective on November 18, 2014.

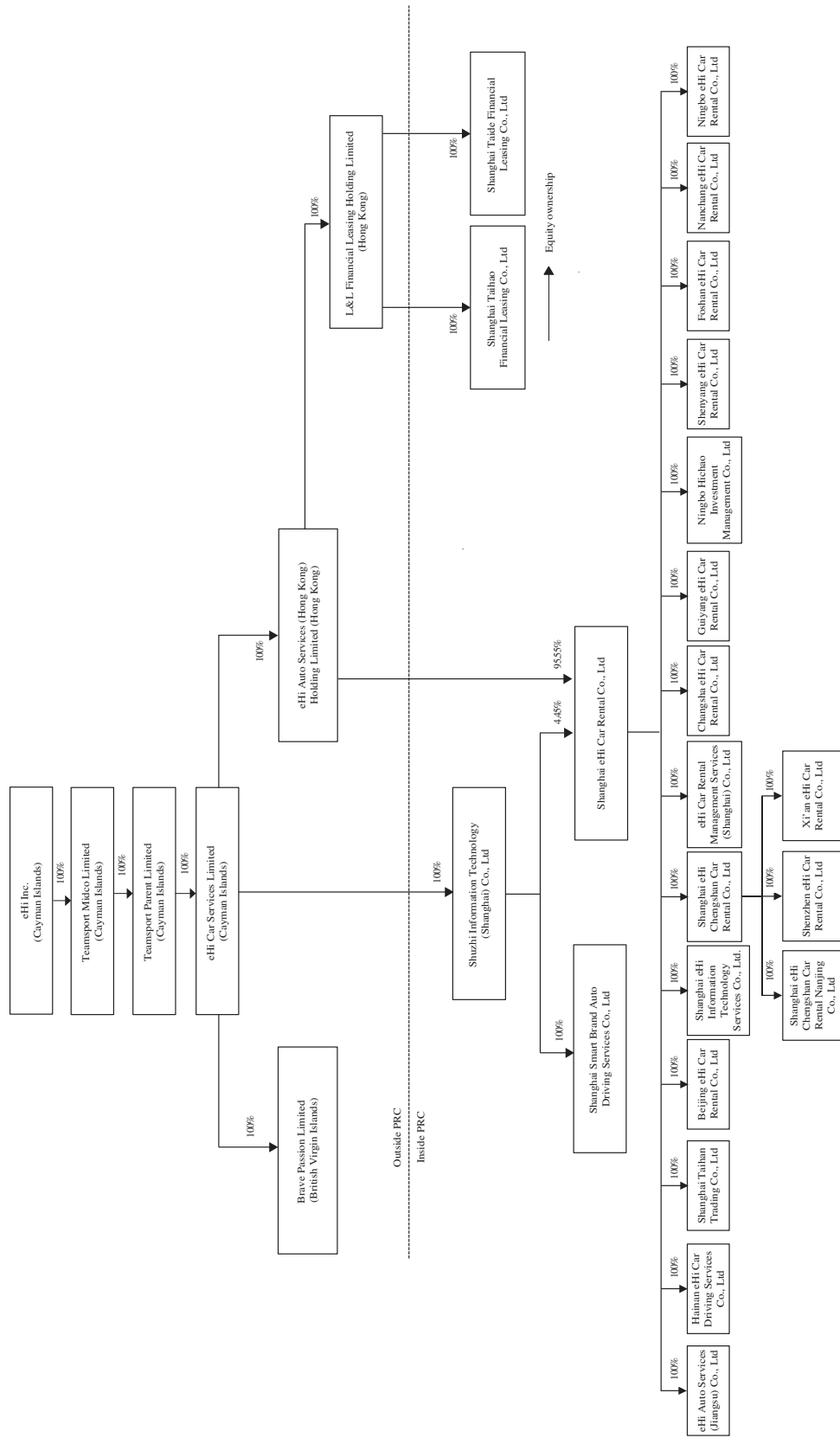
In 2018, each of Teamsport Topco Limited, Teamsport Midco Limited, Teamsport Parent Limited and Teamsport Bidco Limited was incorporated solely for purposes of effecting a merger with eHi Car Services Limited. On April 9, 2019, eHi Car Services Limited completed the merger with Teamsport Bidco Limited, a wholly-owned indirect subsidiary of Teamsport Topco Limited owned by a buyer group including Fastforward Company Ltd, The Crawford Group, Inc., Ctrip.com (Hong Kong) Limited, Ocean Aloha Company Limited, L&L Horizon, LLC and Dongfeng Asset Management Co., Ltd., pursuant to the amended and restated agreement and plan of merger dated February 18, 2019. Upon completion of the merger, eHi Car Services Limited was privatized and ceased to be a public company on April 9, 2019 and has since then become a wholly-owned indirect subsidiary of eHi Inc. (formerly known as Teamsport Topco Limited), our current Cayman Islands holding company.

In October 2023, the name of Teamsport Topco Limited was changed to eHi Inc.

Historically, we entered into a series of contractual arrangements in March 2014 with eHi Information and its nominee shareholders designated by eHi Rental for our Internet and mobile services. In August 2020, we also entered into a series of contractual arrangements with Shanghai Wenlong for our investment business. We initially established the contractual arrangements for preserving the flexibility to potentially engage or invest in business that may be subject to the foreign investment restrictions under the PRC law. During the term of such contractual arrangements, we were able to consolidate the financial results of these companies in our consolidated financial statements. The operations of these companies were immaterial during the years ended December 31, 2023 and 2024, other than certain intercompany balances and transactions within our group. There were no cash transferred between these companies and other entities within our group for the years of 2023 and 2024. We do not believe that the variable interest entity structure is currently necessary for these companies. We terminated the contractual arrangements with Shanghai Wenlong and its nominee shareholders designated by eHi Rental on July 31, 2023 and acquired its entire equity interests on October 8, 2023. We also terminated the contractual arrangements with eHi Information and its nominee shareholders on January 24, 2025 and acquired its entire equity interests on February 27, 2025. Following such termination and equity interest acquisition, all of these companies became our subsidiaries in which we have direct equity ownership. We do not currently use a variable interest entity structure.

OUR CORPORATE STRUCTURE

The following diagram illustrates our principal corporate structure as of the date of this exchange offer and consent solicitation memorandum:



BUSINESS

OVERVIEW

Who We Are and What We Have Achieved

We are a trailblazer in China's mobility service industry and have grown into a leader in the industry since our inception in 2006. We are the largest car rental service provider in China in terms of geographical coverage as of December 31, 2024 and have the highest ADRR in 2024, according to iResearch. Our leadership is further exemplified by the number of transportation hubs (consisting of 879 high-speed train stations and 199 airports) that our service network has covered across China as of June 30, 2025. We pioneered and successfully operated a direct operation business model with nationwide coverage since 2008, through which we exercise unfettered control over our vast service network, as we directly own, lease and operate our facilities and assets, build upon our brand and deliver quality services to our customers in a uniform and consistent manner.

We have been actively building up and expanding our fleet size through a combination of different models to capture untapped demands. Traditionally, like other car rental service providers, we mainly used the vehicle acquisition model (including vehicle purchase and financial lease) to build up and expand our fleet, under which we hold legal title of the vehicles. In late 2023, we started to implement and take advantage of the asset-light operating lease model, under which we lease vehicles from automotive OEMs and financial institutions. The operating lease model is expected to sustainably facilitate and maintain our fleet expansion to capture increasing market demands without committing large cashflow upfront, thereby improving our financial leverage. As of June 30, 2025, our fleet has been expanded to include 134,988 vehicles in total, comprised of 51,914 self-owned vehicles (under the vehicle acquisition model) and 83,074 operating-leased vehicles (under the operating lease model). The following diagram sets forth our key achievements and key operating metrics:

eHi is the best-in-class car rental platform in China

Largest
geographical coverage¹

Top
ADRR²

Well-recognized
brand of choice

eHi's outstanding operating performance³



509

Cities covered in mainland China



c. 7k

Total service locations



243K

Car rental APP's
monthly average DAU



135k

Total fleet size



RMB219

ADRR



67.6%

Fleet utilization rate

Notes:

- (1) Among all car rental service companies in China, as measured by the number of cities/counties covered as of December 31, 2024;
- (2) Among the top five car rental service companies in China in 2024;
- (3) All operating data is as of/for the period ended June 30, 2025.

Our Value Propositions

China's car rental service industry is still at an early stage with a relatively low penetration rate and yet a high level of market fragmentation, as the top two car rental service companies had a market share of only over 5% (in terms of total revenue) in 2024, according to iResearch. As the car rental service industry matures, market consolidation by industry leaders is expected to follow. Amid the accelerated market consolidation in China, we increased our presence and further solidified our leadership through continued organic growth. We have grown our business to a level which enables us to leverage economies of scale, which in turn further improves our operational efficiency by reducing costs.

Leveraging our leadership position and these market drivers, we endeavor to bring compelling value propositions to our customers:

- *Greater convenience and flexibility enabled by nationwide coverage and fully digitalized platform.* Through our extensive service network spanning across 509 cities/counties and encompassing 6,935 service locations as of June 30, 2025, we prioritize in offering customers greater convenience and flexibility throughout the car rental service process. These initiatives include convenience around pick-up/drop-off (including being the first to provide one-way car rental services without charging one-way drop-off fees on a regional basis in China as well as use of virtual smart key function that supports unmanned car rental services with self-pick-up/self-drop-off), flexibility in rental period (which could be tailored to an hourly, daily, weekly, monthly or annual basis according to customers' demands) and waiver of deposits for rental vehicles for individual customers (subject to certain exceptions). Moreover, we offer our 2B customers with customized portals that can be fully and seamlessly integrated into their internal system or intranet, through which they can make reservations and settle payments more efficiently.
- *Consistent service quality benefiting from network effect.* As a pioneer in direct operation business model with nationwide coverage, we benefit from the well-established network effect, which distinguishes us from our peers and smaller regional players by delivering consistent service quality. We provide diverse vehicle models to our customers with 24/7 all-round customer service leveraging our nationwide service network. As of June 30, 2025, we had 10.4 million 2C customers and 173.6 thousand 2B customers who had used our services.

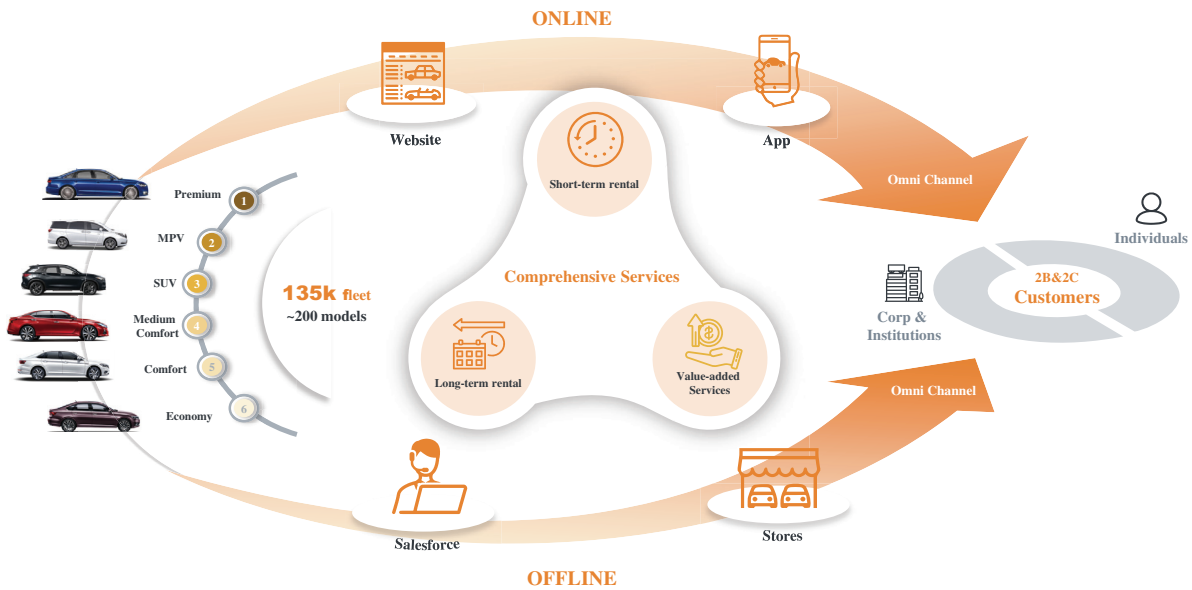
- *Enhanced safety, hygiene and privacy contributing to brand effect.* The COVID-19 pandemic has led to increased customer demands and preference for travel options with better safety and hygiene measures, which is expected to have long-lasting impact on the demands and dynamics of car rental services. In this regard, we provide our customers with point-to-point mobility solutions with enhanced safety, hygiene and privacy, which are perceived as safer options than public transportation and other shared mobility. Through offering enhanced safety, hygiene and privacy which are key considerations in mobile environment, we have further enhanced customers' trust in our brand.

As a result, our “eHi” brand has become one of the most well-recognized and trusted brands in China’s mobility service market and is synonymous with convenience, reliability and satisfaction. Our quality has made us a preferred and trusted car rental service provider for our customers with high levels of customer satisfaction. We demonstrated a strong and leading position among the top ten car rental service companies in China in a customer satisfaction survey dated June 2023 which is conducted by iResearch for the review of car rental service industry (the “iResearch Survey”). We are the most reliable car rental service brand in China with a brand reliability rate (representing the percentage of customers who evaluate and recognize our brand as trusted and reliable in the survey) of 91.4%, according to the iResearch Survey. We also have the highest degree of customer loyalty with a loyalty index of 4.48 out of 5.00 as well as the highest degree of recommendation with a recommendation index of 4.41 out of 5.00, according to the iResearch Survey. In addition, we ranked the first place in Baidu’s keyword search index for car rental service companies in each of 2022, 2023 and 2024, according to iResearch. Our strong and solid brand is the cornerstone of our business, which allows us to attract more customers and capture more opportunities. Our reputation garnered from our past achievements would continue to guarantee our continued successes in the future.

Our Comprehensive Service Offerings

We provide one-stop comprehensive service offerings, featuring diverse vehicle models, ideal vehicle condition, nationwide service network, consistent service quality and 24/7 all-round customer service. Our services primarily comprise car rental services (including short-term and long-term). Our market-leading car rental services allow customers to arrange and reserve cars through our mobile and online platforms in a convenient and streamlined fashion enabling pick-up and drop-off at any location of the customers’ choice in the cities covered by our service network, with access to a large and diverse portfolio of rental vehicles. In connection with car rental services, we also provide other related mobility services, consisting of certain value-added services, such as payment services for ETC and gasoline and fuel services.

We serve both individual customers (“2C customers”) comprising individuals, professionals, families and travelers, as well as businesses, corporate and institutional clients (“2B customers”) comprising large corporations including many Global Fortune 500 companies as well as small and medium-sized enterprises, to meet their various mobility needs for travel, leisure and business. As of June 30, 2025, we had 10.4 million 2C customers and 173.6 thousand 2B customers who had used our services. The comprehensive services we offer to meet the evolving needs of our large and diverse 2C and 2B customer base have contributed to our high levels of customer satisfaction, which is well demonstrated by being recognized as the most reliable car rental service brand in China according to the iResearch Survey. In particular, our competitive and dynamic pricing, diverse vehicle models, good vehicle condition and nationwide network coverage are especially appealing to 2C customers, while our sizable fleet, broad geographic coverage and full-time drivers are the key factors attracting and retaining our 2B customers. The following diagrams illustrates our one-stop comprehensive service offerings:



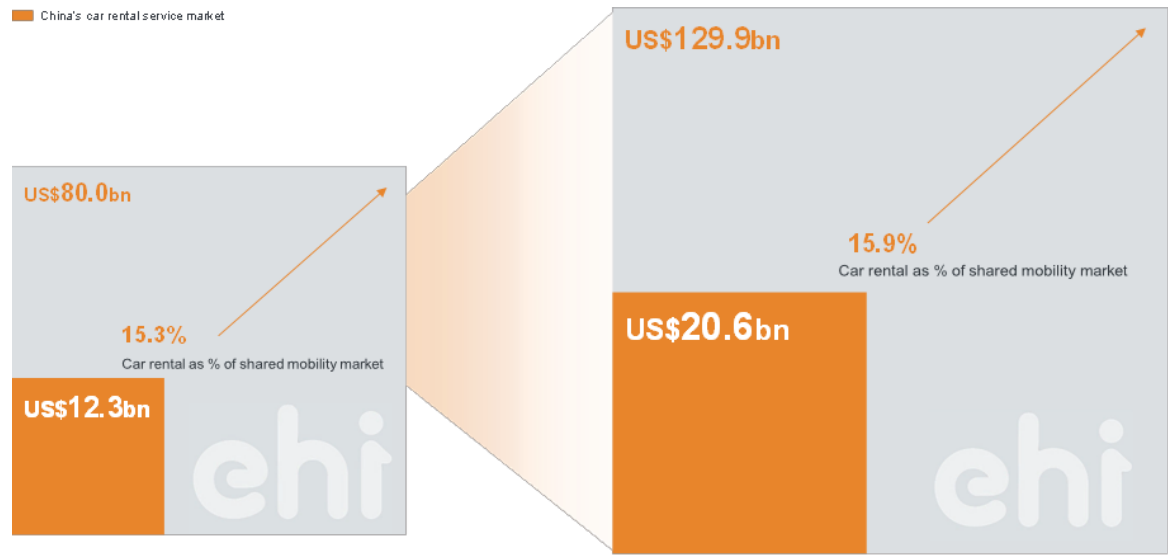
In addition, through developing a comprehensive enterprise resource planning (“ERP”) system that links both the client-facing front-office and operational back-office parts of our business, we were the first car rental company in China to digitalize every step of our service offerings and automate our key operational processes back in 2008, according to iResearch, allowing us to continuously innovate our service offerings and cost-effectively scale up our operations. Our nationwide and fully directly-operated business model is built upon a self-developed ERP system, which can automatically adjust rental prices, redistribute vehicles, track vehicle maintenance requirements, and perform other key operational functions. Our continued investment into our technological infrastructure has fueled our significant growth. Between January 1, 2023 and June 30, 2025, our vehicle fleet size increased from 74,320 to 134,988. During the same period, the number of cumulative registered customers (excluding cancelled accounts) increased from 42.2 million to 63.6 million.

We enter into collaborative arrangements with partners whose services create synergies with our own. For instance, we are the exclusive strategic partner of Enterprise in China and its parent company, Crawford, is one of our shareholders. We maintain strategic cooperation with Enterprise by means of global affiliation that enables access of one party’s car rental services by the other’s customers, referrals of customers to each other and joint sales and marketing efforts by both parties. For details of strategic cooperation with Enterprise, see “– Strategic Cooperation.” We cooperate with numerous other leading Internet and e-commerce platforms and online travel agencies in China as well as offline travel service providers and professional associations to promote our services. We also maintain deep relationships with automotive OEMs in terms of vehicle acquisition and disposition.

Our total revenue was RMB4,866.3 million, RMB7,113.7 million, RMB3,321.0 million and RMB3,145.3 million (US\$439.1 million) in 2023, 2024 and for the six months ended June 30, 2024 and 2025, respectively. We incurred net losses of RMB109.3 million, RMB594.0 million, RMB407.4 million and RMB351.2 million (US\$49.0 million) in 2023, 2024 and for the six months ended June 30, 2024 and 2025, respectively. Our non-IFRSs adjusted EBITDA was RMB1,745.3 million, RMB2,209.1 million, RMB981.4 million and RMB1,178.8 million (US\$164.6 million) in 2023, 2024 and for the six months ended June 30, 2024 and 2025, respectively. For details on reconciliation of net loss to adjusted EBITDA and the fluctuations of adjusted EBITDA, see “Selected Consolidated Financial and Other Data – Non-IFRSs Financial Measure.”

Market Opportunities

Driven by China’s continued economic growth, rapid development and investment in infrastructure development across the country, China’s Mobility-as-a-Service (“MaaS”) industry, in particular its shared mobility industry, is expected to continue to grow. According to iResearch, China’s shared mobility industry is expected to grow at a CAGR of approximately 10.2%, between 2025 to 2030, reaching US\$129.9 billion in 2030. China’s car rental service market, yet with a low penetration rate, is well-positioned for future growth as increased domestic travel, rising demands for self-driven travel and the demands for reliable and contact-less transportation increases in line with growing hygiene awareness among the public, especially in the post pandemic era, upgrade of infrastructure and navigational technologies leading to surging passengers, and market consolidation by leading companies as the industry matures. China’s car rental service market is approaching an inflection point and set to experience high growth in the next six years, and is predicted to grow at a CAGR of 11.0% from 2025 to 2030, reaching a market size of US\$20.6 billion by 2030, according to iResearch.



In addition, China's car rental service market is still at an early stage with a relatively low penetration rate and yet a high level of market fragmentation, compared to its U.S. and Brazilian counterparts, the two more mature markets in the world according to iResearch. The cumulative penetration rate, measured as the number of customers who have ever used car rental services in their lifetime to the total number of drivers' license holders, was very low at 15%-20% in 2024 in China, as compared to 45%-55% in United States and 30%-35% in Brazil. In addition, China's car rental service industry is still highly fragmented, as the top two car rental service companies had a market share of only over 5% (in terms of total revenue) in 2024, according to iResearch. We believe that the low penetration rate and high level of market fragmentation in China underscore significant potential for future market growth and business opportunities. The cumulative penetration rate in China is expected to gradually increase to 45%-55% by 2030, according to iResearch, and it is expected to increase ultimately to match those of the more mature markets, representing a large yet untapped market, which we believe we are ready and well-positioned to capture.

Historically, players seeking to scale up their operations in the car rental service market faced a number of challenges, including the difficulties in maintaining a large portfolio of vehicle assets on a nationwide basis, efficiently distributing and tracking fleets, maintaining and upgrading vehicles in a cost-effective manner. These challenges favor players who are able to build a nationwide network with strong technological capabilities that are able to efficiently address such issues. Leveraging our established leadership in the market and our technological innovation and management expertise, we believe we are poised to capitalize upon significant opportunities in the rapidly growing car rental service market in China, further supported by maturity of electric vehicles ("EV") and autonomous driving ("AD") technologies and a large shift in customer travel preferences in favor of car rental services in the post pandemic era, as travelers place an increasing emphasis on safety, hygiene and privacy when selecting their transportation options.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our rapid growth and market-leading position:

Trailblazer and leader in China's fast growing mobility service industry

We are a trailblazer and a leader in China's mobility service industry. We are the largest car rental service provider in China in terms of geographical coverage as of December 31, 2024 and have the highest ADRR in 2024, according to iResearch. We have outgrown our competitors and steadily increased our total revenue at a CAGR of 20.3% from 2014 to 2024, much higher than the growth of the industry at 7.9% during the same period, according to iResearch, despite that we recorded net losses during such period. We pioneered and successfully operated a direct operation business model with nationwide coverage since 2008, through which we exercise unfettered control over our vast service network. As of June 30, 2025, our operations spanned across 509 cities/counties in China. Our service network has covered across China with 879 high-speed train stations and 199 airports as of June 30, 2025. As of the same date, our vehicle fleet size has further increased to 134,988, composed of 51,914 self-owned vehicles and 83,074 operating leased vehicles.

The car rental service industry in China is still at an early stage featuring relatively low penetration rate and high level of market fragmentation, which contribute to its significant growth potential in market size at a projected CAGR of 11.0% from 2025 to 2030, according to iResearch. However, this is also the same period when we increased our presence and further solidified our leadership. We have grown our business to a level which enables us to benefit from the economies of scale to further improve our operational efficiency thereby reducing costs.

Well-recognized and trusted brand with high levels of customer satisfaction and loyalty

Our “eHi” brand is one of the most well-recognized and trusted brands in China’s mobility service market and is synonymous with convenience, reliability and satisfaction. We offer customers with convenience around pick-up/drop-off, such as being the first to provide one-way car rental services without charging one-way drop-off fees on a regional basis in China. Our consistent service quality leveraging our nationwide service network has made us a preferred and trusted car rental service provider for both 2C and 2B customers across China. Our brand is also widely acknowledged for its commitment to safety, hygiene and privacy, which enhance customers’ trust in our brand and translate into high levels of customer satisfaction and loyalty towards our brand. In a survey on the net promoter score (“NPS”) of car rental platforms in 2022 conducted by Shenzhen Institute of Consumption Quality (a public service organization focusing on formulating, implementing and promoting consumer product quality standards), we ranked the first among our peers with an overall NPS of 27.0, which represented the percentage of participants who would recommend our brand after subtracting the percentage of participants who would not. Meanwhile we ranked the first in each segment of platform qualification, fleet, personnel, value added services and convenience on pick-up/drop-off.

In addition, we demonstrated a strong and leading position among the top ten car rental service companies in China in the iResearch Survey. We are the most reliable car rental service brand in China with a brand reliability rate of 91.4%, according to the iResearch Survey. We also have the highest degree of customer loyalty with a loyalty index of 4.48 out of 5.00 as well as the highest degree of recommendation with a recommendation index of 4.41 out of 5.00, according to the iResearch Survey. In addition, we ranked the first place in Baidu’s keyword search index for car rental service companies in each of 2022, 2023 and 2024, according to iResearch. Our comprehensive product and service offerings and customer service levels have also contributed to our high levels of customer loyalty, reflected by our high customer retention rates, as 69.4%, 69.6% and 69.1% of our car rental service reservations in 2023, 2024 and for the six months ended June 30, 2025, respectively, were booked by repeat customers who have used our services at least once before. In May 2023, we became the first car rental service provider in China to waive deposits for rental vehicles for individual customers (subject to certain exceptions), offering greater convenience and flexibility for our customers.

Superior operational efficiency with comprehensive service offerings backed by nationwide service network

Leveraging our established leadership in the market, we utilize our deep industry know-how and benefit from greater economies of scale and network effect, together with our technological innovation and management expertise, to underpin our profitability and our operational efficiency. Our superior operational efficiency and strong resilience have helped us navigate through the ebbs and flows in the mobility service industry (such as a strong recovery from the COVID-19 pandemic).

Our fleet utilization rate reached 70.8%, 63.8%, and 67.6% in 2023, 2024, and for the six months ended June 30, 2025, respectively. Our RevPAC was RMB169, RMB145, and RMB148 in 2023, 2024, and for the six months ended June 30, 2025, respectively. Our ADRR reached RMB238, RMB228, and RMB219 in 2023, 2024, and for the six months ended June 30, 2025, respectively. These are strong testaments to our superior operational efficiency and strong resilience in the post pandemic era, which are paramount to the continued success of our business and operation.

We are a leading car rental service company in China which offers a comprehensive suite of car rental services with operations in both 2C and 2B business segments, through which we are also able to enhance our operational efficiency by creating synergies across our business segments. For example, we take advantage of the complementary demand cycles between 2C customers (primarily for leisure travel typically falling on weekends and public holidays) and 2B customers (primarily for business travel typically falling on weekdays), and through our fleet management system, we strategically redeploy vehicles across our different business segments and service network in order to optimize our fleet distribution and increase our fleet utilization rate. Our comprehensive product and service offerings are backed by our nationwide service network with a combination of offline and online channels, which have set us apart from our competitors. Our customers may arrange and reserve cars in a convenient and streamlined fashion through our diverse online channels, including mobile application, WeChat mini programs, website and customized portals, while may have access to convenient pick-up and drop-off at any location of their choice in the cities covered by our broad offline channels, as evidenced by the number of service locations, cities, transportation hubs (consisting of high-speed train stations and airports) covered by our service network. In addition, as we expand the scale of operation and strengthen our long-standing relationship with multiple OEMs, we are able to solidify and increase bargaining power to lower the costs of vehicle acquisition and operating lease. Furthermore, in order to enhance our fleet management efficiency, we strive to maximize the cost-effectiveness and cost recovery rate of our vehicles by utilizing rigorous and systematic analysis, enabled by our proprietary demand forecast model and database, to determine the vehicle volumes and models to be purchased for each business segment. Our well-managed vehicle disposition system enables us to dispose of our used vehicles at average estimated disposal price of approximately RMB61,000 during the period from January 1, 2023 to June 30, 2025 through a variety of disposition channels, including repurchase by automotive OEMs and car dealers, bulk sales to car dealers and brokers, online used car marketplaces, auctions and direct sales to individual customers. Leveraging our program car arrangements with automotive OEMs and car dealers by which we have the option to sell to them vehicles at predetermined disposal prices, we are able to hedge against certain risks from fluctuations in used car prices in the secondary market.

Advanced technological capabilities driving our operational excellence

Technological innovation is key to our operational excellence and part of our corporate culture. We have been investing in emerging technologies to stay at the forefront of technological innovation, showing casing our forward-looking approach to future mobility solutions. According to iResearch, we were the first car rental service company in China to develop a comprehensive ERP system providing us with the flexibility to develop and implement innovative changes to our business model. We have developed powerful in-house technologies that have allowed us to digitalize and scale up our operations while maintaining high service quality and operational efficiency. As of June 30, 2025, we owned 14 registered patents and 19 patent applications in China. By utilizing our cutting-edge technologies, including proprietary analytic system and algorithm, patents and software, we have developed our automatic integrated operation systems which can give quick, fast and accurate responses to enquiries in real-time and react to unexpected scenarios instantly.

In addition, we have developed our proprietary fleet management and real-time dynamic pricing systems. In particular, we are able to process millions of real-time pricing decisions automatically for our car rental services on a daily basis using our proprietary business intelligence system enabling us to automatically set accurate and competitive prices for our vehicles through algorithmic processes that balance customer demand and vehicle supply. Furthermore, we are dedicated to applying and integrating advanced algorithms and other AI related technologies throughout the entire lifecycle of our services and operations, with the goal of delivering high service quality to customers and optimizing operational efficiency. For instance, we integrate leading open-sourced AI into our service platforms and operational systems and we utilize AI related technologies to enhance our forecasting of car rental demands and prices across different regions as well as facilitating our analysis of market insights and optimizing our targeted marketing strategies. Such initiatives allow us to proactively adjust our vehicle deployment plans to optimize efficiency and to provide customized services, which we expect will boost utilization rate, reduce overhead costs and in turn enhance our financial performance. Additionally, we also apply AI related technologies to enhance our customer service processes, with the goal of improving overall customer experience. Through the application and integration of these advanced algorithms and technologies, we are able to deliver quality service and enhance our operational efficiency.

Experienced and entrepreneurial management team fostering a customer-oriented and innovative business culture

Mr. Ray Ruiping Zhang, our founder and chief executive officer, together with our experienced and proven management team have led us in our continuing achievement of outstanding business success. Mr. Zhang is an entrepreneur with nearly 30 years of extensive industry experience and technical expertise. Drawing upon his considerable industry and technical expertise, Mr. Zhang is an iconic figure in the industry and is synonymous with the car rental service industry in China. Drawing upon his considerable industry and technical expertise, Mr. Zhang is responsible for key innovations in our business model and is also the co-inventor of ten of our registered invention patents which support and underlie our proprietary technologies and service offerings. Mr. Zhang has also facilitated our growth by leading many successful financing initiatives and attracting investment from established investors and industry players, including from Crawford, the parent company of Enterprise, the largest car rental service company in the world.

We have a stable and dedicated senior management team comprising of a number of seasoned industry professionals with diverse background. Leveraging the depth and breadth of our management team's experience and expertise, we focus on growing our business through innovative and cost-effective strategies. Down from the management level, we promote a corporate culture focusing on customer service, excellence and innovation, as well as core values of honor, integrity and team spirit.

OUR STRATEGIES

Our mission is to provide comprehensive, convenient and reliable services to our customers while growing our business in an innovative and efficient manner. We are pursuing the following strategies to achieve this goal:

Grow our customer base and further diversify customer acquisition channels

A significant and growing population of customers have been introduced to our platform through referrals and word-of-mouth, which reflects the growing recognition of our brand and increasing popularity among a larger audience. We seek to further promote our brand awareness in tandem with growth and diversification of our customer base through targeted marketing efforts. In particular, we plan to:

- continue to engage in and optimize targeted marketing strategies by utilizing AI technologies in analytics and decision-making processes, in response to evolving customer preferences, market segments or market conditions, especially in the post pandemic era when demands for car travel, hygiene and self-drive options surge;
- continue to identify and selectively pursue strategic partnerships with leading travel service companies and mobile social network platforms, in particular those complementary to our operations, to build a broader customer base and to offer our customers convenient services that are better tailored to their user demographics; and
- enhance customer loyalty and retention through the consistent delivery of quality services and expand our customer loyalty program to increase our user stickiness.

Further increase our penetration in existing markets and expand geographically into strategically selected new markets

We plan to strengthen our presence in our existing markets with a focus on first-tier cities such as Beijing, Shanghai, Guangzhou and Shenzhen, where we have seen recurring and robust demands for our services and where our fleet utilization rate has remained high. Leveraging our established and highly scalable technologies, service network and infrastructure, we will increase the number of vehicles per service location in our existing markets to achieve greater economies of scale. We will explore untapped mass markets as well as expansion to selected new cities/counties that we have identified as with high growth potential and are close to our existing markets and major transportation hubs or tourist destinations. We will continue to leverage AI to gain valuable insights early on and effectively deploy fleets and service locations in the new local market. We will also explore expansions overseas in order to expand our customer base and access new growth opportunities. We expect substantial demands for car rental services as a result of increasing passenger capacity from high-speed trains and airlines and China's developing travel infrastructure. We will continue adding more service locations in close proximity to high-speed train stations and airports to better capture such increasing demands.

Continue to explore innovative service offerings and improve our fleet management efficiency

We will continue capitalizing upon the growing demands for car rental services in China by leveraging our innovative business model and in-depth knowledge of local markets. We will continue refining our service offerings to accommodate new trends or customer preferences. We will continue to explore additional innovative service offerings to attract more tech-savvy users, including autonomous driving, which we believe has the potential to become a significant feature of vehicle operations in the future. We believe our direct operation of fleet and facilities, in combination with our broad information processing capabilities, allow us to accurately identify such opportunities and implement them in effective and efficient fashion.

Leveraging the nature of “sharing economy” of our business model, we also intend to further solidify our position as the leader in the car rental service industry in China by exploring new innovative products or features and investing in the development of proprietary technologies. As our business continues to grow in complexity and scale, we will seek innovative solutions to overcome operational challenges and increase our profitability. In particular, we will improve our real-time dynamic pricing and fleet management systems and enhance our information processing capabilities and customer service management systems, and we will continue to utilize AI to enhance our forecasting of car rental demands and prices across different regions in order to proactively adjust our vehicle deployment plans to optimize fleet utilization and efficiency.

Continue to diversify fleet and optimize different models to build up and expand our fleet

We aim to meet the diverse demands of our customers by offering a wide range of vehicle models in our fleet. We are committed to stay abreast of technological innovation and advancement, such as EV technologies, to enhance our ability to meet the evolving needs of our customers. As of June 30, 2025, our fleet included over 200 models and approximately 3.0% of our fleet comprised hybrid vehicles and EVs. In response to growing customer demands, increasing charging infrastructure, and our commitment to environmental sustainability, we will continue to optimize hybrid vehicles and EVs in our fleet. Additionally, to meet customer expectations and enhance the customer experience, we will prioritize AD technologies and in- car smart technologies when selecting vehicle models, which are particularly important to customers who are increasingly seeking to experience the latest advancements in AD technologies.

We are also committed to optimizing our fleet expansion, and we have been actively building up and expanding our fleet size through a combination of different models to capture untapped demands. For instance, in addition to the vehicle acquisition model, in late 2023, we started to implement and take advantage of the asset-light operating lease model, under which we lease vehicles from automotive OEMs and financial institutions. It allows us to lease vehicles for several years with upfront lease deposits and periodic rents paid to the lessors. The operating lease model is expected to sustainably facilitate and maintain our fleet expansion to capture increasing market demands without committing large cashflow upfront, thereby improving our financial leverage. We will continue to utilize, optimize and take advantage of the operating lease model and will further explore more efficient models to build up and expand our fleet with improved financial leverage.

OUR SERVICES

We are a trailblazer and a leader in China's mobility service industry. We serve our 2C customers and 2B customers, to meet their various mobility needs for travel, leisure and business through our diversified service offerings, primarily comprising car rental services. Our market-leading car rental services allow our customers to arrange and reserve cars through our mobile and online platforms in a convenient and streamlined fashion enabling pick-up and drop-off at any location of the customers' choice in the cities covered by our service network, with access to a large and diverse portfolio of rental vehicles. In connection with car rental services, we also provide other related mobility services, consisting of certain value-added services such as payment services for ETC and gasoline and fuel services.

We provide car rental services to both our 2C and our 2B customers and we generate substantially all of our revenues from the provision of car rental services. Our car rental services provide our customers with access to a large and diverse portfolio of vehicle models on flexible hours, days, weeks or months of rental. We offer convenient pick-up and drop-off using a mobile phone wireless tablet at any of our service locations, or remote pick-up and drop-off at any location of the customers' choice in the cities covered by our service network. As of June 30, 2025, our vehicle fleet size included 134,988 vehicles and our operation spanned across 509 cities/counties and covered 1,078 transportation hubs (consisting of 879 high-speed train stations and 199 airports) across China through our extensive service network of 6,935 directly operated service locations. We deploy vehicles for our car rental services with support of all our service locations across China, thereby ensuring that our vehicles remain in good condition.

The services we provide to our 2C customers primarily cover short-term car rental services that may be rented on an hourly, daily, weekly or monthly basis, facilitating great flexibility for our 2C customers. Our 2C customers can arrange and reserve our services in a convenient and streamlined fashion through our mobile application, our WeChat mini programs and our website. The number of cumulative registered 2C customers (excluding cancelled accounts) increased from 49.5 million as of December 31, 2023 to 58.2 million as of December 31, 2024, and further to 63.6 million as of June 30, 2025. The number of 2C customers who had used our services increased from 7.8 million as of December 31, 2023 to 9.5 million as of December 31, 2024, and further to 10.4 million as of June 30, 2025.

The services we provide to our 2B customers primarily cover long-term and short-term car rental services. Car rental for business travel in China is still at early stage with high growth potential due to the increase of the number of corporate enterprises and their growing inclination towards self-drive car rental services for business travel with the aim to lower their business transportation costs. Our 2B customers comprise many large corporations including Global Fortune 500 companies in China as well as small and medium-sized enterprises. Our 2B customers cover a wide variety of industries, including financial and consulting service firms, insurance companies, manufacturing companies, technologies companies, universities and research institutes. Our loyal and diversified base of corporate and institutional customers bespeaks our reputation for reliability and market-leading service. Our car rental services for 2B customers may be offered on a daily, weekly, monthly or annual basis, depending on customer demand. Our 2B customers have the flexibility to place their orders online through our mobile application, WeChat mini programs, website and offline sales channels as well as through customized portals. We also collaborate with certain 2B customers to provide car rental discounts and other value-added ancillary services and benefits for their

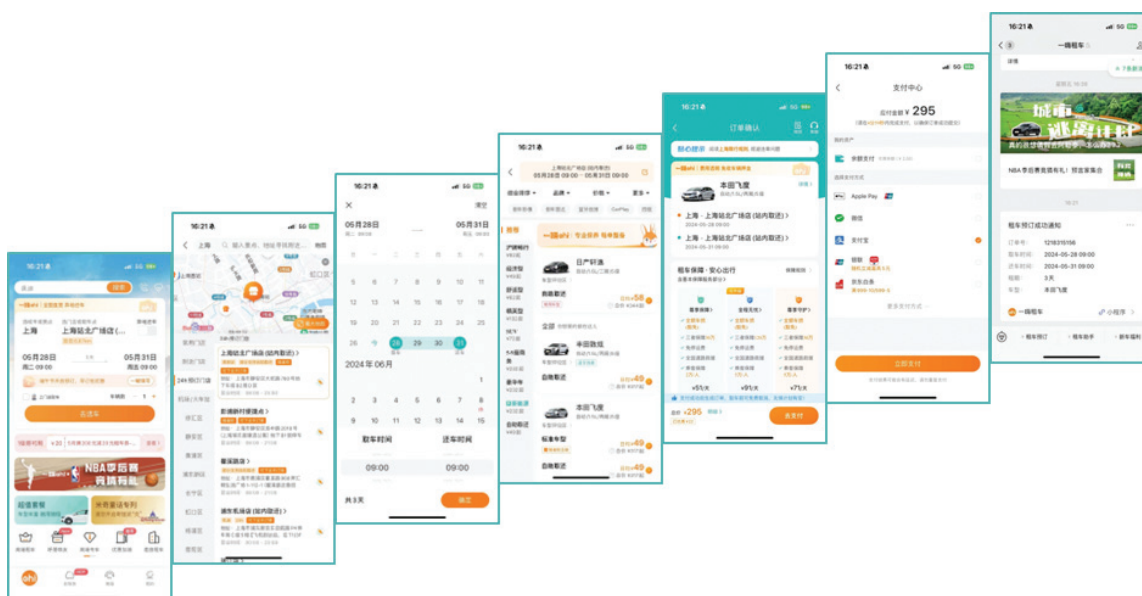
employees, thereby increasing our 2C customer base through cross-selling between our 2C and 2B businesses. In addition, we provide mobility services customized for and contracted with 2B customers to meet their various business mobility needs including routine business transportation such as airport pick-up and drop-off, intra-city transfers as well as event-driven activities such as conventions, hospitality and special events. The number of 2B customers who had used our services increased from 114.9 thousand as of December 31, 2023 to 157.2 thousand as of December 31, 2024, and further to 173.6 thousand as of June 30, 2025.

We operate our business on a nationwide basis under a direct operation model, in contrast to some of our competitors who usually adopt a franchise business model with less control over service network and quality. Through the direct operation model, we exercise unfettered control over our vast service network, as we directly own, lease and operate our facilities and assets, build upon our brand and deliver quality services to our customers in a uniform and consistent manner. Our extensive self-operated network provides our customers the flexibility to rent and drop off their rental vehicles freely at any location covered by our service network. To better serve our customers, we also provide vehicle delivery and pick-up services to customer-designated locations for competitive service fees. In August 2020, we became the first car rental services provider in China to provide one-way car rental services without charging one-way drop-off fees on a regional basis in China, according to iResearch. This unique feature means that distance and geographical boundaries are no longer obstacles for our customers pursuing their various mobility goals through car rental services. In addition to our service network in China, we cooperate with Enterprise and provide our customers access to Enterprise's car rental services outside China.

Mobile and online platforms

We provide convenient and efficient reservation channels, including our dedicated mobile applications, WeChat mini programs including those built in WeChat and Alipay, our user-friendly website and certain offline channels. According to iResearch, we were the first car rental services provider in China to introduce dedicated mobile applications for customers to make reservations in April 2011. In 2023, 2024, and for the six months ended June 30, 2025, approximately 86.7%, 87.7%, and 75.4% of our car rentals were derived from reservations made through our mobile applications (including WeChat mini programs), respectively. The remainder was derived from reservations made through our website and offline channels such as our call center and walk-ins. Our aggregate number of daily active users ("DAU") increased from 171.0 thousand in 2023 to 242.7 thousand for the six months ended June 30, 2025, and our aggregate monthly active users ("MAU") increased from 2.1 million in 2023 to 2.4 million for the six months ended June 30, 2025.

A first-time 2C customer using our car rental services shall register as a member before making a reservation. After a 2C customer chooses the start and end dates of the rental period, the type and model of vehicle and the location of vehicle pick-up or delivery, our service platform confirms the reservation on a real-time basis and sends an email and/or text message to the customer. Before handing over the vehicle to the customer, we perform checks on the customer's driver's license, identity card and credit card information, and if needed, credit checks. These measures help minimize the risk of car theft and enhance security and ease the handling process of the rental vehicles to our customers. We accept credit card, Alipay and WeChat payments for our car rental services and are authorized to get access to the credit records of our car rental service customers for risk management purposes. Below graphic shows the major steps for placing an order on our mobile applications.



For our 2B customers, they can either place orders through our mobile application, WeChat mini programs, website, offline sales channels or through customized portals. We offer certain of our 2B customers with customized portals, which can be fully and seamlessly integrated into their internal system or intranet, and they can make reservation and settle payment more efficiently. Modules for customized portals include reservation, dispatch and management of cars and drivers, reimbursement process, settlement, insurance and sales of used cars. The customized portal can significantly increase customer royalty.

Our Nationwide Service Network and Direct Operation Model

According to iResearch, we were the first among our peers to successfully operate a fully directly operated service network with nationwide coverage in 2008, in contrast to some other large-scale car rental service companies in China, which rely on franchises to operate their networks. As of June 30, 2025, our operations spanned across 509 cities/counties and encompassed 6,935 service locations in China. Under the direct operation model, the quality of our customer service benefits from (i) enhanced quality control, (ii) coordinated and effective branding and (iii) flexibility and comprehensiveness of service offerings. Through the direct operation model, we exercise unfettered control over our vast service network, as we directly own, lease and operate our facilities and assets, build upon our brand and deliver quality services to our customers in a uniform and consistent manner. This allows us to ensure quality consistency for all customers across our extensive service network, as reflected in our industry-leading customer retention rate which contributes to higher utilization rates and profit margins.

Leveraging our direct operation model which enables us to enforce uniform policies and procedures at all service locations, we have implemented streamlined reservation, pick-up and drop-off procedures to deliver greater convenience for our customers. In November 2015, we were among the first to install “three-in-one” equipment at our service locations, which consists of an identity verification machine, point-of-sale machine and barcode scanner, according to iResearch. These are used to automatically and quickly verify each customer’s identity and driver license as well as wireless tablets at all service locations to display vehicle information, collect electronic signatures, confirm vehicle inspections and complete other processes which traditionally require store personnel to execute. These convenient procedures have reduced vehicle handover times, personnel

requirements and physical store costs, while increasing customer satisfaction and retention. Using such procedures, our customers are able to pick-up rental vehicles in an average of one to two minutes, compared to an average of ten minutes for traditional car rental stores that rely on cumbersome paperwork procedures.

Our direct operation model enhances our operational capacity and performance by allowing us to implement large-scale expansion plans in an efficient and effective manner over the years. As of June 30, 2025, our operations spanned across 509 cities/counties and covered 1,078 transportation hubs (consisting of 879 high-speed train stations and 199 airports) in China through an extensive network of 6,935 directly operated service locations, which included 1,327 stores and 5,608 pick-up/drop-off points. Our extensive network enables us to consistently provide quality service nationwide and offer flexibility and convenience to our customers.

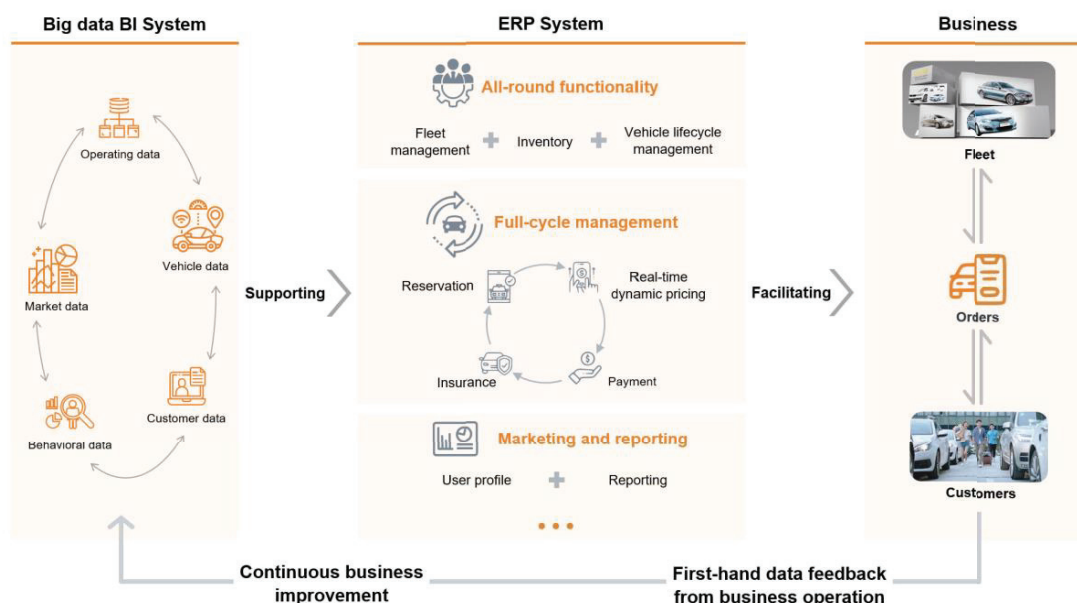
The following map and table set forth the geographic locations where we operated our car rental services as of June 30, 2025:



Cities or provinces	Car rentals		
	Cities	Stores	Pick-up/Drop-off points
<i>Key cities and provinces</i>			
Shanghai	1	39	65
Jiangsu	33	118	456
Guangdong (excluding Guangzhou and Shenzhen)	28	80	87
Guangzhou	1	39	66
Zhejiang	45	99	432
Shenzhen	1	35	52
Beijing	1	22	19
<i>Other cities and provinces</i>			
Shandong	26	65	244
Hunan	23	48	290
Hubei	27	58	335
Liaoning	15	34	190
Fujian	22	51	315
Sichuan	28	60	95
Hebei	15	43	364
Anhui	21	40	166
Henan	18	38	232
Tianjin	1	15	17
Yunnan	19	58	163
Heilongjiang	12	22	78
Hainan	18	54	718
Jiangxi	34	35	303
Chongqing	1	28	135
Guangxi	15	41	220
Shaanxi	10	33	56
Shanxi	17	33	97
Jilin	10	18	153
Inner Mongolia	16	31	50
Gansu	13	23	22
Guizhou	12	28	109
Ningxia	5	12	15
Qinghai	6	8	45
Xinjiang	12	13	16
Xizang	3	6	3
Total	509	1,327	5,608

OUR TECHNOLOGIES

Our proprietary technologies incorporate various features specifically designed to improve customer experience and optimize our operations. It can be as simple as a single mobile application or a customized reservation portal that grants access to front-to-end information. We were the first to develop a comprehensive ERP system digitalizing our business on an end-to-end basis, according to iResearch, linking both the client-facing front-office and operational back-office parts of our business. This one-stop platform, supported by our integrated systems, allows us to easily process our membership applications, manage reservations, manage and monitor customers' vehicle use and other credit information, manage billing and payment, remotely manage our fleet, and monitor and analyze key metrics of each vehicle such as utilization rate, mileage and maintenance requirements. The graphic below illustrates how our ERP system and information analysis contribute to the growth of our business and the improvement of our customer experience.



ERP System

Our ERP system contains fleet management module, inventory module, vehicle lifecycle management module, reservation module, real-time dynamic price calculation module, payment module, insurance module, user profile module, reporting module and other major business modules. These modules work together within a single system to automate, link up and optimize both front-end and back-end functions including customer reservations, automatic car rental price adjustments and fleet management, which allows us to keep a core team with reduced labor costs and improves operational efficiency as demonstrated by our increased revenue and superior fleet utilization rate. Our ERP system provides us with the flexibility to develop and implement innovative characteristics, including the introduction of one-way car rental services without charging one-way drop-off fees on a regional basis in mainland China, which is made possible through our ERP system's ability to track and redistribute each of our vehicles on a real-time basis.

The primary functions of our ERP system include the following:

- Fleet management.** The fleet management function manages and monitors our large and widely dispersed fleet. Vehicles in our fleet are equipped with “control units” as needed, containing comprehensive navigation technologies including GPS navigators, wireless antennae and vehicle interface modules which continuously transmit valuable information to our central system. Vehicles are continuously tracked and redistribution plans are automatically generated to reposition vehicles in areas of higher customer demands, and reallocated to ensure compliance with local traffic restrictions. For example, in cities that have license plate restrictions, the fleet management function intelligently arranges the order of vehicles at each service location and recommends license plates according to each customer's rental requirements. Once safety issues are identified, the function automatically designates no-go zones and alerts our safety team once a vehicle enters into one. We are also able to provide driver support functions so that speeding, sharp turns, fatigue driving or scheduled route deviations are automatically flagged for management's attention and follow-up. Route-planning algorithms are used to calculate itineraries including boarding time, boarding and drop-off locations and optimal routes.

- *Dynamic pricing mechanism.* We utilize our dynamic pricing mechanism to determine rental rates. Our rental rates are automatically calculated and adjusted by our dynamic pricing mechanism, which determines a specific vehicle model's rental rate taking into consideration many variables, such as purchase price, pick-up and drop-off time and location, the availability of our vehicles during a specified period at such location, prevailing prices, demands for the specific vehicle model and the length of rental period. Through this mechanism, we are able to offer prices that are competitive for our customers while maximizing profitability. The adaptability and responsiveness of this pricing mechanism offers significant advantages over traditional "flat rate" pricing mechanism and enables us to capture profit opportunities when market demands are high and maintain competitiveness and market share when market demands are low. Whereas our peers impose extra fees for one-way car rental services by their customers, we are able to offer the same service without charging any such fee on a regional basis in mainland China as our dynamic real-time pricing mechanism is able to generate adequate demands without a mark-up.
- *Service location management.* The service location management function manages reservations, inventory level (i.e., vehicles at the service location) and accounting functions at each of our stores. This function also automatically generates to-do tasks for operational personnel and monitors the key operating metrics and other operating information of each service location in real time. This also helps ensure the security of our fleet, which is a common problem faced by car rental service companies in mainland China, particularly those operating larger sized fleets.
- *Vehicle lifecycle management.* The vehicle lifecycle management function assists with many aspects of vehicle asset management, including vehicle acquisition, deployment and repair and maintenance. The function tracks purchase requirements, generates purchase plans and monitors purchases and inspections, providing our management with a comprehensive and efficient overview of the overall process. The function also performs real-time analysis of information entries in relation to our vehicles uploaded daily by the on-board equipment installed in all of our vehicles. Based on such analysis, the system can automatically generate maintenance plans monthly based on vehicle mileage, which progress is tracked on an ongoing basis for management to review.
- *Marketing and online customer interface.* In order to cost-effectively attract and retain customers, we employ targeted marketing strategies for high-value customers by utilizing algorithms to identify customers, determine the discounts and other promotional benefits to be offered and to evaluate each customer based mainly on the customer's last purchase, purchase frequency, average purchase amount and length of history as a customer. This process allows us to optimize our marketing strategy towards different customers based on their loyalty, transaction history and preference.

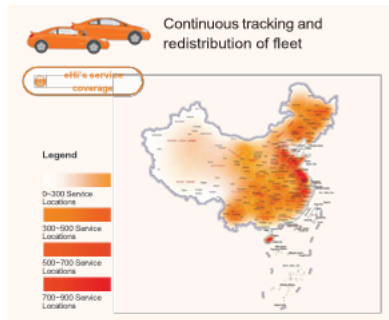
In addition, our mobile and online reservation system allows our customers to reserve vehicles through our mobile application, mini programs, websites and various other reservation channels (such as our customized portals for certain 2B customers, call center or local stores, by email, text message and instant messengers, or through our sales channel partners). Our online interfaces, which include mini programs and application programming interfaces ("APIs") integrated in various operating systems, increase our

exposure to potential customers and allow customers to easily get access to our services. Through these mini-programs and APIs, we provide exceptionally efficient and convenient services and instant responses to customers' requests. We have also designed our website as a reliable, secure, user-friendly and convenient online reservation platform to allowing our customers to easily browse and access our services, register as members, search for specific vehicle models or services and complete reservations. Once our customers book services online, they have around-the-clock access to the complete and real time inventory of our fleet across our nationwide service network. As all of our reservation and customer services information is fed back into these centralized databases on a real-time basis, we are able to easily process membership applications, manage reservations, monitor customers' vehicle use and other credit information and manage billing and payment. As of December 31, 2023, 2024, and June 30, 2025, we had approximately 215.1 million, 277.2 million, and 295.4 million cumulative mobile application downloads, respectively. In 2023, 2024, and for the six months ended June 30, 2025, approximately 86.7%, 87.7%, and 75.4% of our car rental services were derived from reservations made through our mobile applications (including WeChat mini programs), respectively.

- *Payment and settlement.* The integrated payment and settlement functions enable our customers to top up their accounts online and to make payments from their accounts. We cooperate with popular payment platforms such as WeChat Pay and Alipay to provide customers with convenient payment methods such as QR code scanning, and provides direct payment channels for major banks.

We continuously utilize technology to introduce new features that further digitalizes our service offerings and offers greater convenience to customers. We have installed ETC equipment in our vehicles which are synchronized with the payment function, thus allowing customers to freely pass-through tollgates and automatically add the toll fee to their rental fees without separate cash payment. Additionally, since November 2021, we have developed the virtual smart key function that enables self pick-up and return. With the virtual smart key, customers do not need to get the physical keys from our staff at the service locations; and instead, the customers can directly open and close the doors with their smart phones after online payment. In addition, the virtual smart key can be shared remotely for the whole family or friends to facilitate their use of our car rental services. The launch of our services branded “嗨車” and the use of virtual smart key bring a new automatic experience to our customers with greater flexibility and convenience. As of June 30, 2025, approximately 42.7% of our fleet can offer clients with virtual smart key function. Furthermore, since 2020, we have partnered with Zhima Credit (also known as Sesame Credit), a private credit scoring and loyalty program system, to introduce waivers on certain amounts of deposits for traffic violation based on the customers' credit scores with Zhima Credit.

Fleet management



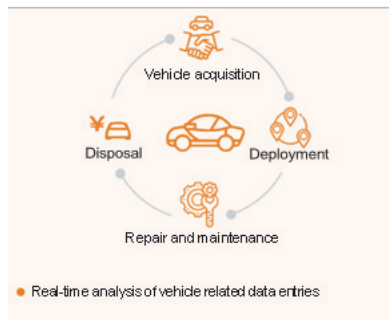
Dynamic pricing mechanism



Service location management



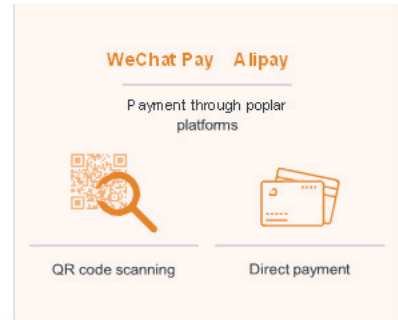
Vehicle lifecycle management



Marketing and online customer interface



Payment and settlement



BI System

Our business intelligence (“**BI**”) system is capable of receiving a large number of queries each day across various ERP system modules and processing them at ultra fast speed to ensure enhanced system performance. Our ERP system relies upon the BI system to analyze entries collected daily by us and provide input necessary for our ERP system to make automatic decisions. Each function of our ERP system is supported by further entries generated by the BI system on a daily basis, which are used to optimize and streamline our operations and decision-making process, for example, by identifying hazards and automatically designating no-go zones and alerting our safety teams upon detecting that any of our vehicles have entered into one.

In addition, our technological innovation capability allows us to develop and introduce brand new car rental experience. For example, according to iResearch, we became the first Chinese car rental service company to offer the “blind box” option in December 2020, through which new customers who are unfamiliar with our service offering, or existing customers who prefer the convenience of automatic selection can rely on our intelligent recommendations for service selection.

Artificial Intelligence

We are dedicated to applying and integrating advanced algorithms, such as advanced meticulously formulated algorithms, and other AI related technologies throughout the entire lifecycle of our services and operations, with the goal of delivering high service quality to customers and optimizing operational efficiency. By applying AI related technologies and leveraging our insights on market preference, we are able to more accurately predict customer travel trends, distribute vehicle resources and apply dynamic real-time pricing mechanism.

For instance, we integrate leading open-sourced AI into our service platforms and operational systems. We leverage AI related technologies to research and analyze local fleets, automotive OEMs and potential customers before entering into a new local market, which enables us to gain valuable insights early on and effectively deploy fleets and service locations in the new local market. We utilize AI related technologies to enhance our forecasting of car rental demands and prices across different regions as well as facilitating our analysis of market insights and optimizing our targeted marketing strategies. Such initiatives allow us to proactively adjust our vehicle deployment plans to optimize efficiency and to provide customized services, which we expect will boost utilization rate, reduce overhead costs and in turn enhance our financial performance. Additionally, we also apply AI related technologies to enhance our customer service processes, with the goal of improving overall customer experience. Through the application and integration of these advanced algorithms and technologies, we are able to deliver quality service and enhance our operational efficiency.

Technology Infrastructure

We engineer our systems for rapid scalability, with cloud infrastructure, and proper information security controls. We believe that our technology-driven and fully integrated platform has facilitated our rapid growth. We have built a scalable technology infrastructure which can support a large active user base, high transaction volume processing, and bulk transportation status tracking. We host our services on servers and network infrastructure provided by top data center colocation service and cloud computing service providers. Empowered by our infrastructure, we are capable of serving a growing number of 2C and 2B customers efficiently and effectively. We regularly monitor the performance of our infrastructure and platform and keep upgrading our technology infrastructure to achieve higher stability as well as flexibility

OUR CUSTOMERS

We have an active and rapidly expanding customer base. Our 2C customers consist primarily of individuals, professionals, families and travelers while our 2B customers comprise large corporations including many Global Fortune 500 companies as well as small and medium-sized enterprises. As of June 30, 2025, the number of cumulative registered 2C customers (excluding cancelled accounts) reached 63.6 million, out of which 10.4 million had used our services. As of June 30, 2025, 173.6 thousand 2B customers had used our services. We continue to focus on diversifying our customer base. The length of our relationships with our top ten customers ranged from approximately two months to three years.

Customer Services

The success of our business hinges on our customer satisfaction level, which in turn depends on a variety of factors. These factors include, among others, our ability to (i) consistently provide high-quality customer experience, (ii) continue to offer comprehensive and complementary services tailored to our customers' needs, (iii) maintain good vehicle condition and (iv) provide timely and satisfactory after-sales services.

We believe our one-stop comprehensive service offerings, direct operation business model, innovative technologies, superior customer services and well-recognized and trusted brand have enabled the rapid growth of our customer base and strong customer loyalty. In particular, our competitive and dynamic pricing, diverse vehicle models and good vehicle condition and nationwide network coverage are especially appealing to 2C customers, while our sizable fleet, broad geographic coverage and full-time drivers are the key factors attracting and retaining our 2B customers with customized car services. The transactions by our repeat customers as a percentage of the total number of our rental transactions reached 69.4%, 69.6%, and 69.1%, in 2023, 2024, and for the six months ended June 30, 2025, respectively, reflecting our robust customer loyalty and customer engagement.

We have a dedicated service quality management team which constantly monitors our services and proactively seeks feedback from our customers. We encourage our customers to share their experience with us and provide feedback through our website, hotline or forums on major social media or messaging applications. We follow up on specific suggestions or complaints with both the customers and the relevant in-house teams. In certain cases, we offer loyalty membership points, refunds, coupons or other complimentary services to customers depending on the nature of their complaints and the extent of the loss or inconvenience suffered. We also incorporate frequently received complaints as case studies in our internal training programs to prevent repeat occurrences of the same complaint. We are dedicated to providing prompt solutions to customers' complaints to further enhance the quality of our services.

BRAND, SALES AND MARKETING

We believe that our leading position is in large part due to our strong brand recognition. Our “eHi” brand is one of the most well-recognized and trusted brands in China’s mobility service market and is synonymous with convenience, reliability and satisfaction. We are the most reliable rental service brand in China with a brand reliability rate of 91.4%, according to the iResearch Survey. We also have the highest degree of customer loyalty with a loyalty index of 4.48 out of 5.00 as well as the highest degree of recommendation with a recommendation index of 4.41 out of 5.00, according to the iResearch Survey. In addition, we ranked the first place in Baidu’s keyword search index for car rental service companies in each of 2022, 2023 and 2024, according to iResearch. We promote our business primarily through our principal website www.1hai.cn, search engines, third party channels, outdoor advertising, local sponsorships, public relations and digital and social media. Additionally, we were the first to engage brand ambassadors to promote our business and enhance our brand awareness, according to iResearch.

As of June 30, 2025, we had approximately 295.4 million cumulative mobile application downloads. The awareness of our brands, combined with the high quality service and value of our offerings, resonate deeply with our 2C and 2B customers.

Sales and Marketing for 2C Business

As of June 30, 2025, we had 63.6 million registered 2C customers (excluding cancelled accounts), out of which 10.4 million had used our services. As mobile social media applications gained popularity, we shifted the focus of our marketing activities from traditional ways to social networking channels in order to attract the attention of potential 2C customers. Our employees regularly follow the messages and posts on these social media platforms to gain market insights to improve the quality of our services. Our website also offers a customer sharing and discussion

platform. We have continued to introduce additional online customer outreach channels, including by becoming the first car rental services provider in China to introduce WeChat mini programs that are integrated into our mobile and online platforms, according to iResearch. Our targeted marketing efforts, including utilizing algorithms to identify and evaluate customers, allow us to maintain high customer retention rates, as 69.1% of our car rental service reservations for the six months ended June 30, 2025 were booked by repeat customers who have used our services at least once before.

We established our eHi loyalty program in 2008 through which our customers can reach different levels of membership by earning more points through consumption, user experience sharing and other program activities. Our registered members can earn loyalty membership points upon eligible purchases, which can be redeemed for various types of rewards. The loyalty membership points can be redeemed for numerous types of rewards, such as free GPS-based navigation device rentals, waiver of additional mileage charges, free upgrade of vehicle types, free late returning of rental vehicles or deduction of rental fees. We believe that our eHi loyalty program enhances 2C customer loyalty, expands our brand recognition through member referrals, promotes our various reservation channels and improves the overall quality of our services. In addition, we employ a customer creditability system for each customer, which tracks their credit history, driving record and other factors, providing a quantitative rating for each customer based on the information collected. A customer with a high credibility rating can, among other benefits, have more choices of vehicle models, and more favorable discounts on rental fees.

We also have an outdoor advertising program promoting the benefits of car rental services. We place many of these advertisements in busy areas such as high-speed railway stations, subways, elevators of office and residential buildings and bus stops. These advertisements are designed both to educate and entertain our potential customers. In addition, we cooperate with leading global travel service providers and e-commerce platforms to promote our services. See “– Strategic Cooperation.”

Furthermore, we maintain a network of online advertising partners under “eHi Alliance,” pursuant to which our advertising partners display our advertisement on mobile applications, mini programs or lifestyle maintained or operated by them, in return for commissions based on the revenues generated from these properties. We believe such cooperation will further expand our service coverage and enhance our brand name. We are selectively pursuing these opportunities to capitalize on this broader distribution network, thereby further enhancing our strong brand recognition and increasing our revenue and market share.

Sales and Marketing for 2B Business

As of June 30, 2025, we had 173.6 thousand 2B customers who had used our services. For our 2B business, we have focused on creating a unique brand positioning and conveying our core values to our 2B customers through targeted advertising and sponsorship activities, such as commercial fairs, business magazines and newspapers, as well as sales force coverage. By virtue of our rich industrial experience and word-of-mouth in serving Fortune Global 500 customers, our 2B customers tend to refer new customers to us and enhance cooperation with us, resulting in high retention rate and high level of loyalty of our 2B customers.

To attract and retain new and existing 2B customers, we have launched a variety of marketing initiatives. We put an emphasis on the use of cost-effective marketing efforts including utilizing social media platforms such as Douyin, WeChat moment advertisement, WeChat official account and Weibo for targeted and point-to-point marketing to invite prospective customers that match our 2B customer profile. We have also leveraged our cooperative relationships with major airlines and hotel brands to offer joint membership programs to our 2B customers to help save their costs, thereby enhancing our customer loyalty in return. Once our 2B customers are introduced and onboard with us, we offer them specialized discounts through targeted online marketing events from time to time. Throughout our service process, we regularly check with our 2B customers on their satisfaction level and likelihood of purchasing additional services from us, as well as keep them posted of our latest promotion initiatives. In addition, we further strengthen our service quality and enhance brand recognition by providing customized services according to specific corporate and institutional customers' needs, such as safety, equipment or procedural requirements. We analyze our current and potential customers' available data in our centralized database and design a unique, integrated corporate vehicle services plan for each customer, which helps differentiate us from our competitors. Our sales personnel also provide one-on-one services and promotion plans for 2B customers to improve customer satisfaction.

Furthermore, to fully utilize our cross-selling opportunities, we have entered into promotion contracts with some of our 2B customers, pursuant to which we provide discounts on car rental services, test drive of specified car models or other value-added ancillary services and benefits to their employees or designated participants, which incentivizes them to use our services and further expands our customer base.

Fleet Management

Leveraging on our integrated technologies, we are able to maximize our fleet utilization and control costs via “better acquisition,” “better deployment” and “better disposition.” We have been actively building up and expanding our fleet size through a combination of different models to capture untapped demands. Traditionally, like other car rental service providers, we mainly used the vehicle acquisition model (including vehicle purchase and financial lease) to build up and expand our fleet, under which we hold legal title of the vehicles. In late 2023, we started to implement and take advantage of the asset-light operating lease model, under which we lease vehicles from automotive OEMs and financial institutions. The following table sets forth our fleet size as of December 31, 2023, 2024, and June 30, 2025.

	As of December 31,		As of June 30,
	2023	2024	2025
Our fleet			
Self-owned vehicles ⁽¹⁾	83,063	54,979	51,914
Operating-leased vehicles ⁽²⁾	9,636	70,722	83,074
Total	92,699	125,701	134,988

Notes:

- (1) Self-owned vehicles represent vehicles we acquired through the vehicle acquisition model (including vehicle purchase and financial lease).
- (2) Operating-leased vehicle represent vehicles we leased through the operating lease model.

As of June 30, 2025, our fleet included over 200 models, primarily from major automotive OEMs such as Volkswagen, Toyota, Nissan, Honda Moto and General Motors. The variety of our vehicle classes and models enables our customers to choose their preferred vehicles. In the event that the vehicle model requested by a customer is not available, our proprietary technologies will automatically advise the customer when such particular model will become available or if similar models are available at the selected time. The customer also has an option to choose to be put on a waiting list for the particular model requested. Through our user interface, our technologies also provide information to customers about discounts, special offers and other promotions to encourage them to rent for a longer period or upgrade to a more premium vehicle model.

Our fleet management system has allowed us to achieve a fleet utilization rate of 70.8% in 2023, 63.8% in 2024, and 67.6% for the six months ended June 30, 2025, respectively. We capitalize upon our increased fleet utilization rate through dynamic and real-time pricing which continuously analyzes numerous sets of data, including fleet availability, vehicle model purchase price, pick-up/drop-off time and location, vehicle availability, prevailing market price, vehicle model and rental period to calculate and automatically adjust our rental rates. Through this mechanism, we are able to offer prices that remain competitive in changing market conditions while maximizing profitability.

We maintain a relatively young fleet and make ongoing efforts to refresh and upgrade our fleet through strategic vehicle procurement and disposal initiatives, which enables us to offer vehicles in better condition to our customers. As of December 31, 2023, 2024 and June 30, 2025, the average age of our fleet was approximately 2.6, 1.9 and 2.0 years, respectively.

Vehicle Acquisition

We carefully take into account customer preferences in fleet acquisition as we have observed that customers in China are generally more sensitive to vehicle models compared to western customers. For example, we have gradually expanded our fleet of hybrid vehicles and EVs in response to growing charging infrastructure, customer demands and in line with our commitment to environmental sustainability. As of June 30, 2025, approximately 3.0% of our fleet is composed of hybrid vehicles and EVs. We also select vehicle models that have a liquid secondary market and seek to control fleet size of each vehicle model, thereby mitigating the pricing impact when we retire such vehicle model. The acquisition decision is made based on systematic analysis, assisted by our proprietary demand forecast model and database. In addition, leveraging our large fleet size and procurement needs and our long-term relationship with automotive OEMs, we are able to directly negotiate with automotive OEMs and benefit from economies of scale through our centralized vehicle procurement in order to lower the costs of vehicle acquisition. We also maintain good relationships with car dealers as an alternative channel for our vehicle procurement.

We typically finance our vehicle purchases through our operating cash flow, supplemented by a variety of sources including bank borrowings, syndicate loans, borrowings from third-party financing companies and issuance of senior notes as well as financial leasing.

After purchasing a vehicle, we apply to the relevant government authority to obtain a license plate, purchase insurance for the vehicle and install a GPS-based tracking device to enable our proprietary fleet management system to monitor the vehicle before deploying the vehicle to our fleet. Upon completion of these steps, we consider the vehicle fully operational and available for services. The price of a license plate, if any, varies greatly depending on the city in which we intend to obtain a license for the vehicle, as well as by local market conditions.

Operating Lease

In late 2023, we started to implement and take advantage of the asset-light operating lease model, under which we lease vehicles from automotive OEMs and financial institutions. The operating lease model is expected to sustainably facilitate and maintain our fleet expansion to capture increasing market demands without committing large cashflow upfront, thereby improving our financial leverage. The operating lease model allows us to lease vehicles for several years with upfront lease deposits and periodic rents paid to the lessors. The lease terms of operating-leased vehicles typically range from 12 to 36 months. We may need to remain subject to financial covenants, such as maintaining assets to debt ratio, minimum car rental revenue, or utilization rate, as imposed by the lessors, especially those financial institutions. We believe the operating lease model has the following benefits, as compared to the vehicle acquisition model (including vehicle purchase and financial lease):

- *Title and disposal right.* Under the vehicle acquisition model, we own or may obtain title of vehicles and have right of disposal while lessors own vehicles under the operating lease model, which is relatively less risky to us when it comes to disposal of vehicles in a buyer's market.
- *Upfront cashflow and flexibility of optimizing fleet size.* The vehicle acquisition model typically requires higher upfront cashflow with relatively less flexibility of expanding fleet size. In contrast, the operating lease model generally involves lower upfront cashflow, such as deposits and periodic rents, thereby offering greater flexibility in adjusting fleet size as needed.
- *Vehicle Mortgage.* We may have to secure our loan repayment or payment obligations under financial lease by vehicle mortgage or sale-leaseback to finance our vehicle acquisition. In contrast, the lessors in operating lease model usually do not need mortgage or collateral for securing our payment of rents.

Vehicle Deployment

Our unique business model not only increases our service offerings, but also strengthens synergies across our different business segments. For example, the peak time of 2C customers' mobility needs, which are primarily for leisure travel, typically falls on weekends and public holidays, while the peak time of 2B customers' mobility needs, which are primarily for business travel, typically falls on weekdays. We take advantage of such complementary demand cycles by using our fleet management system, which continuously tracks our vehicles and prepares demand forecasts, to strategically redeploy vehicles across our different business segments and service network in order to optimize our fleet distribution and increase our fleet utilization rate. As a result, we are able to further optimize our fleet utilization and increase profitability by automatically allocating our vehicles and initiating cross sales through cross utilization among fleets for our different business segments.

In addition, GPS-tracking devices and our proprietary fleet management system enable us to monitor our fleet on a real-time basis to optimize the geographic allocation of our fleet and to provide one-way car rental services. Vehicles in our fleet are equipped with “control units” as needed, containing comprehensive navigation technologies including GPS navigators, wireless antennae and vehicle interface modules which continuously transmit valuable information to our central system. Our system uses the information to track fleet information including vehicle positioning, mileage and fuel consumption and automatically determine how to optimally distribute our fleet. Our system also monitors reservations, inventory levels and key operating metrics at each of our service locations on a real-time basis, streamlining processes such as procurement, staffing and security.

Vehicle Dispositions

We generally hold vehicles in our fleet for 12 to 36 months. We have developed an internal rating system to assess the general conditions of our vehicles, and dispose of our used self-owned vehicles through a variety of disposition channels, including repurchase by automotive OEMs and car dealers, bulk sales to car dealers and brokers, online used car marketplaces, auctions and direct sales to individual customers, according to the rating results, while we do not need to dispose operating leased vehicles which we do not hold titles thereof. We also maintain a well-managed vehicle disposition system with a deliberated decision-making process taking into consideration market timing, disposal price and seasonality, pursuant to which we would adjust the holding periods of our vehicles and dispose of used vehicles accordingly. We maintain strong and long-standing relationships with multiple automotive OEMs to secure access to highly demanded vehicle models at competitive prices. In 2023, 2024, and for the six months ended June 30, 2025, we disposed of 11.3 thousand, 31.1 thousand and 5.5 thousand used vehicles, respectively.

In late 2014, we began our program car arrangements primarily with certain automotive OEMs and car dealers. Program cars refer to vehicles where the disposal prices has been predetermined by agreements. Pursuant to program car arrangements, we have the option to sell, and automotive OEMs or car dealers have the obligation to repurchase our vehicles at a specified repurchase price based on a predetermined percentage of the original vehicle costs and the respective holding periods (typically 12 to 36 months), subject to certain vehicle conditions, mileage and holding period requirements. Pursuant to program car arrangements, we also have the option to retain and elect not to sell such vehicles as program cars to automotive OEMs or car dealers if we consider disposal through other channels would be more favorable. Approximately 76.7%, 90.0%, and 87.9% of our respective self-owned period-end fleet size were subject to such program car arrangements as of December 31, 2023, 2024, and June 30, 2025, respectively. The percentage of our newly purchased vehicles subject to such program car arrangements in future periods depends on a number of factors, including our expectations for future used car prices, our seasonal needs and the availability and attractiveness of automotive OEMs’ and car dealers’ program car arrangements. Repurchase prices of program cars are generally based on a predetermined percentage of the original vehicle cost and the respective holding periods. We calculate the depreciation costs of such vehicles separately, based on their respective contractual repurchase prices and holding periods, and adjust the depreciation costs if we elect not to sell such vehicles as program cars or if the repurchase conditions of such vehicles are not met. We believe program car arrangements can hedge against certain risks from fluctuations in used car prices in the secondary market and offer additional alternative vehicle acquisition and disposal channels. Assisted by our ERP system which automatically tracks market prices for vehicle models in our fleet, we believe we are able to increase our profits and cost recovery rates for our used vehicles in the future.

STRATEGIC COOPERATION

We maintain strategic cooperation with Enterprise by means of global affiliation that enables access of one party's car rental services by the other's customers, referrals of customers to each other and joint sales and marketing efforts by both parties. Pursuant to the strategic cooperation with Enterprise, we have granted Enterprise, in certain designated territories, a royalty-free exclusive license with the right to grant sublicense to use certain of our trademarks, service marks, trade names, signages, logos, symbols and designs associated with the name "eHi" for the purpose of pursuing referral business to us, processing such referrals and servicing business referred to Enterprise by us; and Enterprise has granted us, in certain designated territories, a reciprocal royalty-free exclusive license with the right to grant sublicense to use certain of Enterprise's trademarks, service marks, trade names, signages, logos, symbols and designs associated with the names "Enterprise," "Enterprise-Rent-A-Car," "Alamo," "Alamo Rent A Car," "National" and "National Rent A Car" for similar purposes. Additionally, we and EAN Services, LLC, an affiliate of Enterprise, have agreed to maintain collaboration pursuant to which EAN Services, LLC may provide us with certain consultation services regarding operational and business strategies.

In addition, we currently cooperate with other leading Internet and e-commerce platforms and online travel agencies in China as well as offline travel service providers and professional association, to promote our services.

RESEARCH AND DEVELOPMENT

We have a dedicated team of highly skilled engineers, computer scientists and technicians. As of June 30, 2025, we employed a total of 222 people as our research and development team. The main responsibilities of our research and development team includes developing, maintaining and improving its proprietary technologies including our dynamic real-time pricing and fleet management functions, which are instrumental in our ability to monetize and deploy our vehicles in an efficient manner.

Our ability to develop features, functions and services tailored to the needs of our customers and business model is critical to us. We have been able to rapidly scale up our operations and deliver consistent service quality while enhancing the functions and features of our technologies and service offerings. Our research and development team has been able to rapidly roll out and test updates to our technologies. Since 2020, in addition to regular and frequent improvements to our technologies, our research and development team has undertaken multiple major development projects and successfully developed, among others, (i) fully electronic receipts initiative; (ii) ETC integration which allows automated ETC payments; (iii) pixelated vehicle damage screening method; (iv) "blind box" option project; (v) self-driving car rental waitlist project; (vi) virtual smart key function that supports unmanned car rental services with self-pick-up/self-drop-off; (vii) utilization of AI related technologies combined with historical, real-time and industrial data to enhance our forecasting of car rental demands and prices as well as facilitate our analysis of market insights, and (viii) employment of AI related technologies to enhance our customer service process.

Our current key R&D projects include the improvement and upgrade of our mobile application and our APIs with more flexible interface connections, robotics process automation tool for finance system to stock analysis and prediction, which are currently some of the most commercially advanced systems and tools to integrate various application software and offer data security and protection to

authenticate users and prevent the unauthorized access of various web endpoints. Once these systems are rolled out, they will satisfy the integration needs of its various services and enhance its data analytics and security capabilities. We are also working on optimizing its real-time pricing mechanism by increasing its capacity of obtaining pricing information from competitors and adding more trigger rules for pricing calculations.

INTELLECTUAL PROPERTY

Our proprietary technologies are critical to our business in mainland China. As of June 30, 2025, we owned 14 registered patents and 19 patent applications in mainland China. In addition, as of June 30, 2025, we owned 242 software copyrights in mainland China.

We believe brand recognition is key to our success. As of June 30, 2025, we registered 519 trademarks. Our registered trademarks include “eHi Car Rental” and other trademarks in connection with our brand name “eHi” and associated logos that we use or plan to use to market our services or to prevent others from competing with us by using similar logos. In addition, as of June 30, 2025, we have registered 169 domain names in connection with our brand name to prevent any dilution of our brand name.

We have granted Enterprise, and Enterprise has granted to us, in certain designated territories, a royalty-free exclusive license with the right to grant sublicense to use certain trademarks, service marks, trade names, signages, logos, symbols and designs for the purpose of pursuing referral business between us, processing such referrals and servicing the referred business.

SEASONALITY

We generally experience some effects of seasonality due to increases in leisure travel activities and decreases in business travel activities during the summer season and public holidays in mainland China such as Chinese New Year, Labor Day, and National Day. In addition, we typically launch promotions for certain car rental services in selected cities after major holidays in mainland China post-holiday use of our services. Our revenues may also fluctuate due to adverse weather conditions, such as snow or rain storms.

COMPETITION

China’s car rental service industry is competitive and fragmented, as the top two car rental service companies had a market share of only over 5% (in terms of total revenue) in 2024, according to iResearch. It is still at an early stage with a relatively low penetration rate and yet a high level of market fragmentation, compared to its U.S. and Brazilian counterparts, the two more mature markets in the world according to iResearch, which feature high penetration rate and high market concentration. The cumulative penetration rate, measured as the number of customers who have ever used car rental services in their lifetime to the total number of drivers’ license holders, was very low at 15%-20% in 2024 in China’s car rental service industry, as compared to 45%-55% and 30%-35% in the U.S. and Brazilian car service industries, respectively. As we provide comprehensive service offerings, we compete with different market participants in different market sectors at different levels. We compete primarily on the basis of rental price, user experience, brand recognition, convenience of service locations, geographic coverage and service quality. For car rental services, we compete with both national players, such as Car Inc., Shouqi and regional players. We believe the

prominence and reputation of our brand, the quality of our services, our nationwide service network, our advanced, proprietary technologies and our access to capital markets differentiate us from our competitors. However, some of our current or future competitors may have greater financial, technical or marketing resources, greater brand recognition, or longer operating history than we do. See “Risk Factors – Risks Relating to Our Business and Industry – We face intense competition and may not be able to increase our prices or may have to match our competitors’ price reductions. If we fail to compete effectively, we may lose market share, our revenues and margin may decrease and our results of operations may be adversely affected.”

EMPLOYEES

We are led by Mr. Ray Ruiping Zhang, our founder and chief executive officer, together with our experienced and proven management team, in our continuing achievement of outstanding business success. Down from the management level, we promote a corporate culture focusing on customer service, excellence and innovation, as well as core values of honor, integrity and team spirit. As of June 30, 2025, we had 5,772 full-time employees, who were located in China and primarily engaged in direct services, such as the delivery and pick-up of rental vehicles. Additionally, as of the same date, we had 741 interns and part-time employees.

We currently engage an independent third-party human resources company, to provide human resources services which include, among other things, managing payrolls, social welfare and benefits contributions and local residency permits of our dispatched employees. For additional information and risk relating to our dispatching arrangement, see “Risk Factors – Risks Related to Doing Business in the People’s Republic of China – Our current employment practices may be restricted under the Labor Contract Law and other labor-related laws of the PRC and our labor costs may increase as a result.”

The following table sets forth the numbers of our full-time employees by function as of June 30, 2025:

Functions	Number of Employees	% of Total
Direct vehicle and operation services	4,389	76.04%
Fleet management and support	642	11.12%
General administration	456	7.90%
Sales and marketing	285	4.94%
Total	5,772	100.00%

We believe that recruiting, retaining and motivating qualified personnel is crucial to our success. We have standardized our human resources policies and procedures in a detailed employee manual that all employees are required to adhere to and we have designed and implemented in-house training programs tailored to each job function and responsibilities to maintain and improve our employees’ performance. Specific training is provided to new drivers at orientation to help them familiarize with our working standards and operating requirements.

As required by regulations in China, we participate in various employee social security plans that are required by municipal and provincial governments for our full-time PRC-based employees, including pension, unemployment insurance, work-related injury insurance, medical insurance and housing provident funds. We are required by PRC laws to make contributions to employee social security plans for our full-time employees at specified rates.

We enter into standard employment contracts and confidentiality agreements with our full-time employees. None of our employees was represented by any labor union that engages in collective bargaining. We had not experienced any significant labor disputes with our employees.

FACILITIES

As of June 30, 2025, we owned eight properties located in Shanghai with an aggregate gross floor area of approximately 11,619 square meters.

We have also entered into leases, generally with terms between one to three years, with privately owned enterprises and individuals for all of our stores and parking facilities as well as certain of our offices. Our stores generally have a standardized design, appearance, decoration, color scheme and display. We select locations for our stores based on criteria including convenient access to transportation hubs, major office buildings, shopping centers or universities, which we believe have more potential for sustainable and increasing demands for our services.

INSURANCE

We purchase motor vehicle damage insurance, third-party liability insurance, compulsory traffic accident insurance, passenger injury insurance, employer liability insurance and other insurance coverage that our management considers adequate to protect our assets and operations under different situations. If we have a low accident rate of our fleet, we may benefit from the “no-claim discount” and enjoy lower insurance premium when purchasing relevant insurance for our fleet. We are exposed to claims for personal injury or death and property damage as a result of automobile accidents involving vehicles operated by our drivers or our contracted service providers. We consider that the amount and nature of our insurance coverage are adequate and in line with the market practice in China.

Any successful claim against us beyond the scope or limits of the insurance coverage of us or our contracted service providers may have a material adverse effect on our business, financial condition and results of operations. See “Risk Factors – Risks Related to Our Business and Industry – We could be negatively affected if our insurance coverage proves to be limited or inadequate.”

LEGAL PROCEEDINGS

We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business. We are not a party to, and we are not aware of any threat of, any legal, arbitral or administrative proceeding that, in the opinion of our management, is likely to have a material and adverse effect on our business, financial condition or results of operations, nor have we experienced any incident of non-compliance which, in the opinion of our Directors, is likely to materially and adversely affect our business, financial condition or results of operations.

REGULATIONS OVERVIEW

GENERAL

This section summarizes the principal PRC laws and regulations currently in effect that are relevant to our business and operations.

REGULATIONS ON FOREIGN INVESTMENT IN RENTAL INDUSTRY

The establishment, operation and management of corporate entities in the PRC, including foreign-invested companies, are subject to the Company Law, which was issued by the Standing Committee of the National People's Congress on December 29, 1993 and the current effective version was amended on October 26, 2018. Unless otherwise provided in the PRC's foreign investment laws, the provisions of the Company Law shall prevail.

Investments in the PRC by foreign investors and foreign-invested enterprises are regulated by the Catalog of Industries in which Foreign Investment is Encouraged (2022 edition) which took effect on January 1, 2023 and the Special Administrative Measures for Foreign Investment Access (Negative List 2021), or the 2021 Negative List, which took effect on January 1, 2022, according to which foreign investment in general rental business is permitted. The Administration Measures on Foreign Investment in Rental Industry that was promulgated by MOFCOM on February 3, 2005 and subsequently amended on October 28, 2015 by MOFCOM applies to foreign-invested enterprises that operate rental or leasing and financial leasing businesses in mainland China, including car rental businesses. Under this regulation, foreign investors of a foreign-invested enterprise operating car rental or financial leasing business shall have total assets of not less than US\$5 million and the foreign invested rental company shall follow the general requirements of PRC Company Law and obtain approval from MOFCOM or its relevant local counterparts for its incorporation. This Measures, however, was abolished on February 22, 2018.

REGULATIONS ON CAR RENTAL AND CAR-RENTAL RELATED SERVICE INDUSTRY

General requirement on vehicles

Regulations applicable to all automotive vehicles generally apply to rental vehicles. According to the Road Traffic Safety Law promulgated by the Standing Committee of National People's Congress, or the SCNPC, in October 2003, which was amended in December 2007, April 2011 and April 2021, respectively, all automotive vehicles are required to be registered with relevant local administration authorities. Vehicle registration certificates, vehicle plates and vehicle licenses shall be obtained from the same authorities, and the compulsory traffic accident insurance shall be purchased for each vehicle.

Car rental related services

As the car rental industry is still at an early stage of development in China, the legislation of the car rental industry continues to evolve. The MOT and the State Planning Commission, the predecessor of NDRC, promulgated the Interim Rules on Administration of Car Rental Industry in 1998, which was abolished in 2007. Since then, and before the Measures for the Administration of Rental Operations and Service of Small and Mini-sized Passenger Vehicles, or the New Measures,

which was promulgated by the Ministry of Transport recently on December 20, 2020, became effective on April 1, 2021 and was amended on August 11, 2021, there had been no national laws and regulations in place to specifically regulate the car rental industry in China except the Notice on Promoting the Healthy Development of Car Rental Industry, or the 2011 MOT Notice, promulgated in April 2011 by the MOT. The 2011 MOT Notice sets forth general guidelines for the car rental industry in China and requires local government authorities to (i) establish and improve local rules and regulations on car rental business, (ii) accelerate the formulation of local development plans for the car rental industry, (iii) encourage large and well-managed car rental companies of good reputation to set up branches and establish national or regional networks without any restrictions due to local protectionism, (iv) enhance the administration of the car rental business, including requirements to obtain and carry a valid permit or license for each rental car, and prohibitions of car rental companies from engaging in road transportation businesses without appropriate approval, (v) encourage car rental companies to innovate and develop new types of car rental services, (vi) create a favorable environment for the development of the car rental industry, and (vii) enhance the administration and supervision of the car rental industry.

The New Measures prescribe that operation and rental services of small and mini-sized passenger vehicles (“SMPVs”) refers to operation activities where a rental operator of SMPVs and a customer sign a rental contract, delivering SMPVs equipped with 9 seats or fewer to the customer for use and charge rental fees. The state encourages large-scale and network operation of the SMPVs rental business and encourages the use of new energy vehicles to carry out such business. While those rental business operators of SMPVs shall complete the registration or filing formalities with the administrative competent department. The SMPVs put into operation shall pass the inspections and their use of nature shall be registered as “for rental”. Such cars shall not be used in road transport operation unless the operators have obtained required permits and completed the formalities of changing the use of nature of the cars, or the operators will be regarded as engaged in illegal business and be punished in accordance with relevant laws and regulations. The operators of SMPVs rental services shall not simultaneously provide driving services. The operators shall check the ID of the customers and refuse to provide rental services to those who are unidentified or refuse to be checked. If an operator fails to go through the registration or record-changing formalities either for itself or any cars being used for rental as required, it will be instructed to correct its behavior and be fined ranged from RMB3,000 to RMB10,000.

The local regulations and rules governing rental services of SMPVs are slightly different from the New Measures. After the New Measures, some local transport authorities have updated local rules or kept former local rules regarding the filing requirements on the rental services of SMPVs, and most of the cities require car rental operators to file business licenses and certain information at local transport authorities for record. For instance, Shanghai amended its local rules for car rental services prescribed in the Shanghai Municipal Administrative Rules on Taxis, abolishing the requirement of obtaining permit or license for such business and requiring that the operators shall complete filing procedures instead while, Shanghai Municipal Transportation Commission has announced the filing guidance on its official website. Hainan Province has formerly implemented the New Measures and issued several guidelines based on the New Measures. Beijing keeps its former local rules while local authorities in Zhejiang, Chongqing, Hubei and Hebei have updated their local regulations and rules, all of which to some extent vary from those rules prescribed in the New Measures.

In most of the cities where we operate our car rental business, the administrative punishments are no stricter than order of rectification with penalties of RMB10,000. However, the local regulations or rules in some other regions set stricter administrative punishments such as cessation of business, order of closure of business, revocation of business license or imposing administrative penalty of more than RMB10,000. For example, after the New Measures were implemented, Zhejiang Province provides local regulations on car rental services in the Road Transport Regulations of Zhejiang Province, or Road Transport Regulations of Zhejiang, which were issued on July 29, 2022, and came into effect on October 1, 2022. Zhejiang Province's new regulations on car rental services are slightly stricter than the New Measures to some extent. For example, a car rental operator only has 20 days to submit its business license to the transport authority for record, and 10 days to submit the information of vehicles for operation for record, which are much shorter than the 60-day period given by the New Measures. In addition, if any operator fails to submit its business license and vehicle information to the transport authority for the record, it shall be ordered to make corrections and imposed on a fine of not less than RMB2,000 but not more than RMB20,000; If the non-compliance circumstances are serious, it shall also be ordered to suspend business for not more than 15 days; If the non-compliance circumstances are particularly serious, the original licensing authority shall concurrently revoke its operation license or impose the closure order. In Beijing, those who do not submit the business license and information of vehicles for operation for record as required will be ordered for rectification within a time limit, and those who fail to do so within the time limit may be fined ranging from RMB10,000 to RMB30,000. In Chongqing, a car rental services operator may face a rectification order within a time limit for failure to submit the business license for record and information of vehicles for operation, along with monetary penalties ranging from RMB3,000 to RMB10,000 and will further be ordered to suspend business when they fail to do so within the time limit. In some provinces or cities, including Hebei Province and Hubei Province, the authorities may impose penalties higher than RMB10,000 for not complying with the record filing rules as well as order the operators to suspend business if the non-compliance is identified as serious.

The Road Transportation Regulation promulgated by the State Council in 2004, and amended in 2012, 2016, 2019, 2022 and 2023, regulates road transportation businesses (including road passenger transportation business and road freight transportation business) and other business operations related to road transportation (including operations of transportation terminals (sites), vehicle maintenance and repair businesses and training of drivers). There is no provision relating to car rental businesses in this regulation. However, some road transportation rules at local level include car rental services and require operators and/or the vehicles put into operation to go through certain approval or filing formalities.

The Administrative Rules on Urban Taxis promulgated by the Ministry of Construction and the Ministry of Public Security, or the MPS, which became effective in 1998, regulates the planning, operations, administration and services related to urban taxis, which was abolished in March 2016. The MOT promulgated the Administrative Regulations on Operation and Services of Taxis in September 2014, which became effective on January 1, 2015, amended on August 26, 2016 and August 11, 2021, of which the name changed as the Administrative Provisions on the Operation and Service of Itinerant Taxi, or the Itinerant Taxi Provisions. According to such regulations, the term "itinerant taxis operation service" refers to operating activities that provide passenger transport services at the direction of the passengers and charge fees according to travel mileage and travel time by means of seven under seats car with identifications sprayed and installed as a taxi and driving services, which tour and pick up customers on the roads.

The regulatory distinctions between car rental businesses and road transportation businesses or taxi businesses are not clear. As a result, local government authorities in mainland China have imposed different requirements on the operating entities and/or vehicles that are involved in car rental businesses in the respective province or city.

Car rental services not accompanied by driving services

Set forth below is a summary of local rules and regulatory requirements in China, which have maintained or become effective since the implementation of the New Measures, regarding the provision of car rental services, which generally do not contemplate the provision of car rental services concurrently with the provision of driving services.

- Some provinces and cities do not have any specific local rules regulating car rental services.
- Some local authorities promulgated local rules specifically regulating the car rental businesses. For example, the relevant local authority of Beijing promulgated specific local rules for car rental operations in Beijing including a notice issued on August 12, 2014, which specifically points out that car rental business is an activity that shall not provide drivers, and that car rental business operators are not allowed to provide driving services to customers.
- Although the Road Transportation Regulation does not include any provisions relating to car rental businesses, the local road transportation rules of certain provinces and cities, such as Zhejiang Province, Hebei Province, Gansu Province, etc., require car rental service providers to obtain road transportation licenses from local authorities or make filing with local authorities covering their car rental businesses.
- In some provinces and cities, local rules regulating taxi businesses also partially cover car rental operations, which impose different requirements on car rental service providers from taxi service providers. For example, according to Shanghai Municipal Administrative Rules on Taxis which was recently amended on December 28, 2023, passenger transport services refers to the taxi operations of providing transportation services according to passengers' wishes and charging fees based on mileage and time, while car rental services refers to the taxi operations of renting out vehicles without drivers to users and charging on an hourly basis. Car rental service providers in Shanghai are required to complete filing procedures at the local transportation authority before commencing car rental businesses, while passenger transport service providers are required to obtain taxi operation license. In 2011, Shanghai Municipal Transport and Port Administration issued Several Opinions on Regulating the Management of the Car Rental Industry, which provides that car rental services shall be provided without drivers. However, if customers do have needs for driving services, car rental operators may sign labor agency contracts on behalf of their customers with third-party labor service companies. The labor service companies will provide drivers to the customers, and the car rental operators are obligated to offer business training to the drivers.
- The Road Transport Regulations of Zhejiang provide that car rental operators shall not offer driving service to customers either by themselves or through other entities which have investment relationship with them.
- Some other local authorities also promulgated local rules, such as those in Guangdong Province, Hubei Province, Liaoning Province, Chongqing, Jilin Province, Sichuan Province, Guizhou Province, Jiangxi Province, Shaanxi Province and Kunming, etc. forbidding car rental business operators to simultaneously provide driving services or provide road transport business in a disguised manner.

- Some local authorities promulgated local rules, such as those in Beijing, Guangdong Province, Hubei Province, Liaoning Province, Chongqing and Kunming, etc. to require that the owner of a rental vehicle must be the same person operating the rental services.

In addition, among those provinces and cities that have promulgated local rules to regulate car rental business, the actual practice of the local authorities may differ from their local rules.

Car rental services accompanied by driving services

As aforementioned, the operators of SMPVs rental services shall not simultaneously provide driving services in accordance with the New Measures. If any car rental business operator provides driving services simultaneously without holding a road transportation license or a taxi business license, it will face certain administrative punishment as prescribed in accordance with the Road Transportation Regulations, the Itinerant Taxi Provisions, and the Provisional Measures for Administration of Online Car Hailing Services, or the Car Hailing Measures, released by the MOT, the Ministry of Information Industry, or the MIIT, the MPS, etc. on July 27, 2016 and became effective on November 1, 2016, amended on December 28, 2019 and November 30, 2022. The Road Transportation Regulations requires an operator of road passenger transportation businesses to have appropriate vehicles, qualified drivers, sound safety systems and obtain a road transportation operation license covering passenger transportation. The 2011 MOT Notice provides that a car rental enterprise must obtain appropriate approval before it may conduct road passenger transportation business. However, neither the Road Transportation Regulation nor the 2011 MOT Notice defines the term “road passenger transportation business.” According to the Administrative Rules on Road Passenger Transportation and Passenger Transportation Terminals promulgated by MOT in 2005 and last amended in 2023, the term “road passenger transportation services” refers to road passenger transport activities with commercial nature which use buses to transport passengers and to provide services to the public, including shuttle bus (overtime) passenger transport, chartered passenger transport, tourist passenger transport. The Itinerant Taxi Provisions provides that “Itinerant taxis operating service” refers to operating activities that provide passenger transport services at the direction of the passengers and charge fees according to travel mileage and travel time by means of seven under seats car with identifications sprayed and installed as a taxi and driving services, which tour and pick up customers on the roads. An itinerant taxi operator shall obtain a road transportation license and road transport certificates for vehicles put into operation and has drivers who have obtained professional qualification certificate as required. The Car Hailing Measures provides that online car hailing services refer to the business activities of non-patrol online car hailing services using qualified vehicles and drivers, which are provided through a service platform that is built relying on Internet technologies and integrates supply & demand information.

At local levels, the rules regarding car rental services accompanied by driving service may be different to some extent in different provinces and cities. A few local authorities have also imposed qualification requirements on drivers engaged by a car rental service provider.

REGULATIONS ON PENALTIES FOR VIOLATION OF TRAFFIC LAWS AND REGULATIONS

According to Road Traffic Safety Law, penalties for violations of the law on road traffic safety include: disciplinary warning, fine, temporary suspension or revocation of motor vehicle driver’s license and detention. The traffic administration department of the public security authority may, on

the basis of the technical traffic monitoring records, impose a penalty on the owner or manager of the motor vehicle involved in violation of law. If the driver can be identified, it may impose a penalty on the driver. On December 29, 2016, the city government of Shanghai also revised its local regulations on road traffic administration, which took effect on March 25, 2017, to enhance the road traffic management in the area of Shanghai including, among other things, imposing various penalties on activities of violations of traffic rules and it also clarified that it is prohibited that using other person's driver's license to deduct points, deducting points for other person and introducing the aforementioned behaviors.

Motor vehicles are subject to periodic inspection. According to the Rules on Motor Vehicle Registration promulgated on April 30, 2004, and amended on May 27, 2008, September 12, 2012 and December 17, 2021 by the MPS, before owners of motor vehicles apply for inspection on their motor vehicles, all the traffic violations related to their motor vehicles shall be settled.

REGULATIONS ON VEHICLE INSURANCE

Pursuant to the Road Traffic Safety Law, compulsory third-party liability insurance must be purchased for each vehicle. Pursuant to the Regulations on Compulsory Traffic Accident Liability Insurance for Motor Vehicles promulgated on March 21, 2006, and amended on December 17, 2012, February 6, 2016 and March 2, 2019, by the State Council, owners or managers of motor vehicles driving on roads within mainland China shall apply for the compulsory traffic accident liability insurance for their motor vehicles.

REGULATIONS ON MOTOR VEHICLE REPAIR SERVICES

The Road Transportation Regulation requires that motor vehicle repair services shall file to competent road transport administration authority before they start their business.

According to Administrative Rules on Motor Vehicle Repair promulgated on June 24, 2005 and last amended on November 10, 2023 by the MOT, anyone that applies to engage in operation of motor vehicle repair services shall have (i) an appropriate site for motor vehicle repair; (ii) necessary equipment and facilities; (iii) necessary technical personnel; (iv) a sound system for management of motor vehicle repair; and (v) necessary environmental protection measures.

In addition, motor vehicle repair business shall comply with regulations and rules promulgated by local government authorities of the provinces and cities where such business is operated. Such local regulations and rules may provide additional qualifications and detailed requirements for motor vehicle repair operators.

REGULATIONS ON LIMITATION OF USE AND PURCHASE OF MOTOR VEHICLES

Certain cities in China have issued local regulations or rules to control the number of motor vehicles.

For example, Beijing imposes an annual quota on the issuance of new vehicle license plates. Potential motor vehicle purchasers need to meet specific criteria and enter into draw during specified period. Only candidates who have been allocated a plate in the draw can apply to have their motor vehicles registered with the local vehicle administration. Shanghai is implemented an auction system for the issuance of new vehicle license plates.

Only successful bidders can apply to have their motor vehicles registered with the local vehicle administration. There are similar policies that restrict the issuance of new vehicle license plates in Guangzhou, Tianjin and Hangzhou.

In addition, some cities in China such as Beijing, Shanghai, Nanjing, Wuhan, Jinan, Chengdu, Hangzhou, Lanzhou, Guangzhou and Tianjin also have promulgated regulations or rules to prohibit vehicles with certain license plate from driving on road. For instance, in Beijing vehicles with restricted tail number of license plates are not allowed to drive within five rings road (excluding the fifth ring road) during 7:00 am to 20:00 pm each workday, and the vehicles with non-Beijing license plates shall also be subject to certain restrictions. In Shanghai vehicles bearing non-Shanghai license plates are not allowed on certain roads during specified rush hours on workdays.

REGULATIONS ON ONLINE CAR HAILING BUSINESSES

In July 2016, MOT, together with other six governmental authorities, issued the Car Hailing Measures which was amended on December 28, 2019 and November 30, 2022. The Car Hailing Measures require online car-hailing platform operators to obtain licenses from governmental authorities, be capable of providing online and offline services and meet certain conditions. The vehicles and drivers shall also meet certain conditions and obtain the online car hailing vehicle licenses and driver licenses respectively issued by the relevant governmental authorities to engage in online car hailing business. Following the Car Hailing Measures, a number of local governmental authorities in cities, including Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Qingdao, Chongqing and Tianjin city governments, further adopted policies regarding the online car-hailing business operations and services in their administrative regions. In addition to the conditions set out in the Car Hailing Measures, almost all those local governments require that the vehicles engage in online car hailing business operations must be registered in the city administrative regions and meet certain vehicle conditions such as minimum wheel base, installing GPS system and emergency alarm system. Beijing and many other city governments specially require the drivers engage in online car hailing business operations to register on the city census register.

REGULATIONS ON P2P CAR SHARING BUSINESS

On August 12, 2014, Administration of the Beijing Traffic Committee issued a Notice on Forbidding Car Rental Enterprises to Facilitate Illegal Transport Business, providing that a car rental enterprise is prohibited to (i) use private vehicles or other vehicles not belonging to it to conduct its car rental business, and (ii) facilitate illegal transport business operators. Similar restrictions may be expanded to other areas in China. P2P car sharing, however, is a new mode of transportation, where vehicles are provided by private vehicles owners to individual passengers via a third-party online platform. As the P2P car sharing business is at a very early stage of development in China, there are currently no national laws or regulations specifically regulating such business. Certain cities, including Beijing, Shanghai, Guangzhou, Chongqing, Shenyang and Changchun, have issued local rules or opinions on the P2P car sharing business to enhance the administration of such business. These rules and opinions require P2P service platforms to adopt a real name system for their drivers and passengers, report relevant information to the local traffic administration authorities and limit the daily sharing times for each vehicle. The Shanghai government also requires P2P service platform operators to file certain information concerning the P2P service platform with the local traffic administration authority.

REGULATION RELATED TO INTERNET INFORMATION SECURITY AND CENSORSHIP

The Decisions on Protection of Internet Security enacted by the Standing Committee of the National People's Congress in 2000, as amended in 2009, provides that, among other things, the following activities conducted through the internet, if constituted a crime according to PRC laws, are subject to criminal punishment: (1) intrusion into a strategically significant computer or system; (2) intentionally inventing and disseminating destructive programs, such as computer viruses, to attack the computer system and the communications network, thereby destroying the computer system and the communications networks; (3) violating national regulations, suspending the computer networks or the communication services without authorization; (4) leaking state secrets; (5) spreading false commercial information; or (6) infringing intellectual property rights through internet, etc.

In 2016, the Standing Committee of the National People's Congress promulgated the Cybersecurity Law of the PRC (the "Cybersecurity Law"), which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators are subject to various security protection-related obligations, including but not limited to (1) complying with security protection obligations under graded system for cybersecurity protection requirements, which include formulating internal security management rules and operating instructions, appointing cybersecurity responsible personnel and their duties, adopting technical measures to prevent computer viruses, cyber-attack, cyber-intrusion and other activities endangering cybersecurity, adopting technical measures to monitor and record network operation status and cybersecurity events; (2) formulating an emergency plan and promptly responding and handling security risks, initiating the emergency plans, taking appropriate remedial measures and reporting to regulatory authorities in the event comprising cybersecurity threats; and (3) providing technical assistance and support to public security and national security authorities for protection of national security and criminal investigations in accordance with the law.

On June 10, 2021, the Standing Committee of the National People's Congress promulgated the Data Security Law of PRC (the "Data Security Law") which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility.

On July 30, 2021, the State Council promulgated the Regulations on Protection of Critical Information Infrastructure, which became effective on September 1, 2021. Pursuant to the Regulations on Protection of Critical Information Infrastructure, critical information infrastructure shall mean any important network facilities or information systems of the important industry or field such as public communication and information service, energy, communications, water conservation, finance, public services, e-government affairs and national defense science, which may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage. In addition, competent departments and administration departments of each important industry and field (the "Protection Departments"), shall be responsible to formulate determination rules and determine the critical information infrastructure operator in the respective important industry or field. The result of the determination of critical information infrastructure operator shall be informed to the operator. As of the Latest Practicable Date, no detailed rules or implementation has been issued by any Protection Departments and we have not been informed as a critical information infrastructure operator by any competent departments or administration departments.

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (the “Cybersecurity Review Measures”) which became effective on February 15, 2022, and the Measures for Cybersecurity Review which took effect on June 1, 2020 was abolished at the same time. The Cybersecurity Review Measures provides for certain circumstances under which network platform operators are subject to cybersecurity review.

On July 7, 2022, the CAC promulgated the Security Assessment Measures for Outbound Data Transfer, effective from September 1, 2022 (the “Security Assessment Measures”) to regulate outbound data transfer activities, protect the rights and interests of personal information, safeguard national security and social public interests, and promote the cross-border security and free flow of data. Furthermore, the Security Assessment Measures provide that the security assessment for outbound data transfers shall follow principles of the combination of pre-assessment and continuous supervision and the combination of risk self-assessment and security assessment, so as to prevent the security risks arising from outbound data transfers, and ensure the orderly and free flow of data according to the law. For outbound data transfers that have been carried out prior to the implementation of the Security Assessment Measures, if not in compliance with the Security Assessment Measures, rectification shall be completed within 6 months from the implementation of the Security Assessment Measures. However, since the Security Assessment Measures is newly promulgated, there remains uncertainty as to how the new measures will be implemented and interpreted by the competent authorities.

On February 22, 2023, the CAC promulgated the Measures for the Standard Contract for Outbound Transfer of Personal Information, along with the standard form of contract for outbound transfer of personal information, which became effective on June 1, 2023. Such Measures provide for strict requirements on the conclusion of contracts for outbound transfer of personal information based on the standard form and require the filing of such contracts with cyberspace administration at the provincial level within ten business days following its effectiveness.

According to the Provisions on Promoting and Regulating Cross-Border Data Flows (the “Provisions”) promulgated by the CAC and came into effect on March 22, 2024, data processors shall declare security assessment for the outbound provision of data if any of the following conditions is met unless the circumstance falls under Article 3, 4, 5, or 6 of the Provisions: (i) where a CIIO provides personal information or important data abroad; (ii) where a data processor other than an operator of critical information infrastructure provide important data abroad, or, since January 1 of the current year, such a non-CIIO data processor has provided personal information (excluding sensitive personal information) of not fewer than one million people or sensitive personal information of not fewer than 10,000 people to overseas recipients. Where a non-CIIO data processor provides personal information (excluding sensitive personal information) overseas of not fewer than 100,000 but fewer than 1 million persons, or provide sensitive personal information overseas of fewer than 10,000 persons, cumulatively since January 1 of the current year, such a data processor shall conclude a standard contract with the overseas recipients or obtain a certification on protection of personal information in accordance with the law.

Additionally, if the data being provided abroad has not been notified or publicly disclosed by relevant departments or regions as important data, data processors do not need to declare security assessment for the outbound provision of data unless such data contain personal information and meet the thresholds stipulated in the Provisions. Under Article 3 of the Provisions, to provide the data

collected and generated in activities such as international trade, cross-border transport, academic cooperation, transnational manufacturing and marketing to overseas parties, where personal information or important data is not contained in such data, the data processor would be exempted from declaring security assessment for cross-border data transfers, concluding a standard contract for the outbound transfer of personal information, or obtaining a personal information protection certification. According to Articles 4, 5, and 6 of the Provisions, the following are the main exemptions from the requirement to declare security assessment for the outbound provision of data, concluding a standard contract for the outbound transfer of personal information, and obtain a personal information protection certification: (i) providing personal information collected and generated overseas to overseas recipients after being provided to China for processing, and no domestic personal information or important data is introduced in the process of such processing; (ii) providing personal information overseas is necessary for entering into or performing a contract to which an individual concerned is a party, such as cross-border shopping, cross-border mailing, cross border remittance, cross-border payment, cross-border account opening, air ticket and hotel reservation, visa processing, exam services, etc.; (iii) providing employees' personal information overseas is necessary for conducting cross-border human resources management in accordance with legally formulated labor rules and regulations and legally concluded collective contracts; (iv) providing personal information overseas is necessary to protect the life, health, and property safety of a natural person in an emergency; (v) a non-CIIO data processor has provided personal information (excluding sensitive personal information) overseas of fewer than 100,000 people cumulatively since January 1 of the current year; (vi) data processors in pilot free trade zones provide overseas recipients with any data not included in a negative list formulated, approved and filed in accordance with the Provisions. The Provisions also made it clear that in case of any inconsistency between the Provisions and the Security Assessment Measures and the Measures for the Standard Contract for Outbound Transfer of Personal Information, the Provisions shall prevail.

On September 24, 2024, the CAC announced the Network Data Security Regulations, which will be effective on January 1, 2025, stipulates that network data processors who carry out network data processing activities that affect or may affect national security shall undergo national security review in accordance with relevant state regulations. In addition, the Network Data Security Regulations also regulate other specific requirements in respect of the data processing activities conducted by data processors in the view of personal data protection, important data safety, data cross-broader safety management and obligations of network platform service provider. Network data processors shall identify and declare important data in accordance with relevant state regulations. For data confirmed as important data, relevant regions and departments shall promptly inform network data processors or make public announcements. Network data processors shall fulfill their responsibilities for network data security protection. Processors of important data shall designate persons in charge of network data security and establish network data security management institutions. Network data security management institutions shall fulfill their responsibilities for network data security protection. Processors of important data shall conduct risk assessments of their network data processing activities on an annual basis and submit risk assessment reports to relevant competent departments at or above the provincial level. Relevant competent departments shall promptly notify the cyberspace affairs departments and public security organs at the same level. Network platform service providers shall clarify the network data security protection obligations of third-party product and service providers accessing their platforms through platform rules or contracts, and urge third-party product and service providers to strengthen network data security management. When network platform service providers push information to individuals through automated decision-making methods, they shall set up easy-to-understand, accessible and operable personalized recommendation closing options, and provide users with functions such as refusing to receive pushed information and deleting user tags for their personal characteristics

REGULATIONS ON PRIVACY PROTECTION

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

Further, the Ninth Amendment to the Criminal Law of the PRC stipulates that any internet service provider that fails to fulfill the obligations related to Internet information security as required by applicable laws and refuses to take corrective measures, will be subject to criminal liability for (1) any large-scale dissemination of illegal information; (2) any severe effect due to the leakage of users' personal information; (3) any serious loss of evidence of criminal activities; or (4) other severe situations, and any individual or entity that (a) sells or provides personal information to others unlawfully or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations. In addition, Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Personal Information, issued on May 8, 2017 and effective as of June 1, 2017, clarify certain standards for the conviction and sentencing of the criminals in relation to personal information infringement. Further, the SCNPC promulgated a new National Security Law, effective in July 2015, to replace the former National Security Law and covers various types of national security including technology security and information security.

The Ministry of Public Security issued the Regulations on Technological Measures for Internet Security Protection in December 2005, requires Internet service providers to take proper measures including anti-virus, data back-up and other related measures, and to keep records of certain information about their users (such as user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, and detect illegal information, stop transmission of such information, and keep relevant records. Internet services providers are prohibited from unauthorized disclosure of users' information to any third parties unless such disclosure is required by the laws and regulations. It has also required to establish management systems and take technological measures to safeguard the freedom and secrecy of the users' correspondences.

The Several Provisions on Regulating the Market Order of Internet Information Services, promulgated by the MIIT on December 29, 2011 and became effective on March 15, 2012, stipulates that internet product and service provision operators must not, without user's consent, collect user's personal information, which is defined as user's information that can be used alone or in combination with other information to identify the user, and may not provide any such information to third parties without prior user's consent. The operators may only collect user's personal information necessary to provide their services and must expressly inform the user of the method, product and service and purpose of the collection and processing of such user's personal information. In addition, an operator may only use such user's personal information for the stated purposes under its scope of service. The operators are also required to ensure the proper security of user's personal information, and take immediate remedial measures if the user's personal information is suspected to have been disclosed. If the consequences of any such disclosure are expected to be serious, ICP operators must immediately report the incident to the telecommunications regulatory authority and cooperate with the authorities in their investigations.

In addition, according to the Administrative Provisions on Mobile Internet Application Information Services (the “Mobile Application Administrative Provisions”) which was promulgated by the CAC in 2016, the mobile internet applications providers shall acquire relevant qualifications required by laws and regulations and implement the information security management responsibilities strictly and fulfill their obligations, including real-name system, protection of users’ information, examination and management of information content, etc. The CAC amended the Mobile Application Administrative Provisions in June 2022, which effective from August 1, 2022, and emphasizes that mobile internet applications providers shall comply with relevant provisions on the scope of necessary personal information when engaging in personal information processing activities. The application providers shall not compel the user to agree to the processing of personal information for any reason, and shall not refuse the user to use its basic functions and services because the user does not agree to provide non-essential personal information. As of the date of this exchange offer and consent solicitation memorandum, we have adopted real-name registration system and established the user information security protection mechanism pursuant to the Mobile Application Administrative Provisions.

Pursuant to the Decisions on Strengthening the Protection of Online information, issued by the Standing Committee of the National People’s Congress in 2012 and the Protection Provisions for the Personal Information of Telecommunications and Internet Users promulgated by the MIIT in 2013, telecommunication business operators and internet service providers are required to set up their own rules for collecting and use of internet users’ information and are prohibited from collecting or use such information without consent from users. Moreover, telecommunication business operators and internet service providers shall strictly keep users’ personal information confidential and shall not divulge, tamper with, damage, sell or illegally provide others with such information.

On November 28, 2019, the CAC, MIIT, MPS and SAMR jointly issued the Measures to Identify Illegal Collection and Usage of Personal Information by Apps, which list six types of illegal collection and usage of personal information, including “not publishing rules on the collection and usage of personal information,” “not stating the purpose, method and scope of the collection and usage of personal information,” etc.

The CAC, the MIIT, the Ministry of Public Security and the SAMR jointly issued the Notice on Promulgation of the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications in March 2021, effective from May 1, 2021, specifying that the operator of an internet application shall not refuse an user to use the App’s basic functional services on the ground that the user disagree with the collection of unnecessary personal information.

On August 22, 2019, the CAC issued the Regulation on Cyber Protection of Children’s Personal Information, effective on October 1, 2019. This Regulation applies to the collection, storage, use, transfer and disclosure of children’s personal information via the network within the territory of the PRC. Where this Regulation is applicable, network operators are required to establish special policies and user agreements to protect children’s personal information, and to appoint special personnel in charge of protecting children’s personal information. Network operators who collect, use, transfer or disclose personal information of children are required to, in a prominent and clear way, notify and obtain consent from the children’s guardians.

On August 20, 2021, the Standing Committee of the National People’s Congress promulgated the Law of Personal Information Protection of PRC (the “Personal Information Protection Law”) which became effective on November 1, 2021. Pursuant to the Personal Information Protection Law,

the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors should truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (1) the name and contact information of the personal information processor; (2) purpose of processing personal information, processing method, type of personal information processed, and retention period; (3) methods and procedures for individuals to exercise their rights under this law; and (4) other matters that should be notified as required by laws and administrative regulations. Personal information processors should also take the following measures to ensure that personal information processing activities comply with laws and administrative regulations based on the processing purpose, processing methods, types of personal information, impact on personal rights and interests, and possible security risks, etc., and to prevent unauthorized access and personal information leakage, tampering, and loss: (1) formulate internal management systems and operating procedures; (2) implement classified management of personal information; (3) adopt corresponding security technical measures such as encryption and de-identification; (4) reasonably determine the operating authority for personal information processing, and regularly conduct safety education and training for practitioners; (5) formulate and organize the implementation of emergency plans for personal information security incidents; and (6) other measures stipulated by laws and administrative regulations.

Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfill the personal protection obligations hereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and order to suspend or terminate the provision of services; if the personal information processor refuses to make corrections, a fine of not more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined not less than RMB10,000 but not more than RMB100,000. If the aforesaid illegal act and the circumstances are serious, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, and impose a fine of less than RMB50 million or less than 5% of the previous year's turnover. It can also order the suspension of relevant business or suspend business for rectification, notify the relevant competent authority to revoke the relevant permits or the business license; impose a fine of RMB100,000 up to RMB1 million on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit he serves as a director, supervisor, senior manager and person in charge of personal information protection of related companies within a certain period of time.

On June 27, 2022, the CAC promulgated the Administrative Provisions on the Account Information of Internet Users, effective from August 1, 2022 (the "Account Information Provisions") which applies to the registration, use, and management of internet users' account information by internet information service providers. The Account Information Provisions stipulates that internet information service providers shall, in accordance with laws, administrative regulations and relevant state regulations, formulate and disclose internet user account management rules and platform conventions, sign service agreements with internet users, and clarify the rights and obligations related to account information registration, use, and management. The Account Information Provisions also requires that the internet information service providers shall protect and handle internet users' account information in accordance with law, and take measures to prevent unauthorized access and leakage, tampering, and loss of personal information. The internet information service providers shall set up convenient complaints and reporting portals in prominent locations, publicize complaints and

reporting methods, improve mechanisms for acceptance, screening, disposal, and feedback, clarify processing procedures and time limits for feedback, and promptly handle complaints and reports from users and the public. Failure to comply with the above requirements may subject to warning, circulation of a notice of criticism, being ordered to rectify within a prescribed time limit and may be imposed a fine ranging from RMB10,000 to RMB100,000. If it constitutes an act violating the administration of public security or a crime, it shall be transferred to competent authorities or organizations for handling.

On February 22, 2023, the CAC promulgated the Measures for the Standard Contract for Outbound Transfer of Personal Information, along with the standard form of contract for outbound transfer of personal information, which became effective on June 1, 2023. Such Measures provide for strict requirements on the conclusion of contracts for outbound transfer of personal information based on the standard form and require the filing of such contracts with cyberspace administration at the provincial level within ten business days following its effectiveness.

According to the Provisions on Promoting and Regulating Cross-Border Data Flows (the “Cross Border Data Flow Provisions”) promulgated by the CAC and came into effect on March 22, 2024, data processors shall declare security assessment for the outbound provision of data if any of the following conditions is met unless the circumstance falls under Article 3, 4, 5, or 6 of the Cross Border Data Flow Provisions: (i) where a CIIO provides personal information or important data abroad; (ii) where a data processor other than an operator of critical information infrastructure provide important data abroad, or, since January 1 of the current year, such a non-CIIO data processor has provided personal information (excluding sensitive personal information) of not fewer than one million people or sensitive personal information of not fewer than 10,000 people to overseas recipients. Where a non-CIIO data processor provides personal information (excluding sensitive personal information) overseas of not fewer than 100,000 but fewer than 1 million persons, or provide sensitive personal information overseas of fewer than 10,000 persons, cumulatively since January 1 of the current year, such a data processor shall conclude a standard contract with the overseas recipients or obtain a certification on protection of personal information in accordance with the law.

Additionally, if the data being provided abroad has not been notified or publicly disclosed by relevant departments or regions as important data, data processors do not need to declare security assessment for the outbound provision of data unless such data contain personal information and meet the thresholds stipulated in the Cross Border Data Flow Provisions. Under Article 3 of the Cross Border Data Flow Provisions, to provide the data collected and generated in activities such as international trade, cross-border transport, academic cooperation, transnational manufacturing and marketing to overseas parties, where personal information or important data is not contained in such data, the data processor would be exempted from declaring security assessment for cross-border data transfers, concluding a standard contract for the outbound transfer of personal information, or obtaining a personal information protection certification. According to Articles 4, 5, and 6 of the Cross Border Data Flow Provisions, the following are the main exemptions from the requirement to declare security assessment for the outbound provision of data, concluding a standard contract for the outbound transfer of personal information, and obtain a personal information protection certification: (i) providing personal information collected and generated overseas to overseas recipients after being provided to China for processing, and no domestic personal information or important data is introduced in the process of such processing; (ii) providing personal information overseas is necessary for entering into or performing a contract to which an individual concerned is a party, such as cross-border shopping, cross-border mailing, cross border remittance, cross-border payment, cross-border account opening, air ticket and hotel reservation, visa processing, exam services, etc.;

(iii) providing employees' personal information overseas is necessary for conducting cross-border human resources management in accordance with legally formulated labor rules and regulations and legally concluded collective contracts; (iv) providing personal information overseas is necessary to protect the life, health, and property safety of a natural person in an emergency; (v) a non-CIIO data processor has provided personal information (excluding sensitive personal information) overseas of fewer than 100,000 people cumulatively since January 1 of the current year; (vi) data processors in pilot free trade zones provide overseas recipients with any data not included in a negative list formulated, approved and filed in accordance with the Cross Border Data Flow Provisions. The Cross Border Data Flow Provisions also made it clear that in case of any inconsistency between the Cross Border Data Flow Provisions and the Security Assessment Measures and the Measures for the Standard Contract for Outbound Transfer of Personal Information, the Cross Border Data Flow Provisions shall prevail.

REGULATIONS ON FINANCIAL LEASING

On September 18, 2013, MOFCOM issued the Administration Measures of Supervision on Financial Leasing Enterprises, or the Financial Leasing Measures, to further strengthen and administer the business operation of financial leasing companies. Under the Financial Leasing Measures, financial leasing companies are permitted to operate the following business: direct leasing, subleasing, sales and leaseback, leveraged leasing, trust leasing and joint leasing. In addition, financial leasing companies may also operate business related to financial leasing, such as purchase of leasing property, residual disposal and maintenance of leasing property, consultancy and security for leasing transactions and other business as approved by the competent authority. A financial leasing company shall not engage in: (i) such financial businesses as deposit taking, loan issuing, and loan issuing on commission, (ii) illegal fund-raising activities in the name of financial leasing, and (iii) inter-bank borrowing and other businesses without the approval from relevant authorities.

In addition, the Financial Leasing Measures also contain regulatory provisions specifically focusing on sale-leaseback transactions. The subject matter of a sale-leaseback transaction shall be properties that possess economic functions and produce continuous economic benefits. A financing lease company shall not accept any property to which a lessee has no title, or on which any mortgage has been created, or which has been sealed up or seized by any judicial authorities, or whose ownership has any other defects as the subject matter of a sale-leaseback transaction. A financing lease company shall give adequate consideration to and objectively evaluate the value of assets leased back, set purchasing prices for subject matter thereof with reference to reasonable pricing basis in compliance with accounting principles, and shall not purchase any subject matter at a price in excess of the value thereof.

In April 2018, the MOFCOM transferred the duties to make rules on the operation and supervision of financing lease companies to the China Banking and Insurance Regulatory Commission, or the CBIRC. The CBIRC promulgated and implemented the Interim Measures for Supervision and Administration of Financial Leasing Companies on May 26, 2020, or the Interim Measures for Financial Leasing. Under the Interim Measures for Financial Leasing, finance leasing companies may engage in the following business: (i) finance leasing business; (ii) leasing business; (iii) purchase, residual value disposal and maintenance of leased property related to finance leasing and lease business, lease transaction consulting, and acceptance of lease deposit; (iv) transfer or being transferred of finance leasing or leased assets; and (v) fixed-income securities investment business. The finance leasing companies shall carry out finance leasing business based In April 2018,

the MOFCOM transferred the duties to make rules on the operation and supervision of financing lease companies to the China Banking and Insurance Regulatory Commission, or the CBIRC. The CBIRC promulgated and implemented the Interim Measures for Supervision and Administration of Financial Leasing Companies on May 26, 2020, or the Interim Measures for Financial Leasing. Under the Interim Measures for Financial Leasing, finance leasing companies may engage in the following business: (i) finance leasing business; (ii) leasing business; (iii) purchase, residual value disposal and maintenance of leased property related to finance leasing and lease business, lease transaction consulting, and acceptance of lease deposit; (iv) transfer or being transferred of finance leasing or leased assets; and (v) fixed-income securities investment business. The finance leasing companies shall carry out finance leasing business based on the leased property with clear ownership, real existence and capable of generating income. Finance leasing companies shall not have the following business or activities: (i) illegally raising funds, accepting deposits or accepting deposits in a disguised form; (ii) making loans or acting as trustee to make loans; (iii) calling loans with other finance leasing companies or doing so in a disguised form; (iv) raising funds or transferring assets through P2P lending information intermediaries or private investment funds; or (v) other business or activities prohibited by laws and regulations. Regarding affiliated transactions, finance leasing companies are required to comply with several principles, and major affiliated transactions shall be approved by shareholders' meeting, the board of directors or their authorized organs and be reported to the local financial regulatory authorities within five working days of occurrence. In addition to major affiliated transactions, financial leasing companies also have reporting compulsory regarding major pending litigations, arbitrations, a major risk event and other major matters prescribed by laws and regulations. If a financial leasing company is regarded as in abnormal operation, it will be ordered to make corrections by local financial regulatory authority. If the company refuses correction or fails correction acceptance inspection, it shall be included in the list of abnormal operation, and such company shall be advised to apply for change of enterprise name and scope of business and deregistration voluntarily. In the event of change of company name, organization form, company address or business premises, registered capital, adjustment of equity structure, etc., a finance leasing company shall fully communicate with the local financial regulatory authorities at the provincial level in advance to reach a consensus.

In accordance with the Interim Measures for Financial Leasing, Shanghai Local Financial Supervision Administration issued the Shanghai Interim Measures for the Supervision and Administration of Financial Leasing Companies, or the Shanghai Interim Measures, on July 26, 2021, which became effective on October 1, 2021. The Shanghai Interim Measures have detailed some provisions of the Interim Measures for Financial Leasing. Under the Shanghai Interim Measures, financial leasing companies established in Shanghai are required to have registered capital not less than RMB170 million (or the equivalent in foreign currency), and it shall be fully invested in monetary funds. The shareholders shall generally be enterprise legal persons or other economic organizations established for at least one year, with good credit, no major violations of laws and regulations, and no major bad credit records in the last three years. The investment funds of each shareholder shall be their own currency funds, and the source of funds is real and legal; the major shareholders shall be in good financial condition and have capital strength as well as financial strength corresponding to the proposed financial leasing business. The proposed directors, supervisors and senior managers shall have good credit, necessary professional background and working experience, no major violations of laws and regulations, and no major bad credit record in the last three years; at least one of the proposed senior managers should be a professional who is familiar with risk control and compliance management. Financial leasing companies shall initially file its basic matters, such as name, business, registered address, registered and paid-up capital, articles of association, shareholders' information, managements, etc., when it first logs into the

supervision and management information platform designated by the municipal local Financial Supervision Administration. When the information changes, it shall modify the relevant information through the platform to record the changes. Apart from the matters prohibited by the Interim Measures for Financial Leasing, the Shanghai Interim Measures also prohibit such companies to (i) raise funds directly or indirectly to the public through online lending information intermediaries, various local trading venues, unlicensed asset management institutions, private equity investment funds and other institutions in the form of asset securitization, asset management plans, asset transfer (including the transfer of creditor's rights or income rights) (except for equity financing carried out in accordance with laws and regulations); (ii) lend or lease financial leasing business qualification; (iii) demand a debt or dispose of a lease by violence or other illegal means, etc.

The PRC Contract Law promulgated on March 15, 1999 sets forth mandatory rules on financial leasing contracts. But the PRC Contract Law has been abolished by and incorporated into the PRC Civil Code, which became effective on January 1, 2021. Under the PRC Civil Code, a financial leasing contract shall be made in written form and usually contain such clauses as the name of the leased object, quantity, specifications, technical performance, inspection method, lease term, composition of rent, payment term, payment method and kind of currency for the payment of rent, and the ownership over the leased object at the expiration of the lease term. The lessor enjoys the ownership over the leased object during lease period and where the ownership of the leased property by the lessor is not registered, the lessor may not challenge a bona fide third party. Within the period of possession over the leased object by the lessee, if the leased object causes any personal injury or property loss to a third party, the lessor shall not bear any liability.

NDRC REGISTRATION FOR FOREIGN DEBTS

According to the NDRC Foreign Debt Measures, where an offshore enterprise or a branch controlled by a PRC enterprise or an offshore enterprise controlling any PRC enterprises (provided that such bonds are issued in name of the offshore controller based on the shares, asset, revenues or other similar interest of the PRC enterprises) wishes to issue mid- to long-term foreign debt outside of the PRC with a maturity of more than one year, such enterprise or branch must, in advance of issuing such debts, file certain prescribed information and documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue.

According to the NDRC Foreign Debt Measures, the such enterprise shall (A) file or cause to be filed with the NDRC via the NDRC's management and service Internet system, or the Network System, the requisite information in respect of its major operating indicators and the borrowing situation of the foreign debts within 10 Business days upon each borrowing of the foreign debts; (B) file or cause to be filed with the NDRC via the Network System the requisite information in respect of the borrowing situation of foreign debts within 10 Business days upon the expiration of the NDRC Certificate; (C) file or cause to be filed with the NDRC the requisite information in respect of the utilization of funds raised from foreign debts, repayment of principal and interest, planned arrangements and major operating indicators via the Network System for approval and registration of foreign debt within 5 business days before the end of January and July each year; and (D) file or cause to be filed with the NDRC the requisite information upon the occurrence of any material event that may affect the due performance by the issuer of its obligations under the debts, such as the issuer's major assets restructuring or potential breaches or defaults arising from the non-payment of its offshore or onshore debts. Non-compliance with the NDRC Foreign Debt Measures may subject the issuer and its principle responsible person to admonition, public warning and other punishments, depending on the actual conditions.

Our company has registered the issuance of the New Notes with the NDRC and obtained the certificate from the NDRC on April 16, 2025 evidencing such registration, which as of the date of this exchange offer and consent solicitation memorandum, remains valid and in full force and effect.

REGULATIONS ON INTERNET CONTENT PROVISION SERVICE

The PRC Regulations on Telecommunications, or the Telecommunications Regulations, promulgated by the State Council on September 25, 2000 and amended on July 29, 2014 and on February 6, 2016, draw a distinction between “basic telecommunication services” and “value-added telecommunication services.” Internet content provision service is a subcategory of value-added telecommunications services. The State Council issued the Administrative Measures on Internet Information Services concurrently with the Telecommunications Regulations on September 25, 2000 and subsequently amended it on January 8, 2011 to regulate Internet content provision services. According to these measures, commercial Internet content provision service operators must obtain a value added telecommunication business operating license, or ICP license from the appropriate telecommunication authorities in order to conduct any services of commercial Internet-based information in mainland China, while non-commercial Internet-based information service operators shall make filings with the appropriate telecommunication authorities before conducting the business. These measures further stipulate that entities providing Internet-based information services regarding media, publishing, education, healthcare, pharmaceuticals and medical equipment must procure the approval of competent government authorities as required by relevant laws and regulations prior to the application for an operating license or the filing-for-record formalities.

According to the Administrative Rules for Foreign Investments in Telecommunications Enterprises, issued on December 11, 2001 by the State Council and effective as of January 1, 2002 and amended on September 10, 2008, February 6, 2016 and March 29, 2022, a foreign investor is prohibited from owning more than 50% equity interest in a PRC entity providing value-added telecommunications services and the major foreign investor(s) in a foreign invested valued-added telecommunications enterprise is required to be in good standing and have the relevant experience in operating a value-added telecommunications business. On July 13, 2006, the Ministry of Information Industry, or the MIIT publicly released the Notice on Strengthening the Administration of Foreign Investment in Operating Value added Telecommunications Business, or the MIIT Notice, which reiterates certain provisions under the Administrative Rules for Foreign Investments in Telecommunications Enterprises prohibiting a domestic company that holds an ICP license, from renting, transferring or selling a telecommunications license to foreign investors in any form, or providing any resources, sites or facilities to foreign investors that intend to conduct value-added telecommunication business illegally in mainland China. Trademarks and domain names that are used in the provision of Internet content services must be owned by the ICP license holder (as well as the shareholders of the holder). On June 19, 2015, the MIIT issued the Opinions on Lifting Restrictions on the Foreign Equity Ratio for Online Data Processing and Transaction Processing Business (E-commerce Operations), according to which any foreign equity ratio restriction on foreign investment in online data processing and transaction processing businesses (e-commerce operations) was removed, and the foreign equity ratio is allowed to reach 100%. Furthermore, foreign invested enterprises are required to satisfy other requirements and follow the procedures as stipulated in the Administrative Rules for Foreign Investments in Telecommunications Enterprises when applying for a license to conduct online data processing and transaction processing businesses (e-commerce operations).

Our current major operations are not subject to the ICP license requirements. To further expand our Internet and mobile services, since March 2014, we have entered into a series of contractual arrangements with eHi Information and its shareholders. The current contractual arrangement was entered into on March 12, 2021. eHi Information obtained an ICP license from the relevant telecommunication authorities on September 24, 2014 and renewed it on August 21, 2019.

REGULATIONS ON REGISTRATION OF BRANCH COMPANIES

According to the amended PRC Company Law which was newly amended on December 29, 2023 and became effective on July 1, 2024 and Administrative Regulation of the People's Republic of China on the Registration of Market Entities which was promulgated by the State Council on July 27, 2021 and became effective on March 1, 2022, replacing the amended Administration Regulations of Company Registration, which was amended on February 6, 2016, a company may establish branches, which are entities without the status of a legal person and their civil liability shall be borne by the company. Branches must be registered at the competent government agency and obtain a business license.

REGULATIONS ON EMPLOYMENT CONTRACTS

The Labor Contract Law of the PRC was promulgated on June 29, 2007, as amended on December 28, 2012 and effective on July 1, 2013. On September 18, 2008, the PRC State Council issued the PRC Labor Contract Law Implementing Rules, which became effective as of the date of issuance. The Labor Contract Law and its Implementing Rules govern the establishment of employment relationships between employers and employees, and the conclusion, performance, variation, rescission or termination of employment contracts. To establish an employment relationship, a written employment contract must be signed. In the event that no written employment contract was signed at the time of establishment of an employment relationship, a written employment contract shall be concluded within one month after the date of the employee's commencement of work. An employer may terminate the labor agreement of an employee under certain specified circumstances and in some cases, such termination can only be done after fulfillment of certain procedural requirements, such as 30 days' prior written notice or upon payment of one month's salary in lieu of such notice. In certain cases, the terminated employee is entitled to receive a severance payment equal to the average monthly salary during the 12-month period immediately preceding to the termination (inclusive of all monetary income such as base salary, bonus, allowances, etc.), for each year of service up to the date of termination. If an employer terminates labor contract in any circumstance other than those specified under the Labor Contract Law and its implementing rules, including termination without cause, the employer must either reinstate and continue to perform the employee's employment contract or pay the employee damages calculated at two times the severance payment as stipulated, subject to the employee's own request. In the case that the employee requests for damages, the employer is not required to pay other severance or the remainder of the amount owed under the employment contract unless the employment contract has otherwise provided for.

In addition, according to the Labor Contract Law and its implementing rules, in order to enforce the non-compete provision with the employees after the termination or ending of employment relationship, the employer shall compensate the employees on a monthly basis during the non-competition period after such termination or ending of employment.

On January 24, 2014, the Ministry of Human Resources and Social Security promulgated Interim Provisions on Labor Dispatching, or Circular 22, effective from March 1, 2014, which provides that an employer shall strictly control the number of employees under labor dispatching arrangements and dispatched employees can only be used in temporary, ancillary and replaceable positions. The number of dispatched workers used by an employer shall be reduced to no more than 10% of the total number of its employees within two years after March 1, 2014. However, the labor contract and labor dispatching agreement lawfully concluded prior to the promulgation date of the Decision of the Standing Committee of the NPC on Revising the “Labor Contract Law of the PRC” may continue to be performed until the expiry of the above contract or agreement if expiry date of such contract or agreement is later than the day after two years calculating from March 1, 2014. If the employer fails to reduce the number of dispatched employees as required by Circular 22 and could not correct its practice after receiving warnings from government authority, the employer may be subject to a fine ranging from RMB5,000 to RMB10,000 per dispatched employee.

REGULATION ON HOUSES LEASE

According to the Administrative Measures for the Leasing of Commodity Housing promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, within 30 days after the execution of the housing lease contract, the parties involved shall handle the filing procedure of the leasing of housing at local competent authorities. Failure to complete such filing may result in fines up to RMB10,000.

REGULATION ON PRC BUSINESS TAX AND VAT

Prior to January 1, 2012, pursuant to the Provisional Regulation of China on Business Tax and its Implementing Rules, an entity or individual rendering services in China was generally subject to a business tax at the rate of 5% on revenues generated from the provision of such services. Since January 1, 2012, the MOF and the SAT have started to implement the Value-added Tax (“VAT”) Pilot Program, which imposes VAT in lieu of business tax for certain industries in Shanghai. Since August 1, 2012, the VAT Pilot Program has been expanded to and implemented in other regions, including Beijing, Tianjin, Jiangsu, Zhejiang, Anhui, Fujian, Hubei, Guangdong. On May 24, 2013, the MOF and the SAT jointly issued the Notice of Ministry of Finance and State Administration of Taxation on Nationwide Launch of Tax Policies Governing the Pilot Scheme on Switching from Business Tax to VAT in Transportation Industry and Certain Modern Service Industries, or Notice 37, which expanded the VAT Pilot Program nationwide starting on August 1, 2013. On December 12, 2013, the MOF and the SAT jointly issued the Notice of Ministry of Finance and State Administration of Taxation on Including Railway Transportation and Postal Services Sectors into the Pilot Scheme on Levying Value-added Tax in Place of Business Tax, or the Notice 106, effective on January 1, 2014, which replaced Notice 37 and improved some tax policies in the VAT Pilot Program. On January 20, 2024, the Notice 106 was abolished by the Ministry of Finance.

On March 23, 2016, the Ministry of Finance and the SAT jointly issued the Notice on Comprehensive Implementation of the Pilot Program for Imposition of Value-Added Tax to Replace Business Tax, or the Notice 36, which was effective on May 1, 2016 and amended in 2017 and 2019. Pursuant to the Notice 36, the VAT was implemented comprehensively across the country and extended to all industries, including construction sector, real estate sector, financial services and consumer services. According to the VAT, entities and individuals engaging in the sale of services, intangible assets or fixed assets within the territory of the PRC are required to pay VAT instead of

business tax. An entity or individual rendering services in China is subject to VAT at the rate of 17%, 11% or 6%, as applicable. Certain small taxpayers under PRC law are subject to reduced value-added tax at a rate of 3%. Unlike business tax, a taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the modern services provided.

On November 19, 2017, the State Council published the Revision of the Provisional Regulations of the People's Republic of China on Value-added Tax and made the decision of abolishing of the Provisional Regulations of the People's Republic of China on Business Tax, according to which, entities and individuals engaging in sale of goods or processing, repair and assembly services, sale of services, intangible assets, immovables and importation of goods in the PRC shall be VAT taxpayers and shall pay VAT pursuant to the VAT Regulations. On April 4, 2018, the MOF and the SAT issued the Notice on Adjustment of VAT Rates, which took effect on May 1, 2018 and provides that the taxable sales behavior previously subject to VAT rates of 17% and 11% respectively are subject to lower VAT rates of 16% and 10%, respectively, starting from May 1, 2018. Furthermore, according to the Announcement on Relevant Policies for Deepening Value-added Tax Reform jointly promulgated by the MOF, the SAT and the General Administration of Customs, which became effective on April 1, 2019, the taxable sales behavior previously subject to VAT rates of 16% and 10%, respectively, become subject to lower VAT rates of 13% and 9% respectively starting from April 1, 2019.

Pursuant to the Value-Added Tax Law of the PRC promulgated by the Standing Committee of the NPC on December 25, 2024 and effective from January 1, 2026, and the Regulations for the Implementation of the Value-Added Tax Law of the PRC which came into force as of January 1, 2026, entities and individuals (including individual businesses) engaging in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are required to pay VAT. An entity or individual rendering services in China is subject to VAT at the rate of 13%, 9%, 6%, as applicable.

REGULATIONS ON PRC ENTERPRISE INCOME TAX ON INDIRECT TRANSFER OF NON-RESIDENT ENTERPRISES

The PRC Enterprise Income Tax Law, or the EIT Law, which took effect on January 1, 2008 and further amended on February 24, 2017 and December 29, 2018, respectively, imposes a uniform enterprise income tax rate of 25% on all PRC resident enterprises, including foreign-invested enterprises, unless they qualify for certain exceptions. The enterprise income tax is based on the PRC resident enterprise's global income determined under PRC tax laws and accounting standards. Under the implementation regulations to the PRC Enterprise Income Tax Law, a "de facto management body" is defined as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. If a non-resident enterprise sets up an organization or establishment in the PRC, it will be subject to enterprise income tax for the income derived from such organization or establishment in the PRC and for the income derived from outside the PRC but with an actual connection with such organization or establishment in the PRC. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishments or premises in the PRC but their relevant income derived in the PRC is not related to those establishments, then their enterprise income tax would be set at a rate of 10% for their income sourced from inside the PRC.

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or Circular 698, issued by the SAT on December 10, 2009 with retroactive effect from January 1, 2008, when a non-PRC resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposing of the equity interests of an overseas holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate less than 12.5% or (ii) does not tax foreign income of its residents, non-PRC resident enterprise, being the transferor, shall report this Indirect Transfer to the competent tax authority of the PRC resident enterprise. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if the Indirect Transfer lacks a reasonable commercial purpose and is arranged for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC enterprise income tax at a rate of up to 10%. Circular 698 also provides that in the event that a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than their fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction. In addition, SAT released the Several Issues Related to Administration of Enterprise Income Tax for Non-Resident Enterprises, or Bulletin 24, which took effect on April 1, 2011, to clarify several issues related to Circular 698. Under Public Bulletin 24, the term “effective tax rate” refers to the effective tax rate on the gain derived from a disposition of any equity interest of an overseas holding company which is a Chinese resident enterprise.

On February 3, 2015, the SAT issued the SAT Circular 7 and on October 17, 2017, the SAT published SAT Circular 37, which abolishes Circular 698 and certain provisions of Bulletin 24 and SAT Circular 37. SAT Circular 7 stipulates that when a non-resident enterprise transfers the assets (including equity interests) in an overseas holding company, which directly or indirectly owns PRC taxable properties, including shares in a PRC company (or PRC Taxable Assets), for the purposes of avoiding PRC enterprise income taxes through an arrangement without reasonable commercial purpose, such indirect transfer should be reclassified and recognized to be a direct transfer of the assets (including equity interests) of a PRC resident enterprise in accordance with the Enterprise Income Tax Law, unless the overall arrangements relating to an indirect transfer of PRC Taxable Assets fulfill one of the following conditions: (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling equity interests of a listed overseas company on a public market; and (ii) where the non-resident enterprise had directly held and transferred such PRC Taxable Assets, the income from the transfer of such PRC Taxable Assets would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement.

Although the exemptions above are clarified in SAT Circular 7, it remains uncertain whether such exemptions or relevant provisions of SAT Circular 7 will be applicable to the transactions such as our future disposal of subsidiaries, acquisitions of complementary businesses, or restructuring of our organizational structure where non-PRC resident investors and PRC Taxable Assets are involved.

TORTS LIABILITIES IN THE PRC CIVIL CODE

The PRC Torts Law was promulgated by the NPC Standing Committee on December 26, 2009 and became effective on July 1, 2010. But the Torts Law was abolished by and incorporated into the PRC Civil Code which became effective on January 1, 2021. According to the Part of Torts Liabilities in the PRC Civil Code, in the case of car rental, where the driver is different from the owner or the

custodian of the vehicle, he shall be responsible for the damage occurs, and the custodian or the owner shall bear the corresponding liability for compensation if they have any fault in causing the accident. When any damages caused by the car, a limited liability will first be covered by the insurance company providing the compulsory traffic accident insurance of the vehicle, the portion not covered by the former will be compensated by an insurer providing the motor vehicle commercial insurance as agreed in the insurance contract and any damage still uncovered will be the liability of the infringing party. However, if the driver dispatched by third-party entity causes damages or injuries to others when providing driving service, such liability will first be covered by the insurance company within the coverage of the compulsory traffic accident insurance of the vehicle. If the insurance coverage is not sufficient, the insurer providing the motor vehicle commercial insurance and then we will generally be held liable for the remaining compensation.

The PRC Torts Law was promulgated by the NPC Standing Committee on December 26, 2009 and became effective on July 1, 2010. But the Torts Law was abolished by and incorporated into the PRC Civil Code which became effective on January 1, 2021. According to the Part of Torts Liabilities in the PRC Civil Code, in the case of car rental, where the driver is different from the owner or the custodian of the vehicle, he shall be responsible for the damage occurs, and the custodian or the owner shall bear the corresponding liability for compensation if they have any fault in causing the accident. When any damages caused by the car, a limited liability will first be covered by the insurance company providing the compulsory traffic accident insurance of the vehicle, the portion not covered by the former will be compensated by an insurer providing the motor vehicle commercial insurance as agreed in the insurance contract and any damage still uncovered will be the liability of the infringing party. However, if we provide driving services, where the driver is our employee or an employee dispatched by other third-party entity, if the driver causes damages or injuries to others when providing driving service, such liability will first be covered by the insurance company within the coverage of the compulsory traffic accident insurance of the vehicle. If the insurance coverage is not sufficient, the insurer providing the motor vehicle commercial insurance and then we will generally be held liable for the remaining compensation. See “Risk Factors – Risks Related to Our Business and Industry – We face risks inherent in the car rental service industry, including the risks resulting from the use of our vehicles by our customers, their violation of traffic rules, personal injury, car damage, and transportation-related incidents” for the potential liability we may undertake under the torts law.

REGULATIONS ON FOREIGN CURRENCY EXCHANGE AND DIVIDEND DISTRIBUTION

Foreign currency exchange

The principal regulations governing foreign currency exchange in China are the Foreign Currency Administration Regulations of 1996, as recently amended on August 5, 2008, in which relevant matters established in accordance with the above Regulations have been cancelled by the State Council on September 23, 2012 and on October 23, 2014, and Administration Rules of the Settlement, Sale and Payment of Foreign Exchange, or the Administration Rules, promulgated by the PBOC on June 20, 1996. Under these regulations, the Renminbi is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions without SAFE approval except as otherwise explicitly provided by laws and regulations.

However, conversion of the Renminbi for capital account items, such as direct investment, loans, repatriation of investment and investment in securities outside China, is subject to approvals of, or registration with, SAFE or its competent local branches.

Under the Administration Rules, enterprises may only buy, sell or remit foreign currencies at banks that are authorized to conduct foreign exchange business after the enterprise provides valid commercial documents and relevant supporting documents and, in the case of certain capital account transactions, after obtaining approval from SAFE or its competent local branches. Capital investments by enterprises outside of China are also subject to limitations, which include approvals by the MOFCOM, SAFE and the National Development and Reform Commission, or their respective competent local branches.

On August 29, 2008, the SAFE promulgated a notice, Circular 142, regulating the conversion by a foreign-invested company of foreign currency into Renminbi by restricting how the converted Renminbi may be used. The notice requires that the registered capital of a foreign-invested company settled in Renminbi converted from foreign currencies may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC. In addition, the SAFE strengthened its oversight of the flow and use of the registered capital of a foreign-invested company settled in Renminbi converted from foreign currencies. The use of such Renminbi capital may not be changed without SAFE's approval, and may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used. Furthermore, on November 9, 2010, SAFE promulgated the Notice Relating to Strengthening the Administration of Foreign Exchange Businesses, which tightens the regulation on the settlement of net proceeds from overseas offerings, and requires (i) that the settlement of net proceeds must be consistent with the uses stated in the prospectus for the offering, and (ii) the submission of relevant board resolutions for the portion of proceeds that is over-subscribed or fall outside the uses stated in the prospectus. On March 30, 2015, the SAFE promulgated a Circular on Reforming of Administrative Methods Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Companies, or Circular 19, which became effective on June 1, 2015, superseding Circular 142. According to Circular 19, although it restates certain restrictions on use of investment capital in foreign currency by foreign invested company, it specifies that the registered capital of a foreign-invested company in foreign currency can be converted into RMB voluntarily and be allowed to use for equity investment in the PRC subject to certain reinvestment registration with local SAFE made by the invested company. On June 9, 2016, SAFE promulgated SAFE Circular 16, which removes certain restrictions previously provided under several SAFE circulars, including SAFE Circular 19, in respect of conversion by a foreign-invested enterprise of foreign currency registered capital into RMB and use of such RMB capital. However, SAFE Circular 16 continues to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, and providing loans to non-affiliated enterprises except as permitted in the business scope. SAFE Circular 16 was partially amended by the SAFE Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment on December 4, 2023.

On January 26, 2017, SAFE promulgated the Circular on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance, or Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (i) when conducting outward remittance of a sum equivalent to more than 50,000 US dollars for a domestic institution, banks shall check whether the transaction is genuine by reviewing board resolutions regarding profit distribution, original copies of tax filing records and audited financial statements and stamp with the outward remittance sum and date on the original copies of tax filing records, and (ii) domestic entities must retain enough profits to cover previous years' losses before remitting any profits. Moreover, pursuant to Circular 3, domestic entities must explain in detail the sources of capital and how the capital will be used, and provide board or partner resolutions, contracts and other authority proof as a part of the registration procedure for outbound investment.

On October 23, 2019, SAFE issued Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment, or the Circular 28, which took effect on the same day. Circular 28 allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in China, with genuine investment projects and in compliance with effective foreign investment restrictions and other applicable laws. Circular 28 was partially amended by the SAFE Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment on December 4, 2023. However, there are still substantial uncertainties as to its interpretation and implementations in practice.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of Renminbi into foreign currencies, including the U.S. dollar, has been based on rates set by the PBOC. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a band against a basket of certain foreign currencies. There remains significant international pressure on the PRC government to adopt a substantial liberalization of its currency policy, which could result in a further and more significant appreciation in the value of the Renminbi against the U.S. dollar.

Dividend distribution

The principal laws and regulations governing distribution of dividends of a company include the most-recently amended Company Law (promulgated on December 29, 2023, effective on July 1, 2024).

Under the Company Law, a company may pay dividends only out of its accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations after funding certain reserve funds. Companies in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds unless these reserves have reached 50% of registered capital. These reserves are not distributable as cash dividends.

According to the EIT Law and the Implementing Rules dividends paid by a wholly foreign owned enterprise to non-resident enterprise may be subject to a withholding tax at the rate of 10% unless the non-resident enterprise is entitled to a lower tax rate according to applicable tax treaties or similar tax arrangements.

Under the EIT Law and its Implementing Rules, if a company incorporated outside China has its "de facto management body" located within China, the company would be classified as a resident enterprise and thus would be subject to an enterprise income tax rate of 25% on all of its income on a worldwide basis, with the possible exception of dividends received directly from another Chinese resident enterprise.

REGULATIONS ON CROSS-BORDER CASH TRANSFER

Payments for transactions that take place within the PRC must be made in Renminbi. PRC companies may repatriate foreign currency payments received from abroad, provided that the repatriation of such payments is approved and complies with the procedures required by the relevant foreign exchange authorities and regulations. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaged in settlement and sale of foreign

exchange pursuant to relevant SAFE rules and regulations. For foreign exchange proceeds under the capital accounts, the company may convert such foreign exchange into Renminbi at its discretion. Regarding the adjustment and collection of cross-border Renminbi funds, on February 20, 2014, the PBOC promulgated the Notice of Shanghai Head Office of People's Bank of China on Efforts to Promote Cross-border Use of Renminbi in China (Shanghai) Pilot Free Trade Zone, which provides that an enterprise in the Shanghai Pilot Zone may, based on its own operating and managerial needs, carry out cross-border bilateral Renminbi cash pooling within the group. In addition, on September 5, 2015, the PBOC further promulgated the Notice of the People's Bank of China on Further Facilitating Cross-border Bilateral RMB Capital Pooling by Multinational Corporations which allows other non-financial enterprise registered within the PRC to establish and facilitate the cross-border bilateral Renminbi capital pooling, and to adjust and collect surpluses and deficits of cross-border Renminbi funds between the group's domestic and overseas member enterprises based on its business and management needs.

The Notice of the People's Bank of China and the State Administration of Foreign Exchange on Matters Concerning the Integrated Domestic and Foreign Currency Cash Pooling Business for Multinational Corporations (the "Cash Pooling Notice") was promulgated in December 2025 and introduces a unified regulatory framework for multinational enterprises' cross-border cash pooling of both RMB and foreign currency funds. The Cash Pooling Notice imposes eligibility criteria, net cross-border financing quotas capping the volume of fund flows, designated account requirements, restrictions on the use of pooled funds, and ongoing reporting obligations.

REGULATIONS ON EMPLOYEE SHARE OPTIONS

On December 25, 2006, the People's Bank of China promulgated the Administrative Measures for Individual Foreign Exchange. Pursuant to the Implementing Rules of the Administration Measure for Individual Foreign Exchange, or the Individual Foreign Exchange Rule, issued in January 2007 and amended in May 2016 and March 2023 by the SAFE, and the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plan of Overseas-Listed Companies, or the Share Option Rule, issued on February 15, 2012 by the SAFE and became effective on the same date, domestic individuals who have participated in any stock incentive plan including employee stock holding plan, share option plan or similar plan in an overseas-listed company are required to register with the relevant SAFE branch and complete certain other procedures related to the share incentive plan through a PRC agent. Under the Share Option Rule, individuals in PRC including PRC citizens (including of Hong Kong, Macau and Taiwan nationals) and foreign nationals who have continuously resided in China for at least a year who participate in the share incentive plan of a same overseas listed company shall collectively appoint a qualified PRC domestic agent or a PRC subsidiary of such overseas listed company, or the PRC agent, to conduct foreign exchange registration, open bank accounts and transfer and exchange funds and an overseas entity shall be appointed to conduct exercise of option, buying and selling of relevant stocks or equities and transfer of relevant funds. The individuals' foreign exchange income received from the sale of shares or dividends distributed by the overseas-listed company which is repatriated back to China shall first be remitted into a collective foreign exchange account opened and managed by the PRC agent before distribution to such individuals in a foreign currency or in RMB. In addition, the SAT has issued certain circulars concerning employee share options.

REGULATIONS ON FOREIGN EXCHANGE REGISTRATION OF OFFSHORE INVESTMENT BY PRC RESIDENTS

On July 4, 2014, the SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange for Overseas Investment and Financing and Reverse Investment by Domestic Residents via

Special Purpose Vehicles (“Circular 37”), which replaced the Notice on Issues Relating to the Administration of Foreign Exchange for the Financing and Reverse Investment by Domestic Residents via Offshore Special Purpose Vehicles issued by SAFE in October 2005 (“Circular 75”). Pursuant to Circular 37, any PRC residents, including both PRC institutions and individual residents, are required to register with the local SAFE branch before making contribution to a company set up or controlled by the PRC residents outside of the PRC for the purpose of overseas investment or financing with their legally owned domestic or offshore assets or interests, referred to in this circular as a “special purpose vehicle.” Under Circular 37, the term “PRC institutions” refers to entities with legal person status or other economic organizations established within the territory of the PRC. The term “PRC individual residents” includes all PRC citizens (also including PRC citizens abroad) and foreigners who habitually reside in the PRC for economic benefit. A registered special purpose vehicle is required to amend its SAFE registration or file with respect to such vehicle in connection with any change of basic information including PRC individual resident shareholder, name, term of operation, or PRC individual resident’s increase or decrease of capital, transfer or exchange of shares, merger, division or other material changes. In addition, if a non-listed special purpose vehicle grants any equity incentives to directors, supervisors or employees of domestic companies under its direct or indirect control, the relevant PRC individual residents could register with the local SAFE branch before exercising such options. The SAFE simultaneously issued a series of guidance to its local branches with respect to the implementation of Circular 37.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment, or SAFE Notice 13, which amended Circular 37 by requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. PRC residents or entities who had contributed legitimate onshore or offshore interests or assets to special purpose vehicles but had not registered as required before the implementation of the Circular 37 must register their ownership interests or control in the special purpose vehicles with qualified banks. An amendment to the registration is required if there is a material change with respect to the special purpose vehicle registered, such as any change of basic information (including change of the PRC residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, and mergers or divisions.

We cannot assure you that our shareholders and/or beneficial owners have fully complied with registration requirement under Circular 37 and the subsequent notice. The failure of these shareholders and/or beneficial owners to timely register or amend their SAFE registrations pursuant to the SAFE notice or the failure of future shareholders and/or beneficial owners of our company who are PRC residents to comply with the registration procedures set forth in the SAFE notice, or any misrepresentations or failures to disclose the control of the foreign-invested enterprise that is established through round-trip investment, may subject such shareholders, beneficial owners and/or our PRC subsidiaries to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries’ ability to distribute dividends to our company or otherwise adversely affect our business.

REGULATIONS ON CROSS-BORDER DIRECT INVESTMENT IN RENMINBI

On October 12, 2011, MOFCOM issued the Notice of the Ministry of Commerce on Issues Concerning Cross border Direct Investment in Renminbi, which was abolished in 2014, and on December 3, 2013, the MOFCOM promulgated the Announcement on Issues relating to Cross-border

Direct Investment in RMB, effective from January 1, 2014. Under this announcement, the “cross-border direct investment in RMB” shall refer to the direct investment activities conducted by foreign investors (including the investors from Hong Kong, Macau and Taiwan) in China with offshore RMB funds obtained legally, including, among other things, the establishment of new enterprises, increase of capital, shareholding or merger and acquisition of domestic enterprises. The cross-border direct investment in RMB by a foreign investor or reinvestment by its foreign-invested enterprise shall conform to the requirements of laws, regulations and relevant provisions on foreign investment and comply with the foreign investment policies of China and the provisions on security review of foreign investment mergers and acquisitions and anti-monopoly review. No foreign-invested enterprise is allowed to use the funds of cross-border direct investment in RMB for investment, directly or indirectly, in negotiable securities and financial derivatives in China (except for strategic investment in listed companies) or for entrusted loans. On October 13, 2011, the PBOC issued the Management Rules on the Settlement of Foreign Direct Invested Renminbi, as amended on June 5, 2015, which provide that foreign invested enterprises with RMB-dominated foreign direct investment must register with the PBOC or its local branch after obtaining the permit from MOFCOM and the business license.

REGULATIONS ON MERGERS AND ACQUISITIONS

The M&A Rules established additional procedures and requirements that could make merger and acquisition activities by foreign investors more complex and time consuming. For example, the Ministry of Commerce (“MOFCOM”), shall be notified in advance of any change of control transaction in which a foreign investor takes control of a PRC domestic enterprise or a foreign company with substantial PRC operations if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings issued by the State Council on August 3, 2008 and amended on September 18, 2018 and January 22, 2024 are triggered.

Furthermore, MOFCOM promulgated the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors on August 25, 2011 (the “MOFCOM Security Review Rules”), which came into effect on September 1, 2011, to implement the Notice of the General Office of the State Council on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated on February 3, 2011 (“Circular No. 6”). According to Circular No. 6, a security review is required for mergers and acquisitions of PRC domestic enterprises by foreign investors (i) having “national defense and security” concerns, and (ii) where the foreign investors may acquire the “de facto control” of the PRC domestic enterprises having national security concerns such as key farm products, key energy and resources, and key infrastructure, transportation, technology and major equipment manufacturing industries. Circular No. 6, however, does not define the term of “key” or “major,” nor has it exhausted all the industries that may be deemed as sensitive industries subject to the security review. According to the MOFCOM Security Review Rules, when deciding whether a specific merger or acquisition of a domestic enterprise by foreign investors is subject to the security review by MOFCOM, the principle of “substance over form” should be applied and foreign investors are prohibited from bypassing the security review requirement by structuring transactions through nominee holding structure, trusts, indirect investments, leases, loans, control through contractual arrangements, offshore transactions, or other means. On January 1, 2020, the Standing Committee of the National People’s Congress implemented the Foreign Investment Law and the Rules for the Implementation which provides that the State shall establish a foreign investment security review system, and conduct security review for foreign investments which have or may have an impact on national security. And on December 19, 2020, the NDRC and the MOFCOM published the Measures

for the Security Review of Foreign Investments which sets forth specific rules regarding the procedures of national security review. For example, the Measures set forth the circumstances that may cause security review including where foreign investors invest, solely or jointly with other investors, in new projects or establishing enterprises in China, or where foreign investors acquire equity or assets of domestic enterprises by way of merger and acquisition, or where foreign investors make investments in China in any other form. And the NDRC and the MOFCOM will undertake the routine work of such review.

PRC Anti-trust Law also requires certain merger and acquisition transactions be subject to merger control review by MOFCOM. On December 27, 2021, the MOFCOM and the NDRC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2021), which has been abolished by the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024) on November 1, 2024, and on October 26, 2022, these two departments jointly issued the Catalogue of Encouraged Industries for Foreign Investment (Edition 2022), according to which, where domestic companies, enterprises or natural persons merge or acquire their affiliated domestic companies through a company legally established or controlled overseas thereby, the relevant provisions on foreign investment, overseas investment, foreign exchange administration etc. shall apply. On December 30, 2019, the MOFCOM and the SAMR published the Measures on Reporting of Foreign Investment Information which sets forth the filing procedures with regard to the acquisitions of Chinese companies by foreign entities.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

China has adopted comprehensive legislation governing intellectual property rights, including copyright, trademark, patents and domain names.

Copyright

The Copyright Law of the PRC was adopted in 1990 and most recently amended on November 11, 2020 which became effective on June 1, 2021. Copyrighted software is protected under the Copyright Law and other regulations. In addition, there is a voluntary registration system administered by the China Copyright Protection Center.

In order to strengthen the protection of the rights and interests of computer software copyright owners, the State Council promulgated the Regulations on the Protection of Computer Software on June 4, 1991 which became effective on October 1, 1991 and amended it in 2011 and 2013, and the State Bureau of Copyright promulgated the Measures on the Registration of Computer Software Copyright on February 20, 2002, which became effective on the same day and was amended on July 1, 2004. For the software copyrights of legal persons or other organizations, the term of protection for the software copyright is 50 years, ending on December 31 of the fiftieth year after the first publication of the software. The software copyright owner may follow registration procedures with the software registration institution authorized by the State Bureau of Copyright and obtain a Registration Certificate of Software Copyright, which is the prima facie proof of the registered copyright ownership.

Trademark

Registered trademarks are protected under the Trademark Law adopted on August 23, 1982 (effective on March 1, 1983) and amended on February 22, 1993 (effective on July 1, 1993), October 27, 2001 (effective on December 1, 2001), August 30, 2013 (effective on May 1, 2014) and April 23, 2019 (effective on November 1, 2019). The Trademark Office of the State Administration of Industry and Commerce (“Trademark Office”), is responsible for the registration and administration of trademarks throughout China and grants a term of ten years to registered trademarks. The Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark that has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark shall not prejudice the existing right of others obtained by priority, nor shall any person register in advance a trademark that has already been used by another person and has already gained “sufficient degree of reputation” through that person’s use. After receiving an application, the Trademark Office will make a public announcement if the relevant trademark passes the preliminary examination. Within three months after such public announcement, any person may file an opposition against a trademark that has passed a preliminary examination. The Trademark Office’s decisions on rejection, opposition or cancellation of an application may be appealed to the Trademark Review and Adjudication Board, whose decision may be further appealed through judicial proceedings.

If no opposition is filed within three months after the public announcement period or if the opposition has been overruled, the Trademark Office will approve the registration, issue a registration certificate and make an announcement, upon which the trademark is registered and will be effective for a renewable ten-year period, unless otherwise revoked. In the case of a trademark infringement, where the actual loss suffered by the right holder as a result of the infringement, the profits gained by the infringer from the infringement and the royalties of the registered trademark concerned are difficult to determine, the people’s court shall render a judgment on awarding damages of up to RMB5.0 million depending on the circumstances of the infringing acts.

Patent

The NPC adopted the Patent Law of the PRC in 1984, and most recently amended it on October 17, 2020, which became effective on June 1, 2021. The purpose of the Patent Law is to protect and encourage invention, foster applications of invention and promote innovations and the development of science and technology. A patentable invention or utility model must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation. The Patent Office under the State Council is responsible for receiving, examining and approving patent applications. A patent is valid for a term of 20 years in the case of an invention and a term of ten years in the case of a utility model and design, starting from the application date. A third-party user must obtain consent or a proper license from the patent owner to use the patent except for certain specific circumstances provided by law. Otherwise, the use will constitute an infringement of the patent rights.

Domain name

On November 5, 2004, the Ministry of Industry and Information Technology promulgated the Measures for Administration of Domain Names for the Chinese Internet, which was then superseded by the Administrative Measures on Internet Domain Names promulgated by the Ministry of Industry and Information Technology on August 24, 2017 (effective on November 1, 2017) (the “Domain Name Measures”). The Domain Name Measures regulate the registration of domain names, such as the first tier domain name “cn.” On June 18, 2019, the China Internet Network Information Center (“CNNIC”), issued the Implementation Rules for the Registration of National Top-level Domain Names (effective on the promulgation date) setting forth detailed rules for registration of domain names. Also on June 18, 2019, the CNNIC issued the Dispute Resolution Policy of National Top-level Domain Names (effective on the promulgation date), pursuant to which the CNNIC can authorize a domain name dispute resolution institution to decide disputes.

MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth certain information relating to our directors and executive officers as of the date of this exchange offer and consent solicitation memorandum.

Name	Age	Position/Title
Ray Ruiping Zhang	62	Director, Chief Executive Officer
Ling Zhou	44	Chief Financial Officer
Chun Xie	47	Chief Information Officer
Hongtao Han	57	Senior Vice President of Operations
Jane Fengjuan Zheng	43	Senior Vice President and General Manager of the Government and Enterprise Business Department

Ray Ruiping Zhang is our founder, chief executive officer and our director. Mr. Zhang has served as our chief executive officer and our director since our inception. Mr. Zhang has over 30 years of experience in vehicle dispatching and fleet management system integration and implementation. Prior to establishing our company, from September 1990 to April 2002, Mr. Zhang was the co-founder and chief executive officer of Aleph, Inc., which is a leading supplier of vehicle dispatching and scheduling systems in the United States based in Berkeley, California. Mr. Zhang received his bachelor's degree in computer science from Fudan University in 1985, studied in the graduate school of computer science at California State University, Sacramento from 1985 to 1987, and received his executive MBA degree from China Europe International Business School in 2005.

Ling Zhou has served as our chief financial officer since June 2021. She joined the Company since 2014 and held managerial positions in finance department. Ms. Zhou is a certified public accountant in China and a certified international internal auditor. She has over 20 years of experience in finance and accounting. Prior to joining us, she worked with PricewaterhouseCoopers as an audit manager from 2004 to 2013 in Shanghai and San Jose, California office. Ms. Zhou received her bachelor's degree from Fudan University in 2004. Ms. Zhou received her master's degree from Shanghai Jiao Tong University in 2021.

Chun Xie has served as our chief information officer since 2006. Mr. Xie has over 20 years of experience in the IT industry. Prior to joining us, Mr. Xie served as a senior engineer and an IT manager at Surrey Technology Co., Ltd. from August 2002 to February 2006. Mr. Xie also served as a senior engineer at Chinaquest.com from August 2000 to July 2001. Mr. Xie graduated from the advanced software engineering & project management program of National Institute Information Technology, India, and was certified as a PMP (project management professional) by PMI (Project Management Institute, USA) in 2006 and obtained a bachelor's degree from Tongji University in 2000. Mr. Xie completed the EMBA program from Shanghai Jiaotong University in 2015.

Hongtao Han has served as our senior vice president of operation since 2020. Prior to joining us, Mr. Han served as a finance manager, finance director and assistant general manager at Shanghai Kailun International Trading Co., Ltd. from January 1997 to December 2008. From July 1989 to January 1997, Mr. Han served as a finance manager at Shanghai Kailun Paper and Printing Group Co., Ltd. Mr. Han has over 30 years of experience in management. Mr. Han graduated from Shanghai University of Finance and Economics in 1994. Mr. Han received his master's degree from Shanghai Jiaotong University in 2015.

Jane Fengjuan Zheng has served as our Senior Vice President and General Manager of the Government and Enterprise Business Department since April 2011, and has nearly 15 years of experience in corporate sales and marketing management in the car rental and car-rental related service industry. Ms. Zheng received her bachelor's degree from Central China Normal University. Ms. Zheng received her master's degree in business administration from Shanghai Jiaotong University in 2016.

DUTIES OF DIRECTORS

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

The functions and powers of our board of directors include, among other things:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- issuing authorized but unissued shares and redeeming or purchasing outstanding shares of our company;
- declaring dividends and other distributions;
- appointing officers and determining the term of office of officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares of our company, including the registering of such shares in our share register.

TERMS OF DIRECTORS AND EXECUTIVE OFFICERS

Our executive officers are elected by and serve at the discretion of the board of directors. Our directors are appointed and removed by ordinary resolution of our shareholders. In addition our directors may appoint any person to be a director either to fill in a vacancy or as an additional director. The office of a director will be vacated if, among other things, the director: (i) gives notice to the Company that he resigns the office of Director; (ii) absents himself (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) from three consecutive meetings of the board of Directors without special leave of absence from the Directors, and the

Directors pass a resolution that he has by reason of such absence vacated office; (iii) becomes bankrupt or makes any arrangement or composition with his creditors; (iv) dies or becomes of unsound mind; or (v) all of the other Directors (being not less than two in number) determine that he should be removed as a Director, either by a resolution passed by all of the other Directors at a meeting of the Directors duly convened and held in accordance with the Articles or by a resolution in writing signed by all of the other Directors.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

In 2024, the aggregate cash compensation earned by our executive officers and all of our directors was approximately RMB4.8 million (US\$0.67 million). We do not pay or set aside any amounts for pensions, retirement or other benefits for our officers and directors.

Employment agreements

We have entered into employment agreements with all of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate an executive officer's employment for cause at any time, without prior written notice, or without cause with prior written notice, for certain acts of the employee, including but not limited to willful gross misconduct by the employee in connection with his or her employment, or violation of our internal rules. An executive officer may, with prior written notice, terminate his or her employment at any time without cause.

Each executive officer has agreed to hold, both during and subsequent to the terms of his or her agreement, in confidence and not to use, except as required in the performance of his or her duties in connection with the employment, any of our confidential information, technological secrets, commercial secrets and know-how. Our executive officers have also agreed to disclose to us all inventions, designs and techniques resulted from work performed by them, and to assign us all right, title and interest of such inventions, designs and techniques. Moreover, each of our executive officers has agreed during the term of his or her employment with us and two years thereafter, (i) not to engage in any manner in any business that may compete with our business, or own an interest in, manage, operate, join, control, lend money or render financial or other assistance to or participate in or be connected with, as an officer, employee, partner, stockholder, consultant or otherwise, any person that competes with us; (ii) not to refer or attempt to refer to any third party or any business in which we currently engage or will likely engage or participate; and (iii) not to solicit or employ any person with whom we maintain employment or consulting relation, or otherwise direct or cause any person to terminate his employment or consulting relationship with us.

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

PRINCIPAL SHAREHOLDERS

The table sets forth information with respect to the shareholders of eHi Inc., as of the date of this exchange offer and consent solicitation memorandum:

	% of Beneficial Ownership	% of Voting Interest
Ray Ruiping Zhang	4.5%	24.8%
Crawford	30.4%	25.4%
Ctrip	12.3%	11.9%
Ocean	10.5%	6.7%
MBK	39.2%	29.5%
Huatai Capital Investment Limited (Hong Kong)	3.1%	1.7%
Total	100.0%	100.0%

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between us or our consolidated subsidiaries and our related parties.

TRANSACTIONS WITH TRIP.COM

We entered into business cooperation agreements (the “BCAs”) in January 2023, January 2024 and January 2025 with Shanghai Huacheng Southwest International Travel Agency Co., Ltd., an affiliate of Trip.Com, our shareholder. Pursuant to the BCAs, we pay a certain percentage of car rental services fees from each successful car referral through Trip.com platform as commissions to Trip.com. Trip.com collects car rental services fees from individual customers on behalf of us and settle the fees collected after deducting the related commissions. The commission fees charged by Trip.com for the years ended December 31, 2023, 2024 and for the six months ended June 30, 2025 were RMB17.3 million, RMB20.4 million, and RMB7.3 million (US\$1.0 million), respectively and included in sales and marketing expenses in the consolidated statements of comprehensive loss. As of December 31, 2023, 2024 and June 30, 2025, the payables due to Trip.com were nil, RMB0.2 million, and RMB0.8 million (US\$0.1 million), respectively.

TRANSACTIONS WITH ENTERPRISE

We have granted Enterprise, an affiliate of our shareholder, and Enterprise, has granted us, in certain designated territories, a royalty-free exclusive license with the right to grant sublicense to use certain trademarks, service marks, trade names, signages, logos, symbols and designs for the purpose of pursuing referral business between us, processing such referrals and servicing the referred business. Such transaction amounts with Enterprise for referrals were insignificant during the years ended December 31, 2023, 2024, and the six months ended June 30, 2025, respectively.

Pursuant to the service agreements entered into in December 2016 and July 2019 with EAN Services, LLC, an affiliate of Enterprise, we pay EAN Services, LLC consultation service fees for the related services. Such fees were insignificant during the years ended December 31, 2023, 2024 and the six months ended June 30, 2025, respectively, and the amounts due to EAN Services, LLC were insignificant as of December 31, 2023, 2024 and June 30, 2025, respectively.

TERMINATION OF CONTRACTUAL ARRANGEMENTS WITH FORMER VARIABLE INTEREST ENTITIES

We entered into a termination agreement with Shanghai Wenlong, the former VIE, and its shareholders Mr. Hongtao Han and Mr. Chun Xie and a termination agreement with Shanghai Wenlong to terminate the contractual arrangements on July 31, 2023. We entered into an equity transfer agreement with Mr. Hongtao Han and Mr. Chun Xie on July 31, 2023 to acquire all of the equity interests in Shanghai Wenlong for nominal consideration. As a result, Shanghai Wenlong became our wholly-owned subsidiary with direct equity ownership.

We entered into a termination agreement with eHi Information, the former VIE, and its shareholders Mr. Hongtao Han and Mr. Chun Xie and a termination agreement with eHi Information to terminate the contractual arrangements on January 24, 2025. We entered into an equity transfer agreement with Mr. Hongtao Han and Mr. Chun Xie on January 24, 2025 to acquire all of the equity interests in eHi Information for nominal consideration. As a result, eHi Information became our wholly-owned subsidiary with direct equity ownership.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

To fund our existing operations and to finance our working capital requirements, we have entered into financing agreements with various financial institutions and other companies. As of June 30, 2025, our consolidated total borrowings amounted to RMB7,931.9 million (US\$1,107.3 million). From time to time, we may enter into additional similar financing agreements in the ordinary course of business to finance our operations. Set forth below is a summary of the material terms and conditions of these loans and other indebtedness.

BANK LOAN AGREEMENTS

Certain of our PRC subsidiaries have entered into loan agreements with various PRC banks. These loans are primarily for the purposes of purchasing vehicles, paying for the vehicles insurances and other fees and financing our working capital requirements and have terms ranging from 6 months to 120 months. As of June 30, 2025, the aggregate outstanding amount under the bank loans totaled RMB1,160.2 million (US\$162.0 million) and bear annual fixed interest rates at a range of 3.10%-4.90%.

OTHER BORROWINGS SECURED BY RENTAL VEHICLES

Certain of our PRC subsidiaries has entered into borrowing agreements with third-party financing companies. Pursuant to the loan agreement, the loan is secured by vehicles and guaranteed by certain of our other PRC subsidiaries. As of June 30, 2025, the aggregate outstanding amount of other borrowings secured by rental vehicles totaled RMB1,015.1 million (US\$141.7 million).

Interest

As of June 30, 2025, these borrowing agreements bear annual fixed interest rates at a range of 4.81%-7.26%.

Covenants

Our other borrowings secured by rental vehicles include certain restrictive covenants including, among other things, limitations on the Company's ability to incur additional indebtedness or create new mortgages or charges, and requirement for the Company to maintain its shareholding structure and make timely reports. Certain borrowing covenants also contain restrictions on the use of proceeds and asset sales, and require the Company to provide notice or obtain consent for significant corporate events. In addition, cross default provisions in the Company's other indebtedness may be triggered if the Company defaults on any of these debt agreements.

SEPTEMBER 2026 USD NOTES

In September 2021, pursuant to an indenture, dated as of September 21, 2021, among us, eHi Auto Services (Hong Kong) Holding Limited, Brave Passion and L&L Financial Leasing Holding Limited, or collectively the Guarantors, and DB Trustees (Hong Kong) Limited, as trustee, we issued US\$300.0 million in aggregate principal amount of senior unsecured notes due 2026, or the 2026 Senior Notes. The 2026 Senior Notes will mature on September 21, 2026. The 2026 Senior Notes are the subject of this Exchange Offer with Exit Consent. As of the date of this exchange offer and consent solicitation memorandum, the aggregate principal amount of the outstanding 2026 Senior Notes totaled US\$266.0 million.

Interest

The 2026 Senior Notes bear interest at 7.00% per annum payable semi-annually in arrears on March 21 and September 21 of each year.

Optional Redemption

At any time on or after September 21, 2024, we may, at our option, redeem the 2026 Senior Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but not including) the redemption date, if redeemed during the 12-month period commencing on September 21 of any year set forth below:

Period	Redemption Price
2024	103.500%
2025	101.750%

At any time we may, at our option, redeem the 2026 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2026 Senior Notes to be redeemed plus an applicable premium plus accrued and unpaid interest, if any, to (but not including) the redemption date. At any time and from time to time, we may redeem up to 35% of the 2026 Senior Notes, at a redemption price of 107% of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date, using the net cash proceeds from certain equity offerings.

Covenants

Under the 2026 Senior Notes, we are subject to restrictive covenants that limit our ability and the ability of our restricted subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of restricted subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates;

- effect a consolidation or merger; and
- engage in any business other than businesses permitted by the indenture.

Events of Default

The 2026 Senior Notes contain customary events of default, including, among others, failure of payment, breach of covenants, cross-defaults and insolvency events.

Guarantee

The 2026 Senior Notes were jointly and severally guaranteed by the Guarantors.

SEPTEMBER 2027 USD NOTES

In March 2024, pursuant to an indenture, dated as of March 26, 2024, among us, eHi Auto Services (Hong Kong) Holding Limited, Brave Passion and L&L Financial Leasing Holding Limited, or collectively the Guarantors, and DB Trustees (Hong Kong) Limited, as trustee, we issued US\$325.0 million in aggregate principal amount of senior unsecured notes due 2027, or the 2027 Senior Notes. The 2027 Senior Notes will mature on September 26, 2027. As of the date of this exchange offer and consent solicitation memorandum, the aggregate principal amount of the outstanding 2027 Senior Notes totaled US\$313.5 million.

Interest

The 2027 Senior Notes bear interest at 12.00% per annum payable semi-annually in arrears on March 26 and September 26 of each year.

Optional Redemption

At any time on or after September 26, 2025, we may, at our option, redeem the 2027 Senior Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but not including) the redemption date, if redeemed during the 12-month period commencing on September 26 of any year set forth below:

Period	Redemption Price
2025	106.00%
2026	103.00%

At any time we may, at our option, redeem the 2027 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2027 Senior Notes to be redeemed plus an applicable premium plus accrued and unpaid interest, if any, to (but not including) the redemption date. At any time and from time to time, we may redeem up to 35% of the 2027 Senior Notes, at a redemption price of 112% of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date, using the net cash proceeds from certain equity offerings.

Covenants

Under the 2027 Senior Notes, we are subject to restrictive covenants that limit our ability and the ability of our restricted subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of restricted subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates;
- effect a consolidation or merger; and
- engage in any business other than businesses permitted by the indenture.

Events of Default

The 2027 Senior Notes contain customary events of default, including, among others, failure of payment, breach of covenants, cross-defaults and insolvency events.

Guarantee

The 2027 Senior Notes were jointly and severally guaranteed by the Guarantors.

DESCRIPTION OF THE NEW NOTES

For purposes of this “Description of the New Notes,” the term “Company” refers only to eHi Car Services Limited, and any successor obligor on the Notes, and not to any of its Subsidiaries, and the term “Notes” refers to the New Notes issued by the Company. Each Subsidiary of the Company which Guarantees the Notes is referred to as a “Subsidiary Guarantor,” and each such guarantee is referred to as a “Subsidiary Guarantee.”

The Notes are to be issued under an indenture (the “Indenture”), to be dated as of the Original Issue Date, among the Company, the Subsidiary Guarantors and DB Trustees (Hong Kong) Limited, as trustee (the “Trustee”, which expression shall include its successor(s) and all persons for the time being the trustee or trustees under the Indenture).

The following is a summary of certain provisions of the Indenture, the Notes and the Subsidiary Guarantees. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes and the Subsidiary Guarantees. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection upon prior written request and satisfactory proof of holding by Holders during regular office hours on business days on or after the Original Issue Date at the corporate trust office of the Trustee at Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong; Attention: The Directors.

BRIEF DESCRIPTION OF THE NOTES

The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- *pari passu* in right of payment with the September 2026 Notes, the September 2027 Notes and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors on a senior basis, subject to the limitations described below under “– The Subsidiary Guarantees” and in “Risk Factors – Risks Related to the New Notes and the Subsidiary Guarantees”;
- effectively subordinated to all existing and future secured obligations of the Company to the extent of the value of the collateral serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (defined below).

The Notes will mature on October 14, 2029, subject to amortization as set forth under “– Amortization of Principal” below and unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Indenture allows additional Notes to be issued from time to time (the “Additional Notes”), subject to certain limitations described under “– Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued.

The Notes will bear interest on the outstanding principal amount at 10% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semiannually in arrears on April 14 and October 14 of each year (each, an “Interest Payment Date”), commencing October 14, 2026. Interest on the outstanding principal amount of the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Interest

Interest on the outstanding principal amount of the Notes will be paid to the Holders of record at the close of business on March 30 or September 29 immediately preceding an Interest Payment Date (each, a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Notwithstanding the foregoing, so long as the Notes are held in global form, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the Notes register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

Amortization of Principal

The aggregate principal amount of the Notes will be amortized on the following dates (each an “Amortization Date”) in the amounts (expressed as a percentage of the principal amount of Notes issued on the Original Issue Date) (each an “Amortization Amount”) as follows:

Amortization Date	Amortization Amount
December 14, 2026	7.5%
June 14, 2027	2%
December 14, 2027	5%
June 14, 2028	5%
December 14, 2028	5%
June 14, 2029	5%

; *provided* that in the event the aggregate principal amount of the Notes outstanding on any Amortization Date is less than the Amortization Amount payable on such Amortization Date, the Amortization Amount payable on such Amortization Date will be equal to the aggregate principal amount of the Notes outstanding on such Amortization Date.

In the event that Additional Notes are issued in accordance with the terms of the Indenture prior to any Amortization Date, the Amortization Amounts payable on such Amortization Date and any other Amortization Date after such Amortization Date shall be increased by an amount for each US\$1,000 principal amount of Additional Notes issued, which is proportional to such Amortization Amount prior to the issuance of any Additional Notes for each US\$1,000 principal amount of Notes issued on the Original Issue Date. The Company shall round up any Amortization Amount such that no remaining Note has a minimum denomination less than US\$50,000 and is not a multiple of US\$1,000.

The relevant Amortization Amount, plus accrued and unpaid interest, if any, to (but not including) the relevant Amortization Date, will be paid on the relevant Amortization Date. The Amortization Amounts shall be made to Holders on a pro rata basis. Unless the Company defaults in the payment of an Amortization Amount, such Amortization Amount shall cease to accrue interest from and including the corresponding Amortization Date.

Unless redeemed, amortized or otherwise paid prior thereto, the Notes are scheduled to mature on October 14, 2029.

The Company shall, at least 10 Business Days prior to each Amortization Date, notify the Holders, the Agents and the Trustee of the Amortization Amount payable on such Amortization Date. Neither the Trustee nor any of the Agents will be responsible for determining, calculating or verifying the Amortization Amount.

Payment of Notes

Except as described under “Optional Redemption” and otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Company). In any case in which the date of the payment of principal of, premium (if any) or interest on the outstanding principal amount of the Notes is not a Business Day, then such payment need not be made in such place on such date but may be made on the next succeeding Business Day. Any payment made on such succeeding Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the outstanding principal amount of the Notes shall accrue for the period after such date.

The Notes will be issued only in fully registered form, without coupons, in denominations of US\$50,000 and integral multiples of US\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of the Notes, but the Company and the Paying and Transfer Agent may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by wire transfer by the Company at the office or agency of the Company maintained for that purpose (which initially will be an office of the Paying and Transfer Agent, currently located at Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, if the Notes are in certificated form and if the Company or any Affiliate of the Company is acting as paying agent, at the option of the Company, payment of interest may be made by check mailed (at the expense of the Company) to the address of the Holders as such address appears in the Note register maintained by the Registrar or by wire transfer. Interest payable on the outstanding principal amount of the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

THE SUBSIDIARY GUARANTEES

As of the date of the Indenture, all of the Company’s Subsidiaries will be “Restricted Subsidiaries.” However, under the circumstances described below under “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries,” the Company will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” The Company’s Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture and will not guarantee the Notes.

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of all of the Company's Restricted Subsidiaries other than the Restricted Subsidiaries organized under the laws of the PRC (the "Initial Non-Guarantor Subsidiaries"). All of the initial Subsidiary Guarantors are holding companies that do not have significant operations. No subsidiaries organized under the laws of the PRC of the initial Subsidiary Guarantors will execute the Indenture on the Original Issue Date.

None of the Initial Non-Guarantor Subsidiaries or the Company's Restricted Subsidiaries organized under the laws of the PRC will provide a Subsidiary Guarantee at any time in the future. Such Restricted Subsidiaries, together with any Offshore Non-Guarantor Subsidiaries (as defined below), are referred to herein as the "Non-Guarantor Subsidiaries."

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC), as soon as practicable and in any event within 30 days after it becomes a Restricted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which it will Guarantee the payment of the Notes. Notwithstanding the foregoing sentence, the Company may elect to have any future Restricted Subsidiary organized outside the PRC not provided a Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary (such Restricted Subsidiaries, "Offshore Non-Guarantor Subsidiaries"); *provided* that, after giving effect to the amount of Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors do not exceed 10% of Total Assets. If, at any time, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors exceed 10% of Total Assets, the Company must cause one or more Offshore Non-Guarantor Subsidiaries to execute and deliver to the Trustee a supplemental indenture to the Indenture, pursuant to which such Offshore Non-Guarantor Subsidiaries will guarantee the payment of the Notes such that the 10% limitation is complied with. Such supplemental indenture must be executed within 30 Business Days from the date of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner and which may include internal consolidated financial statements) are available.

Each Restricted Subsidiary that Guarantees the Notes after the Original Issue Date is referred to as a "Future Subsidiary Guarantor" and, upon execution of the applicable supplemental indenture to the Indenture, will be a "Subsidiary Guarantor."

Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, such Non-Guarantor Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company.

As of June 30, 2025,

- the Company and its consolidated Subsidiaries (including the Non-Guarantor Subsidiaries) had total consolidated indebtedness of RMB7,931.9 million (US\$1,107.3 million), of which RMB5,291.9 million (US\$738.7 million) was secured; and
- the consolidated Subsidiaries organized under the laws of the PRC, or the Non-Guarantor Subsidiaries, had total indebtedness of RMB3,797.7 million (US\$530.1 million).

In addition, as of June 30, 2025, the Non-Guarantor Subsidiaries had capital commitments of approximately RMB14.1 million (US\$2.0 million) and no contingent liabilities.

The Subsidiary Guarantee of each Subsidiary Guarantor is:

- a general obligation of such Subsidiary Guarantor;
- senior in right of payment to any existing and future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- *pari passu* with its guarantee of the September 2026 Notes and the September 2027 Notes and all other unsecured, unsubordinated indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law);
- effectively subordinated to all existing and future secured obligations of such Subsidiary Guarantor, to the extent of the value of the collateral serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors will jointly and severally Guarantee the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes. The Subsidiary Guarantors will (1) agree that their obligations under the Subsidiary Guarantees will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Subsidiary Guarantees will be reinstated with respect to such payments as though such payment had not been made. All payments under the Subsidiary Guarantees are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be Guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. If a Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including Guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee could be reduced to zero.

The obligations of each Subsidiary Guarantor under its respective Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "Risk Factors – Risks Related to the New Notes and the Subsidiary Guarantees – The Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees."

Release of the Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under “– Defeasance – Defeasance and Discharge”;
- upon the designation by the Company of a Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the terms of the Indenture; or
- upon the sale, disposition or merger of a Subsidiary Guarantor in compliance with the terms of the Indenture (including the covenants under the captions “– Certain Covenants – Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “– Certain Covenants – Limitation on Asset Sales” and “– Consolidation, Merger and Sale of Assets”) resulting in such Subsidiary Guarantor no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor is simultaneously released from its obligations in respect of any of the Company’s other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, disposition or merger are used for the purposes permitted or required by the Indenture.

In addition, in the case of a Subsidiary Guarantor with respect to which the Company or any of its Restricted Subsidiaries is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Subsidiary Guarantor, the Company may, concurrently with the consummation of such sale or issuance of Capital Stock, instruct the Trustee in writing to release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, and upon such release such Subsidiary Guarantor and its Restricted Subsidiaries organized outside the PRC will become new Offshore Non-Guarantor Subsidiaries (such that each new Offshore Non-Guarantor Subsidiary will no longer Guarantee the Notes); *provided* that, after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors (including the new Offshore Non-Guarantor Subsidiaries) do not account for more than 10% of Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if, as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company by such Subsidiary Guarantor.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officer’s Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

FURTHER ISSUES

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the first interest period and, to the extent necessary, certain temporary securities law transfer restrictions) (a “Further Issue”) so that such Additional Notes may be consolidated and form a single class with

the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the “– Certain Covenant – Limitation on Indebtedness” covenant described below.

OPTIONAL REDEMPTION

At any time on or after April 14, 2028, the Company may, at its option, redeem the Notes, in whole or in part, at a redemption price equal to the percentage of the principal amount of Notes set forth below, plus accrued and unpaid interest, if any, to (but not including) the redemption date, if redeemed during the periods set forth below:

Period	Redemption Price
April 14, 2028 to April 13, 2029	105%
April 14, 2029 to October 14, 2029	100%

At any time prior to April 14, 2028, the Company may, at its option, redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the Agents shall be responsible for determining, calculating or verifying the Applicable Premium.

In addition, at any time prior to April 14, 2028, the Company may, at its option, redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 110% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

The Company will give not less than 30 days’ nor more than 60 days’ notice of any redemption to the Holders and the Trustee. If less than all of the Notes are to be redeemed at any time, the Notes will be selected for redemption as follows:

- (a) if the Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes are listed and/or, if the Notes are held through the clearing systems, in compliance with the requirements of the applicable clearing systems; or
- (b) if the Notes are not listed on any national securities exchange or held through the clearing systems, on a *pro rata* basis, by lot or by such other method as the Trustee in its sole and absolute discretion shall deem to be fair and appropriate unless otherwise required by applicable law.

Notices of redemption may, in the Company’s discretion, be subject to the satisfaction of one or more conditions precedent.

However, no Note of US\$50,000 in principal amount or less shall be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any Certificated Note, a new Note

in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

REPURCHASE OF NOTES UPON A CHANGE OF CONTROL

Not later than 30 days following a Change of Control, the Company will make an Offer to Purchase all outstanding Notes (a “Change of Control Offer”) at a purchase price equal to 101% of the principal amount of the Notes to be purchased plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date (as defined in clause (2) of the definition of “Offer to Purchase”).

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit the repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company’s failure to purchase tendered Notes would constitute an Event of Default under the Indenture. Certain of the events constituting a Change of Control under the Notes may also constitute an event of default under certain other debt instruments of the Company and its Subsidiaries.

Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control; (2) provide that a Change of Control is a default; or (3) require repurchase of such debt upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Company. The Company’s ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Company’s then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See “Risk Factors – Risks Related to the New Notes and the Subsidiary Guarantees – We may not be able to repurchase the New Notes upon a Change of Control.”

The definition of Change of Control includes a phrase relating to the sale of “all or substantially all” the assets of the Company. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of Notes to require the Company to repurchase such Holder’s Notes as a result of a sale of less than all the assets of the Company to another person or group may be uncertain and will depend upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of “all or substantially all” the assets of the Company has occurred.

Notwithstanding the foregoing, the Company will not be required to make a Change of Control Offer following a Change of Control if (i) a third party makes the Change of Control Offer in the same manner, at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes

validly tendered and not withdrawn under such Change of Control Offer or (ii) notice of redemption has been given pursuant to the Indenture, as described above under the caption “– Optional Redemption,” unless and until there is a default in payment of the applicable redemption price.

Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and none of them shall be liable to any person for any failure to do so. Each of the Trustee and the Agents shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Company.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

NO MANDATORY REDEMPTION OR SINKING FUND

There will be no mandatory redemption or sinking fund payments for the Notes.

ADDITIONAL AMOUNTS

All payments of principal of, and premium (if any) and interest on the Notes or under the Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined under “– Consolidation, Merger and Sale of Assets”) or an applicable Subsidiary Guarantor is organized or resident for tax purposes or any political subdivision or taxing authority thereof or therein (each, as applicable, a “Relevant Taxing Jurisdiction”) or any jurisdiction through which payment is made by or on behalf of the Company, a Surviving Person or the applicable Subsidiary Guarantor, as the case may be, or any political subdivision or taxing authority thereof or therein (together with the Relevant Taxing Jurisdictions, the “Relevant Jurisdictions”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor, as the case may be, will pay such additional amounts (“Additional Amounts”) as will result in receipt by the Holder of each Note, of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

- (a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

- (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period; or
 - (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person or any Subsidiary Guarantor, addressed to the Holder, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder;
- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (c) any tax, duty, assessment or other governmental charge to the extent such tax, duty, assessment or other governmental charge results from the presentation of the Note (where presentation is required) for payment and the payment can be made without such withholding or deduction by the presentation of the Note for payment elsewhere;
- (d) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended ("FATCA"), any current or future U.S. Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA (an "IGA"), any law, regulation or other official guidance implementing FATCA or an IGA, or any agreement with the U.S. Internal Revenue Service under FATCA;
- (e) any tax, duty, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of or interest or any premium on the Notes or payments under the Subsidiary Guarantees; or
- (f) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b), (c), (d) and (e); or

- (2) to a Holder that is a fiduciary, partnership, limited liability company or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included for tax purposes in the income under the laws of a Relevant Jurisdiction of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or limited liability company or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

The Company will (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Company will make reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any taxes so deducted or withheld from the Relevant Jurisdiction imposing such taxes. The Company will furnish to the Holders and the Paying and Transfer Agent, within 90 days after the date the payment of any taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment or, if such receipts are not obtainable, other evidence of such payments.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company or any Subsidiary Guarantor will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 30th day prior to the date on which payment under or with respect to the Notes is due and payable, in which case it will be as soon as practicable thereafter), the Company or such Subsidiary Guarantor will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying and Transfer Agent to pay such Additional Amounts to the Holders on such payment date.

Neither the Trustee nor the Agents shall be responsible for paying any Additional Amounts or for determining whether such Additional Amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Company, such Subsidiary Guarantor or any Surviving Person, Holder or any third party to pay such Additional Amounts.

In addition, the Company will pay any stamp, issue, registration, documentary, value added or other similar taxes and other duties (including interest and penalties) payable in any Relevant Jurisdiction in respect of the creation, issue, offering, execution or enforcement of the Notes, or any documentation with respect thereto (other than such taxes imposed on a transfer of Notes other than the initial resale by the Initial Purchasers).

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

REDEMPTION FOR TAXATION REASONS

The Notes may be redeemed, at the option of the Company or a Surviving Person (as defined under the caption “– Consolidation, Merger and Sale of Assets”), as a whole but not in part, upon giving not less than 30 days’ nor more than 60 days’ notice to the Holders (which notice shall be irrevocable) and the Trustee, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the “Tax Redemption Date”) if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or
- (2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is announced and becomes effective (i) except as described in (ii) immediately below, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor or a Surviving Person (the “Assumption Date”) if such Person’s Relevant Taxing Jurisdiction had not been a Relevant Taxing Jurisdiction prior to the relevant Assumption Date, with respect to any payment due or to become due under the Notes or the Indenture, the Company, a Surviving Person or a Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, a Surviving Person or a Subsidiary Guarantor, as the case may be; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Surviving Person or a Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person or a Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before the Tax Redemption Date:

- (1) an Officer’s Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, a Surviving Person or a Subsidiary Guarantor, as the case may be, by taking reasonable measures available to it; and
- (2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall be entitled to conclusively rely on and accept, without liability, such Officer’s Certificate and Opinion of Counsel as conclusive evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders. The

Trustee will not be responsible for any loss occasioned by acting in reliance on such Officer's Certificate and Opinion of Counsel, and is not obligated to investigate or verify such Officer's Certificate and Opinion of Counsel.

Any Notes that are redeemed will be cancelled.

REPURCHASES AND CANCELLATION OF NOTES

The Company or any Subsidiary Guarantor may purchase Notes in the open market or by tender or by any other means at any price, so long as such acquisition does not otherwise violate the terms of the Indenture; *provided* that all Notes redeemed or repurchased by the Company or such Subsidiary Guarantor may not be reissued or resold.

CERTAIN COVENANTS

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness

- (1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness); *provided* that, the Company and any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness (including Acquired Indebtedness) if, after giving effect to the Incurrence of such Indebtedness or Permitted Subsidiary Indebtedness and the receipt and application of the proceeds therefrom, the Fixed Charge Coverage Ratio would not be less than 2.5 to 1.0.

Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company or a Subsidiary Guarantor, so long as it is so held).

- (2) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following ("Permitted Indebtedness"):
 - (a) Indebtedness under the Notes (excluding any Additional Notes) and each Subsidiary Guarantee;
 - (b) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (c) below; *provided* that such Indebtedness of Non-Guarantor Subsidiaries under this clause (b) shall be included in the calculation of Permitted Subsidiary Indebtedness;
 - (c) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; *provided* that (i) any event which results in (x) any Restricted Subsidiary to which such Indebtedness is owed ceasing to be a Restricted Subsidiary or (y) any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (c) and (ii) if the Company is the obligor on such Indebtedness

(and none of the Subsidiary Guarantors is the obligee), such Indebtedness must expressly be subordinated in right of payment to the Notes, and if any Subsidiary Guarantor is the obligor on such Indebtedness (and neither the Company nor any other Subsidiary Guarantor is the obligee), such Indebtedness must be expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor;

- (d) Indebtedness (“Permitted Refinancing Indebtedness”) of the Company or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, redeem, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have correlative meanings), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the proviso in paragraph (1) above or clause (a), (b), (d), (k), (m), (n), (o), (p) or (s) of paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced (plus premiums, accrued interest, fees and expenses); *provided* that (i) Indebtedness the proceeds of which are used to refinance the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or any Subsidiary Guarantee shall only be permitted under this clause (d) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or any Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee, as the case may be, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or any Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee, as the case may be, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the earlier of the final maturity date of the Notes and the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or more than 180 days after the final maturity date of the Notes, and (iii) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor;
- (e) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations designed solely to protect the Company or any Restricted Subsidiary from fluctuations in interest rates, currencies or the price of commodities and not for speculation;
- (f) any *Pari Passu* Guarantee;
- (g) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that this Indebtedness is extinguished within five Business Days of Incurrence;

- (h) Indebtedness of the Company or any Restricted Subsidiary in respect of workers' compensation claims and claims arising under similar legislation, regulation or rule, or in connection with self-insurance or similar requirements, in each case in the ordinary course of business;
- (i) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, earn-out or other similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in each case Incurred or assumed in connection with the disposition of any business or assets of the Company or of a Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of any of the Company's or a Restricted Subsidiary's business or assets for the purpose of financing an acquisition; *provided* that the maximum assumable liability in respect of all this Indebtedness shall at no time exceed the gross proceeds actually received by the Company and/or the relevant Restricted Subsidiary in connection with the disposition;
- (j) obligations with respect to letters of credit, bid, performance and surety bonds, completion guarantees or similar instruments provided by the Company or any Restricted Subsidiary securing obligations, entered into in the ordinary course of business, to the extent the letters of credit, bonds, guarantees or instruments are not drawn upon or, if and to the extent drawn upon is honored in accordance with its terms and, if to be reimbursed, is reimbursed no later than 30 days following receipt of a demand for reimbursement following payment on the letter of credit, bond, guarantee or instrument;
- (k) Indebtedness of the Company or any Restricted Subsidiary incurred in the ordinary course of business:
 - (i) representing Capitalized Lease Obligations; or
 - (ii) constituting purchase money Indebtedness incurred to finance all or any part of the purchase price of equipment, property or assets (including Vehicles) of the Company or any Restricted Subsidiary (including the purchase of Capital Stock of any Person holding such equipment, property or assets that is, or will upon such purchase become, a Restricted Subsidiary) or the cost of development, construction or improvement of equipment, property or assets to be used in the ordinary course of a Permitted Business by the Company or a Restricted Subsidiary;

provided that (A) such purchase money Indebtedness shall not exceed the purchase price of such equipment, property or assets so acquired, (B) such purchase money Indebtedness shall be Incurred no later than 180 days after the acquisition of such equipment, property or assets or the completion of the development, construction or improvement of such equipment, property or assets, as the case may be, and (C) on the date of the Incurrence of any Indebtedness permitted by this clause (k), and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (k) (together with any refinancings thereof) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under clauses (m), (n), (o) and (p) below (together with any refinancings thereof) does not exceed an amount equal to 30% of Total Assets;

- (l) Guarantees by the Company and any Restricted Subsidiary of any Indebtedness of the Company or any Restricted Subsidiary; *provided* that the Indebtedness guaranteed is permitted to be Incurred under the Indenture (including “– Certain Covenants – Limitation on issuance of Guarantees by Restricted Subsidiaries”);
- (m) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less used by the Company or any Restricted Subsidiary for working capital; *provided* that, on the date of the Incurrence of any such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (m) (together with any refinancings thereof) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under clause (k) above and clauses (n), (o) and (p) below (together with any refinancings thereof) does not exceed an amount equal to 30% of Total Assets;
- (n) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary; *provided* that, on the date of the Incurrence of any such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (n) (together with any refinancings thereof) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under clauses (k) and (m) above and clauses (o) and (p) below (together with any refinancings thereof) does not exceed an amount equal to 30% of Total Assets;
- (o) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than a Restricted Subsidiary) by the Company or such Restricted Subsidiary, *provided* that, on the date of the Incurrence of any such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (o) (together with any refinancings thereof) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under clauses (k), (m) and (n) above and clause (p) below (together with any refinancings thereof) does not exceed an amount equal to 30% of Total Assets;
- (p) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Restricted Subsidiary became a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); *provided* that, on the date of the Incurrence of any such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (p) (together with any refinancings thereof) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under clauses (k), (m), (n) and (o) above (together with any refinancings thereof) does not exceed an amount equal to 30% of Total Assets;
- (q) Indebtedness (A) Incurred by a Special Purpose Subsidiary secured by a Lien on all or part of the assets disposed of in connection with a Financing Disposition or (B) otherwise Incurred in connection with a Special Purpose Financing; *provided* that (I) such Indebtedness is not recourse to the Company or any Restricted Subsidiary that is not a Special Purpose Subsidiary (other than with respect to Special Purpose Financing

Undertakings), (II) in the event such Indebtedness shall become recourse to the Company or any Restricted Subsidiary that is not a Special Purpose Subsidiary (other than with respect to Special Purpose Financing Undertakings), such Indebtedness will be deemed to be, and must be classified by the Company as, Incurred at such time (or at the time initially Incurred) under one or more of the other provisions of this covenant for so long as such Indebtedness shall be so recourse;

- (r) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business; and
 - (s) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with any refinancings thereof) not to exceed the greater of US\$35.0 million (or the Dollar Equivalent thereof) and an amount equal to 3.0% of Total Assets.
- (3) For purposes of determining compliance with this “Limitation on Indebtedness” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including Indebtedness Incurred under the proviso in paragraph (1) of this covenant, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described above.
- (4) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness under this “Limitation on Indebtedness” covenant, the Dollar Equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency rate from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “Restricted Payments”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Company’s or any Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable or paid solely in shares of the Company’s or such Restricted Subsidiary’s Capital Stock

(other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;

- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary or any direct or indirect parent of the Company (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Persons other than the Company or any Restricted Subsidiary;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Subordinated Indebtedness (excluding any intercompany Indebtedness between or among the Company and any Restricted Subsidiary); or
- (4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
- (b) the Company could not Incur at least US\$1.00 of Indebtedness under the proviso in paragraph (1) of the covenant described under “– Limitation on Indebtedness”; or
- (c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and the Restricted Subsidiaries after the Measurement Date, shall exceed the sum (without duplication) of:
 - (i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal quarter during which the Measurement Date occurred and ending on the last day of the Company’s most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner and which may include internal consolidated financial statements) are available; plus
 - (ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity by, or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion by a Person who is not a Subsidiary of the Company of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other

than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; plus

- (iii) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); *provided*, however, that the foregoing amount shall not exceed the Net Cash Proceeds received by the Company or any Restricted Subsidiary from the Incurrence of such Indebtedness; plus
- (iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Measurement Date, (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person, or (E) such Person becoming a Restricted Subsidiary but only to the extent such Investments made by the Company or any Restricted Subsidiary in such Person prior to such Person becoming a Restricted Subsidiary was a Restricted Payment made to the extent permitted under this clause (c).

The foregoing provision shall not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

- (3) the redemption, repurchase or other acquisition of Capital Stock of the Company or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;
- (5) (x) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable or (y) the redemption, repurchase, defeasance or other acquisition by a Restricted Subsidiary of any shares of its Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock), in each case on a *pro rata* basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary, at least a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Company;
- (6) (x) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company; *provided* that any such cash payment shall not be for the purpose of evading the limitation of this “– Limitation on Restricted Payments” covenant (as determined in good faith by the Board of Directors of the Company) and (y) repurchases of Capital Stock deemed to occur upon the exercise of stock options if such Capital Stock represents a portion of the exercise price thereof;
- (7) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed US\$5.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination) in any calendar year;
- (8) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of (x) Disqualified Stock of the Company made by exchange for or out the Net Cash Proceeds of the substantially concurrent sale of Disqualified Stock of the Company or (y) Preferred Stock of a Restricted Subsidiary made by exchange for or out the Net Cash Proceeds of the substantially concurrent sale of Preferred Stock of a Restricted Subsidiary,

that, in each case, is permitted to be incurred pursuant to the covenant described under “– Limitation on Indebtedness”; *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c) of the preceding paragraph; or

- (9) any Restricted Payment in an aggregate amount, taken together with all other Restricted Payments made in reliance on this clause (9), not to exceed US\$25.0 million (or the Dollar Equivalent thereof);

provided that, in the case of clauses (2), (3) and (4) of this paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein. All Restricted Payments made pursuant to this paragraph (other than those made pursuant to clause (1)) shall be excluded in calculating whether the conditions of clause (c) of the first paragraph of this “– Limitation on Restricted Payments” covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors’ determination of the Fair Market Value of a Restricted Payment (other than cash) or any such assets or securities (other than cash) must be based upon an opinion or an appraisal issued by an accounting, appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US\$15.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment other than those made pursuant to clauses (5), (6), (7) and (9) of the second paragraph of this “– Limitation on Restricted Payments” covenant in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officer’s Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this “– Limitation on Restricted Payments” covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

For purpose of determining compliance with this “– Limitation on Restricted Payments” covenant, in the event that an item of Investment meets the criteria of both the first paragraph of this “– Limitation on Restricted Payments” covenant and clause (19) of the definition of “Permitted Investment” at any time, the Company, in its sole discretion, shall classify and from time to time may reclassify, such item of Investment in any one or more of such paragraphs.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (a) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

- (c) make loans or advances to the Company or any other Restricted Subsidiary; or
- (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary;

provided that it being understood that (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis, in each case, shall not be deemed to constitute such an encumbrance or restriction.

- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
 - (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees or the Indenture or under any Pari Passu Guarantee, or any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (b) existing under or by reason of applicable law, rule, regulation or order;
 - (c) with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of the property or assets of the Company or any Restricted Subsidiary in any material respect;
 - (e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the “– Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “– Limitation on Indebtedness” and “– Limitation on Asset Sales” covenants;

- (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted under clause (2)(k), (n), (o), (p), (q) or (s) of the “– Limitation on Indebtedness” covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such type of agreement and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company or any Subsidiary Guarantor to make required payment on the Notes or its Subsidiary Guarantee, as the case may be, and any extensions, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (g) existing in customary provisions in shareholders agreements, joint venture agreements and other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make the required payments on the Notes, or (y) any Subsidiary Guarantor to make required payments under its Subsidiary Guarantee;
- (h) customary provisions contained in agreements evidencing Liens incurred in accordance with the “– Limitation on Liens” covenant that limit the right of the debtor to dispose of the assets which are subject to the Liens;
- (i) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; or
- (j) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Unrestricted Subsidiary or its subsidiaries or the property or assets of such Unrestricted Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including in each case options, warrants or other rights to purchase shares of such Capital Stock) except:

- (1) to the Company or a Wholly Owned Restricted Subsidiary or, in the case of a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, *pro rata* to its shareholders or incorporators or on a basis more favorable to the Company;

- (2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary;
- (3) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided* that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "– Limitation on Asset Sales" covenant to the extent required thereunder; and
- (4) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer be a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "– Limitation on Restricted Payments" covenant if made on the date of such issuance or sale; *provided* that the Company complies with the "– Limitation on Asset Sales" covenant to the extent required thereunder.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary that is not a Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("Guaranteed Indebtedness") of the Company or any Subsidiary Guarantor, unless (1) (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full or (2) such Guarantee and such Guaranteed Indebtedness are permitted by clause 2(b), (c) or (n) (in the case of clause (2)(n)), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the pledge of one or more bank accounts to secure any Bank Deposit Secured Indebtedness) under the "– Limitation on Indebtedness" covenant or clause 2(d) under the "– Limitation on Indebtedness" covenant to the extent such Permitted Refinancing Indebtedness is in respect of a Guarantee and Guaranteed Indebtedness Incurred pursuant to clause 2(b) or (n), as applicable under the "– Limitation on Indebtedness" covenant.

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness will rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or (2) is subordinated in right of payment to the Notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness will be subordinated in right of payment to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantee.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each, an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary, as the case may be, than those that would have been obtained in a comparable arm’s length transaction by the Company or the relevant Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Company; and
- (2) the Company delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officer’s Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$15.0 million (or the Dollar Equivalent thereof) (other than any acquisition of Vehicles by the Company or a Restricted Subsidiary from Crawford, so long as such acquisition is entered into in the ordinary course of business), in addition to the Board Resolution required in clause 2(a) above, an opinion issued by an accounting, appraisal or investment banking firm of recognized international standing as to the fairness to the Company or such Restricted Subsidiary, as the case may be, of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

- (1) any employment or compensation agreement (whether based in cash or securities), officer or director indemnification agreement, severance or termination agreement or any similar arrangement entered into by the Company or any Restricted Subsidiary with their respective officers, directors or employees and payments pursuant thereto, including the payment of reasonable fees and reimbursement of expenses, in each case in the ordinary course of business;
- (2) transactions between or among the Company and any Wholly Owned Restricted Subsidiary or between or among Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment (other than a Permitted Investment) not prohibited by the covenant under “– Limitation on Restricted Payments”;

- (4) any sale of Capital Stock (other than Disqualified Stock) of the Company; and
- (5) the payment of compensation to employees, officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option scheme, so long as such scheme is approved by a majority of the disinterested members of the Board of Directors in good faith or, if the Company or any Restricted Subsidiary is listed on a recognized securities exchange, in compliance with the listing rules of such securities exchange.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) transactions pursuant to agreements in effect on the Original Issue Date and described in this exchange offer and consent solicitation memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date; (ii) any transaction between or among (A) the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or (B) the Company or a Restricted Subsidiary; *provided* that in the case of clause (ii), (1) such transaction is entered into in the ordinary course of business and (2) none of the minority shareholders or minority partners of or in such Restricted Subsidiary is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary); and (iii) any Investment by a shareholder or an Affiliate of the Company in the Capital Stock of any Restricted Subsidiary, to the extent such Investment is an Affiliate Transaction.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are (or, in respect of any Lien on any Subsidiary Guarantor's property or assets, any Subsidiary Guarantee of such Restricted Subsidiary is) secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes, prior to) the obligation or liability secured by such Lien, for so long as such obligation or liability is secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

- (1) the Company or such Restricted Subsidiary, as the case may be, could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described under “– Limitation on Indebtedness” and (b) incurred a Lien to secure such Attributable Indebtedness pursuant to the covenant described above under “– Limitation on Liens,” in which case, the corresponding Indebtedness will be deemed Incurred and the corresponding Lien will be deemed incurred pursuant to those provisions;

- (2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or such Restricted Subsidiary, as the case may be, applies the proceeds of such transaction in compliance with, the covenant described below under “– Limitation on Asset Sales.”

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (1) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of (determined on the date of the contractual arrangement for such Asset Sale);
- (2) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets (as defined below); *provided* that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$15.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Company’s most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary, as the case may be, from further liability; and
 - (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 180 days of closing, converted by the Company or such Restricted Subsidiary, as the case may be, into cash, to the extent of the cash received in that conversion; and
- (3) Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company or any Restricted Subsidiary may apply such Net Cash Proceeds to:
 - (a) permanently repay unsubordinated Indebtedness of the Company or any Restricted Subsidiary or any Indebtedness of a Restricted Subsidiary that was secured by the assets that were the subject of such Asset Sale (and, if such Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or

- (b) develop or acquire properties and assets (other than current assets) that replace the properties and assets that were the subject of such Asset Sale or that will be used in the Permitted Businesses, including any shares of Capital Stock in a Person holding such properties or assets that is engaged in a Permitted Business (“Replacement Assets”); *provided* that this clause (b) shall be satisfied if the Company or such Restricted Subsidiary (i) enters into a definitive agreement committing to invest the relevant amount to develop or acquire Replacement Assets within 360 days of the receipt of such Net Cash Proceeds and (ii) actually invests such amount to develop or acquire Replacement Assets within 180 days after the 360 day period; *provided* further that, pending the application of Net Cash Proceeds in accordance with clauses (a) or (b) of this paragraph, such Net Cash Proceeds may be temporarily invested only in cash or Temporary Cash Investments.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clause (3) will constitute “Excess Proceeds.” Excess Proceeds of less than US\$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US\$10.0 million (or the Dollar Equivalent thereof), within ten days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

- (a) accumulated Excess Proceeds, multiplied by;
- (b) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US\$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount of Notes tendered plus accrued and unpaid interest to (but not including) the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company or any Restricted Subsidiary may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes and such other *pari passu* Indebtedness will be purchased on a *pro rata* basis based on the principal amount of the Notes and such other *pari passu* Indebtedness tendered. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; *provided* that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited under the “– Limitation on Restricted Payments” covenant.

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes issued and sold on the Original Issue Date, in any amount, for any purpose other than (1) as specified under “Use of Proceeds” in this exchange offer and consent solicitation memorandum (or in the case of Additional Notes, the offering document relating to the sale of such Additional Notes) and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in cash or Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) such Restricted Subsidiary does not own any Disqualified Stock of the Company or any Subsidiary Guarantor or Disqualified or Preferred Stock of a Restricted Subsidiary that is not a Subsidiary Guarantor or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under “– Limitation on Indebtedness” or such Lien would violate the covenant described under “– Limitation on Liens”; (3) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; (4) none of the Company or any Restricted Subsidiary Guarantees or provides credit support for the Indebtedness of such Restricted Subsidiary; and (5) the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under “– Limitation on Restricted Payments.”

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under “– Limitation on Indebtedness”; (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under “– Limitation on Liens”; (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (5) if such Restricted Subsidiary is not organized under the laws of the PRC, such Restricted Subsidiary will upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary will become a Subsidiary Guarantor.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply with would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company or any Subsidiary Guarantor to perform its obligations under the Notes, the Indenture or the relevant Subsidiary Guarantee.

Anti-layering

The Company will not Incur, and will not permit any Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company or any Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the Subsidiary Guarantees on substantially identical terms; *provided* that this requirement does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Maintenance of Insurance

The Company will, and will cause its Restricted Subsidiaries to, maintain insurance with reputable and financially sound carriers against such risks and in such amounts as is customarily carried by similarly situated businesses, including, without limitation, property and casualty insurance.

SUSPENSION OF CERTAIN COVENANTS

If on any date following the date of the Indenture, the Notes have a rating of Investment Grade from two Rating Agencies and no Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from either of such Rating Agencies, the provisions of the Indenture summarized under the following captions will be suspended:

- (1) “– Certain Covenants – Limitation on Indebtedness”;
- (2) “– Certain Covenants – Limitation on Restricted Payments”;
- (3) “– Certain Covenants – Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- (4) “– Certain Covenants – Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries”;
- (5) “– Certain Covenants – Limitation on Issuances of Guarantees by Restricted Subsidiaries”;

- (6) “– Certain Covenants – Limitation on Business Activities”;
- (7) “– Certain Covenants – Limitation on Sale and Leaseback Transactions”; and
- (8) “– Certain Covenants – Limitation on Asset Sales.”

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any Restricted Subsidiary as an Unrestricted Subsidiary pursuant to the covenant summarized under “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries” or the definition of “Unrestricted Subsidiary.”

Such covenants will be reinstituted and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event and, following reinstatement, (1) the calculations under the covenant described under the caption “– Certain Covenants – Limitation on Restricted Payments” will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended and (2) all Indebtedness Incurred during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2)(b) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness.” Upon any reinstatement of the covenants, the amount of Excess Proceeds shall be reset at zero. There can be no assurance that the Notes will ever achieve an Investment Grade rating or that, if achieved, any such rating will be maintained.

PROVISION OF FINANCIAL STATEMENTS AND REPORTS

- (1) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request:
 - (a) as soon as they are available, but in any event within 120 calendar days after the end of the fiscal year of the Company, (i) copies of the financial statements (on a consolidated basis and in the English language) of the Company in respect of such financial year (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and audited by a member firm of an internationally recognized firm of independent accountants and (ii) a copy of a summary sheet of the following business key performance indicators of the Company for such financial year: average daily rental fleet size, total fleet size, average daily rental rate and fleet utilization rate;
 - (b) as soon as they are available, but in any event within 90 calendar days after the end of the second financial quarter of the Company, (i) copies of the financial statements (on a consolidated basis and in the English language) of the Company in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and reviewed by a member firm of an internationally recognized firm of independent accountants and (ii) a copy of a summary sheet of the following business key performance indicators of the Company for such half-year period: average daily rental fleet size, average daily rental rates and fleet utilization rate; and

- (c) as soon as they are available, but in any event within 60 calendar days after the end of each of the first and third financial quarters of the Company, copies of the unaudited financial statements (on a consolidated basis and in the English language) of the Company, including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period,

provided that, if at any time the Company's Common Stock is listed for trading on a recognized securities exchange, the Company, in lieu of the filings described in (a) to (c) above, file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with such securities exchange, true and correct copies of any financial or other report in the English language.

- (2) In addition, so long as any Note remains outstanding, the Company will provide to the Trustee
- (a) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officer's Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; *provided that* the Company shall not be required to provide such auditor certificate if its external auditors refuse to provide such certificate as a result of a policy of such external auditors not to provide such certificate; and
- (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officer's Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

EVENTS OF DEFAULT

The following events will be defined as "Events of Default" in the Indenture:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest or Additional Amounts on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of the covenant described under "– Consolidation, Merger and Sale of Assets" or the failure by the Company to make or consummate an Offer to Purchase in the manner described under "– Repurchase of Notes upon a Change of Control" or "– Certain Covenants – Limitation on Asset Sales";
- (4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes then outstanding;

- (5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$20.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) a failure to make a principal payment when due and payable; *provided, however*, that such Indebtedness shall not include (x) the Indebtedness represented by the September 2026 Notes and (y) any Indebtedness (other than that represented by the September 2026 Notes) with respect to which any default or event of default occurs solely as a result of any default or event of default under the September 2026 Notes;
- (6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$20.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (7) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for any substantial part of the property and assets of the Company or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) the Company or any Significant Subsidiary, (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, including a Scheme of Arrangement under the Companies Ordinance (Cap. 622) of Hong Kong and Companies Act of the Cayman Islands, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Subsidiary, (c) effects any general assignment for the benefit of creditors or (d) proposes or makes any agreement for the deferral, rescheduling or other readjustment of, or enters into any arrangement or composition in respect of, all or a material part of its Indebtedness that includes the Notes (other than, in each case under (b), any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Subsidiary in the ordinary course of business that shall result in the net assets of such Significant Subsidiary being transferred to or otherwise vested in the Company or any Restricted Subsidiary on a *pro rata* basis or on a basis more favorable to the Company or in each case under (d) in connection with an exchange or tender offer of or solicitation of consents in respect of the Notes); or
- (9) any Subsidiary Guarantor denies or disaffirms in writing its obligations under its Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee is determined to be unenforceable or invalid or will for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders, subject to being indemnified and/or secured and/or prefunded to its satisfaction, shall declare the principal of, premium (including the premiums set forth in the succeeding paragraph), if any, and accrued and unpaid interest on the Notes together with the Contingency Event Premium, if any, to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium (including the premiums set forth in the succeeding paragraph), if any, and accrued and unpaid interest on the Notes together with the Contingency Event Premium, if any, shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Subsidiary, the principal of, premium (including the premiums set forth in the succeeding paragraph), if any, and accrued and unpaid interest on the Notes then outstanding together with the Contingency Event Premium, if any, shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

Without limiting the generality of the foregoing, it is understood and agreed that if, at any time prior to April 14, 2028, the Notes are accelerated or otherwise become due and payable, in each case, in respect of any Event of Default (including an Event of Default specified under clause (7) or (8) above), the Applicable Premium payable with respect to an optional redemption of the Notes shall also be deemed to be due and payable (without any action by the Holders or the Trustee) as though the Notes had been optionally redeemed in full at the time of such acceleration event (the “Redemption Price Premium”) and shall constitute part of the obligations payable to Holders in view of the impracticability and difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of each Holder’s loss as a result thereof. If the Contingency Event Premium (if any) and the Redemption Price Premium (if any) (collectively, the “Special Premiums”) become due and payable, solely for the purpose of determining the amounts payable to Holder, the Special Premiums shall be deemed to be principal of the Notes, and interest shall accrue on the full principal amount of the Notes (including the Special Premiums) from and including the date of the applicable triggering event, including in connection with an Event of Default under clause (7) or (8) above. For the avoidance of doubt, even if Special Premiums become payable, such amounts shall not result in an increase of principal amount of the Notes in the clearing systems records. For all purposes with respect to the Notes, the principal amount of Notes outstanding shall be determined in accordance with the records of the clearing systems (including, but not limited to, determining whether holders of the requisite majority have instructed the Trustee for any matter relating to the Notes or in any liability management exercise or corporate action relating to the Notes). Any Special Premiums payable shall be presumed to be the liquidated damages sustained by each Holder as a result of the acceleration of the Notes and the Company and the Subsidiary Guarantors agree that it is reasonable under the circumstances currently existing. The Special Premiums shall also be payable in the event the Notes (and/or the Indenture) are satisfied, released or discharged by foreclosure (whether by power of judicial proceeding or otherwise), deed in lieu of foreclosure or by any other similar means. The Company and the Subsidiary Guarantors will expressly waive in the Indenture (to the fullest extent they may lawfully do so) the provisions of any present or future statute or law that prohibits or may prohibit the collection of the foregoing premiums in connection with any such acceleration. The Company and the Subsidiary Guarantors expressly agree (to the fullest extent they may lawfully do so) that: (A) the Special Premiums are reasonable and the product of an arm’s length transaction between sophisticated business people, ably represented by counsel; (B) the Special Premiums shall be payable notwithstanding the then

prevailing market rates at the time acceleration occurs; (C) there has been a course of conduct between the Holders and the Company giving specific consideration in this transaction for such agreement to pay the Special Premiums; and (D) the Company and the Subsidiary Guarantors shall be estopped hereafter from claiming differently than as agreed to in this paragraph. The Company and the Subsidiary Guarantors expressly acknowledge that its agreement to pay the Special Premiums to the Holders as herein described is a material inducement to the Holders to purchase the Notes. Neither the Trustee nor any of the Agents will be responsible for determining, calculating or verifying the Redemption Price Premium or the Contingency Event Premium. The Trustee has not been involved in any discussions relating to the Special Premiums. The Holders acknowledge, agree and confirm their understanding that Special Premiums may need to be settled by the Company and the Subsidiary Guarantors outside of the clearing systems. The Trustee makes no representation as to the effectiveness, validity or enforceability of the afore-mentioned arrangements.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of all the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and
- (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may, and the Trustee at the written direction of Holders of at least 25% in aggregate principal amount of the Notes then outstanding, subject to being indemnified, secured and/or prefunded to its satisfaction, shall pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that is unclear, conflicting or equivocal, or conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security and/or prefunding is assured to it. For the avoidance of doubt, for so long as the Notes are represented by one or more Global Notes, the Trustee may treat the beneficial owner(s) of the Global Note as the “Holder” of such principal amount of the Note so held by such beneficial owner(s) (as shown in the records of through the clearing systems at the relevant time) for purposes of the provision of directions or instructions to the Trustee.

No one or more of such Holders shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all of such Holders.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity and/or security and/or prefunding satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;
- (4) the Trustee does not comply with the request within (x) 60 days after receipt of the written request pursuant to clause (2) above or (y) 60 days after the receipt of the offer of indemnity and/or security and/or prefunding pursuant to clause (3) above, whichever occurs later; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

Notwithstanding anything to the contrary in the Indenture or any other document relating to the Notes, in the event that the Trustee shall receive instructions from two or more groups of Holders, each holding at least 25% in aggregate principal amount of the then outstanding Notes, and the Trustee believes (in its sole discretion and may rely on such legal or other advice as it may deem appropriate) that such instructions are conflicting, the Trustee may, in its sole discretion, exercise any one or more of the following options:

- (i) refrain from acting on any such conflicting instructions; or
- (ii) take the action requested by the Holders of the highest percentage of the aggregate principal amount of the then outstanding Notes, notwithstanding any other provisions of the Indenture (and always subject to such indemnity and/or security and/or pre-funding as is satisfactory to the Trustee in its sole discretion); or
- (iii) petition a court of competent jurisdiction for further instructions.

In all such instances where the Trustee has acted or refrained from acting as outlined above, the Trustee shall not be responsible or liable for any losses or liability of any nature whatsoever to any party.

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest on, such Note or any payment under any Subsidiary Guarantee, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year ending after the Original Issue Date, that a review has been conducted of the activities of the Company and the Restricted Subsidiaries and the Company's and the Restricted Subsidiaries' performance under the Indenture and that the Company and each Restricted Subsidiary have fulfilled all of their respective obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See "– Provision of Financial Statements and Reports."

Neither the Trustee nor the Agents is obligated to do anything to ascertain whether any Event of Default or Default has occurred or is continuing and neither the Trustee nor the Agents will be responsible to Holders or any other person for any loss arising from any failure by it to do so. Each of the Trustee and the Agents may assume that no such event has occurred and that the Company and the Subsidiary Guarantors are performing all of their obligations under the Indenture and the Notes unless the Trustee has received written notice from the Company, the Subsidiary Guarantors or Holders of at least 25% in aggregate principal amount of the Notes outstanding of the occurrence of such event or facts establishing that a Default or an Event of Default has occurred or that the Company and the Subsidiary Guarantors are not performing all of their obligations under the Indenture and/or the Notes.

CONSOLIDATION, MERGER AND SALE OF ASSETS

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of the properties and assets of the Company and the Restricted Subsidiaries (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) unless each of the following conditions is satisfied:

- (1) (a) the Company shall be the continuing Person or (b) the Person (if other than it) formed by such consolidation or merger, or with or into which the Company consolidated or merged, or that acquired or leased such property and assets (the "Surviving Person") shall be (x) a corporation organized and validly existing under the laws of the British Virgin Islands, the Cayman Islands or Hong Kong and (y) shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, including the obligation to pay Additional Amounts with respect to any jurisdiction (or any political subdivision or taxing authority thereof or therein) in which it is organized or resident for tax purposes or from or through which payment is made, and the Indenture and the Notes shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

- (3) immediately after giving effect to such transaction on a *pro forma* basis, the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the proviso of paragraph (1) of the covenant described under “– Certain Covenants – Limitation on Indebtedness”;
- (4) the Company shall deliver to the Trustee (x) an Officer’s Certificate (attaching the arithmetic computations to demonstrate compliance with clause (3)) and (y) an Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- (5) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under this “– Consolidation, Merger and Sale of Assets” covenant, shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee shall apply to the obligations of the Company or the Surviving Person, as the case may be, in accordance with the Notes and the Indenture.

No Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of the properties and assets of the Subsidiary Guarantor and its Restricted Subsidiaries (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor), unless each of the following conditions is met:

- (1) such Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Subsidiary Guarantor consolidated or merged, or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction in accordance with the Indenture;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a *pro forma* basis, the Company could Incur at least US\$1.00 of Indebtedness under the proviso of paragraph (1) of the covenant described under “– Certain Covenants – Limitation on Indebtedness”; and
- (4) the Company shall deliver to the Trustee (x) an Officer’s Certificate (attaching the arithmetic computations to demonstrate compliance with clause (3)) and (y) an Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

provided that this paragraph shall not apply to any sale or other disposition that complies with the “– Certain Covenants – Limitation on Asset Sales” covenant or any Subsidiary Guarantor whose Subsidiary Guarantee is unconditionally released in accordance with the provisions described under “– The Subsidiary Guarantees – Release of the Subsidiary Guarantees.”

Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor survives such consolidation or merger. Nothing in the Indenture will prevent the Company from consolidating or otherwise combining with or merging into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company or reincorporating the Company in another jurisdiction, in each case, in compliance with clause (1) of the first paragraph under this “– Consolidation, Merger and Sale of Assets” covenant.

The foregoing provisions would not necessarily afford Holders protection in the event of highly leveraged or other transactions involving the Company or the Subsidiary Guarantors that may adversely affect Holders.

NO PAYMENTS FOR CONSENTS

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or any Subsidiary Guarantee unless such consideration is offered to be paid and is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment. Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or the Subsidiary Guarantees in connection with an exchange or tender offer, the Company and any Restricted Subsidiary may exclude (i) Holders or beneficial owners of the Notes that are not institutional “accredited investors” as defined in Rule 501 under the Securities Act, and (ii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company or any Restricted Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case, as determined by the Company in its sole discretion.

DEFEASANCE

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

- (1) the Company (a) has deposited with the Trustee (or its agent), in trust, cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of

interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the outstanding principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (b) has delivered to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the outstanding principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive Lien over such trust;

- (2) the Company has delivered to the Trustee (a) either (i) an Opinion of Counsel (subject to customary assumptions and exclusions) of recognized standing with respect to U.S. federal income tax matters that is based on a change in applicable U.S. federal income tax law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Company's exercise of its option under this "– Defeasance and Discharge" provision and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred or (ii) a ruling directed to the Company or Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (b) an Opinion of Counsel of recognized standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and
- (3) immediately after giving effect to such deposit on a *pro forma* basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default (other than that resulting from the borrowing of funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness, and, in each case, the granting of Liens in connection therewith), shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any Restricted Subsidiary is a party or by which the Company or any Restricted Subsidiary is bound (other than that resulting with respect to any Indebtedness being defeased from any borrowing of funds to be applied to make the deposit required to effect such defeasance and any similar and simultaneous deposit relating to such Indebtedness, and the granting of Liens in connection therewith).

In the case of either discharge or defeasance of the Notes, each of the Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture will further provide that (a) the provisions of the Indenture will no longer be in effect with respect to (i) clauses (3), (4)(x) and (6) under the first paragraph, and clauses (3), (4)(x) and (5) under the second paragraph, under "– Consolidation, Merger and Sale of Assets" and (ii) all

the covenants described herein under “– Certain Covenants,” other than as described under “– Certain Covenants – Government Approvals and Licenses; Compliance with Law” and “– Certain Covenants – Anti-Layering,” and (b) clause (3) under “– Events of Default” with respect to (i) clauses (3), (4)(x) and (6) under the first paragraph, and clauses (3), (4)(x) and (5) under the second paragraph, under “– Consolidation, Merger and Sale of Assets” and (ii) the other events set forth in such clause, clause (4) under “– Events of Default” with respect to such other covenants and agreements specified therein and clauses (5) and (6) under “– Events of Default” shall be deemed not to be Events of Default, upon, among other things, the deposit with the Trustee (or its agent), in trust, of cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the outstanding principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clauses (2)(b) and (3) of the preceding paragraph and the delivery by the Company to the Trustee of an Opinion of Counsel of recognized standing with respect to U.S. federal income tax matters to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would have been the case if such deposit and defeasance had not occurred.

Defeasance and Certain Other Events of Default

In the event the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of cash in U.S. dollars and/or U.S. Government Obligations on deposit with the Trustee (or its agent) will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company and the Subsidiary Guarantors will remain liable for such payments.

AMENDMENTS AND WAIVER

Amendments without Consent of Holders

The Indenture, the Notes or the Subsidiary Guarantees may be amended by the Company, the Subsidiary Guarantors and the Trustee, without the consent of any Holder:

- (1) to cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes or the Subsidiary Guarantees;
- (2) to comply with the provisions described under “– Consolidation, Merger and Sale of Assets”;
- (3) to evidence and provide for the acceptance of appointment by a successor Trustee;
- (4) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

- (5) provide collateral or add additional collateral to secure the Notes or any Subsidiary Guarantee;
- (6) to effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream;
- (7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (8) to effect any changes to the Indenture in a manner necessary to comply with the procedures of the relevant clearing system;
- (9) to add any Subsidiary Guarantor or any Subsidiary Guarantee or release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by the terms of the Indenture;
- (10) to conform the text of the Indenture, the Notes or the Subsidiary Guarantees to any provision of this “Description of the New Notes” to the extent that such provision in this “Description of the New Notes” was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Subsidiary Guarantees; or
- (11) to make any change that would provide any additional right or benefit to Holders or that does not materially and adversely affect the rights of any Holder.

Amendments with Consent of Holders

Amendments of the Indenture, the Notes or the Subsidiary Guarantees may be made by the Company, the Subsidiary Guarantors and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in aggregate principal amount of the outstanding Notes may waive future compliance by the Company with any provision of the Indenture, the Notes or the Subsidiary Guarantees; *provided*, however, that no such modification, amendment or waiver may, without the consent of the Holders of not less than 90% in aggregate principal amount of the outstanding Notes:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (3) change the place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

- (7) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (8) release any Subsidiary Guarantor from its Subsidiary Guarantee, except as provided in the Indenture;
- (9) amend, change or modify any Subsidiary Guarantee in a manner that adversely affects the Holders;
- (10) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale or change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale;
- (11) change the redemption date or the redemption price of the Notes from that stated under “– Optional Redemption” or “– Redemption for Taxation Reasons”;
- (12) amend, change or modify the obligation of the Company or any Subsidiary Guarantor to pay Additional Amounts; or
- (13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes or any Subsidiary Guarantee in a manner which adversely affects the Holders.

UNCLAIMED MONEY

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

NO PERSONAL LIABILITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS, DIRECTORS OR EMPLOYEES

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company or any Subsidiary Guarantor in the Indenture, or in any of the Notes or the Subsidiary Guarantees or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company or any Subsidiary Guarantor or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the federal securities laws.

CONCERNING THE TRUSTEE AND THE AGENTS

DB Trustees (Hong Kong) Limited is to be appointed as Trustee under the Indenture, and Deutsche Bank AG, Hong Kong Branch, is to be appointed as paying agent and transfer agent (the

“Paying and Transfer Agent”, which expression shall include its successor(s) and all persons for the time being the paying agent and transfer agent under the Indenture) with regard to the Notes and as registrar (the “Registrar”, which expression shall include its successor(s) and all persons for the time being the registrar under the Indenture and, together with the Paying and Transfer Agent, the “Agents”, which expression shall include its successor(s) and all persons for the time being the agents under the Indenture) under the Indenture. Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and the Notes, and no implied covenant or obligation shall be read into the Indenture or the Notes against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture and the Notes as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs. The Trustee shall not be liable to any Holder or any other person for any action taken by the Holders or the Trustee, as the case may be, in accordance with the instructions or directions provided to it by the Holders with respect to the Indenture and the Notes. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless the requisite number of Holders shall have provided their instructions in writing and offered to the Trustee security and/or indemnity and/or prefunding satisfactory to it against any loss, liability or expense. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

Pursuant to the terms of the Indenture and the Notes, the Company and the Subsidiary Guarantors will reimburse the Trustee and the Agents for its fees and all properly incurred costs and expenses.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions with the Company and its Affiliates; *provided*, however, that if it becomes aware it has acquired any conflicting interest, it must eliminate such conflict or resign.

Furthermore, each Holder, by accepting the Notes agrees, for the benefit of the Trustee, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the offering of the Notes and has not relied on and will not at any time rely on the Trustee in respect of such risks.

BOOK-ENTRY; DELIVERY AND FORM

The Notes will be represented by one or more global notes in registered form without interest coupons attached (the “Global Note”). On the Original Issue Date, the Global Note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.

Global Note

Ownership of beneficial interests in the Global Note (the “book-entry interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “– Individual Definitive Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Subsidiary Guarantors, the Trustee, the Agents or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium, interest and Additional Amounts) will be made to the Paying and Transfer Agent in U.S. dollars. The Paying and Transfer Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. The Company will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “– Additional Amounts.”

Under the terms of the Indenture, the Company, the Trustee and the Agents will treat the registered holder of the Global Note (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- any action or any failure to take action by Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Note

In the event any Global Note, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or

Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no book-entry interest of US\$50,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note.

Notwithstanding anything to the contrary herein and in the Indenture, in considering the interests of Holders while the Global Note is held on behalf of, or registered in the name of any nominee for, a clearing system, the Trustee may have regard to any certificate, report or any other information provided to it by the clearing systems or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Note and may consider such interests as if such accountholders were the Holders of the Notes represented by the Global Note. The Trustee may call for any certificate or other document to be issued by the clearing systems as to the principal amount of Notes evidenced by the Global Note standing to the account of any accountholders. Any such certificate or other document issued by the clearing systems shall be conclusive and binding for all purposes. The Trustee shall not be liable to any Holder, the Company or any other person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by the relevant clearing system and subsequently found to be forged or not authentic or not to be correct.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under "Transfer Restrictions."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the Trustee, the Agents or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “– Events of Default” and the Company has received a written request from a Holder, the Company will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depositary or a Holder, as the case may be, the

Company will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by or on behalf of the Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Registrar, through the relevant clearing system, with written instruction and other information required by the Company and the Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

NOTICES

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or first-class mails of the relevant jurisdiction (if intended for the Company or any Subsidiary Guarantor) addressed to the Company or such Subsidiary Guarantor, as the case may be, at eHi Building, No. 24, Lane 1098, North Meiling Road, Shanghai, 200333, the People's Republic of China; (if intended for the Trustee) addressed to the Trustee at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register (or otherwise delivered to such Holders in accordance with applicable Euroclear or Clearstream procedures).

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of the relevant clearing system. Any such notice shall be deemed to have been delivered on the day such notice is delivered to the relevant clearing system or if by mail, when so sent or deposited.

CONSENT TO JURISDICTION; SERVICE OF PROCESS

The Company and each Subsidiary Guarantor will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee or the Indenture or any transaction contemplated thereby; and (2) designate and appoint Law Debenture Corporate Services Inc., 420 Lexington Avenue, Suite 901, New York, NY 10170, for receipt of service of process in any such suit, action or proceeding.

GOVERNING LAW

Each of the Notes, the Subsidiary Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

DEFINITIONS

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the New Notes" for which no definition is provided.

“Acquired Indebtedness” means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

“Affiliate” means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step child, parent or step parent, brother, sister, step brother or step sister, parent in law, grandchild, grandparent, uncle, aunt, nephew or niece of a Person described in clause (1) or (2). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Applicable Premium” means, with respect to a Note at any redemption date, all required remaining scheduled interest payments due on such Note from and including such redemption date up to but excluding April 14, 2028 (but excluding accrued and unpaid interest to the redemption date).

“Asset Acquisition” means (1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary.

“Asset Sale” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock of a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; *provided* that “Asset Sale” shall not include:

- (1) any sale, transfer or other disposition of inventory, receivables or other current assets in the ordinary course of business (including, without limitation, the rental of Vehicles);
- (2) any sale, transfer or other disposition of assets constituting a Permitted Investment or Restricted Payment permitted to be made by the covenant described under “– Certain Covenants – Limitation on Restricted Payments”;
- (3) a sale, transfer or other disposition of assets with a Fair Market Value not in excess of US\$3.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

- (4) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or the Restricted Subsidiaries;
- (5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
- (6) a transaction covered by the covenant described under “– Consolidation, Merger and Sale of Assets”;
- (7) sales or other dispositions of cash or Temporary Cash Investments;
- (8) any transfer, termination, unwinding or other disposition of Hedging Obligations;
- (9) any Financing Disposition;
- (10) a sale, transfer or other disposition to the Company or a Restricted Subsidiary, including, without limitation, an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary;
- (11) transfers resulting from any casualty or condemnation of property;
- (12) any sale, lease, transfer or other disposition of Investments in joint ventures to the extent required by any customary buy/sell arrangements entered into in connection with the formation of such joint venture; *provided* that any cash, Temporary Cash Investments or other consideration received must be applied in compliance with the covenant described under the caption “– Certain Covenants – Limitation on Asset Sales”; and
- (13) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction, including any period for which such lease has been extended.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Company or any Restricted Subsidiary that is secured by a pledge of one or more bank accounts or bank deposits of the Company or a Restricted Subsidiary or guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to effect exchanges of U.S. dollars, Hong Kong dollars or other foreign currencies into Renminbi or vice versa, or to remit Renminbi or any foreign currency into or outside the PRC.

“Board of Directors” means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or in Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized or required by law or governmental regulation to close.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, to any “person” (within the meaning of Section 13(d) of the Exchange Act), other than one or more Permitted Holders;
- (2) the Company consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person (other than one or more Permitted Holders) consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance);
- (3) the Permitted Holders are the beneficial owners (as such term is used in Rule 13d-3 of the Exchange Act) of less than 20.0% of the total voting power of the Voting Stock of the Company;

- (4) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) (other than one or more Permitted Holders) is or becomes the beneficial owner (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of greater than 35.0% of the total voting power of the Voting Stock of the Company;
- (5) individuals who on the Original Issue Date constituted the Board of Directors, together with any new directors whose election or nomination to the Board of Directors was approved by a vote of at least a majority of the directors then still in office who were either directors on the Original Issue Date or whose election or nomination was previously so approved, cease for any reason to constitute a majority of the Board of Directors then in office; or
- (6) the adoption of a plan relating to the liquidation or dissolution of the Company.

“Clearstream” means Clearstream Banking S.A.

“Commodity Hedging Agreement” means any commodities swap agreement, commodities cap agreement, commodities floor agreement, commodities futures agreement, commodities option agreement or any other similar agreement or arrangement which may consist of one or more of the foregoing agreements, designed to protect against fluctuations in commodities prices.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and includes, without limitation, all series and classes of such common stock or ordinary shares.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Company and its Restricted Subsidiaries’ proportionate interest in the total consolidated assets of such Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company and its Restricted Subsidiaries (which the Company shall use its reasonable best efforts to compile in a timely manner and which may include internal consolidated financial statements) are available.

“Consolidated EBITDA” means, with respect to any Person for any period, Consolidated Net Income of such Person for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Fixed Charges;
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets); and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income;

all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in conformity with GAAP; *provided* that if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any Restricted Subsidiary.

“Consolidated Fixed Charges” means, with respect to any Person for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of such Person or any Restricted Subsidiary, except for dividends payable in the Company’s Capital Stock (other than Disqualified Stock) or paid to the Company or to a Restricted Subsidiary.

“Consolidated Interest Expense” means, with respect to any Person for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of such Person and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by such Person and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable Indebtedness, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, such Person or any Restricted Subsidiary and (7) any capitalized interest; *provided* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a *pro forma* basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, with respect to any Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:
 - (a) subject to the exclusion contained in clause (5) below, the Company’s equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below; and
 - (b) the Company’s equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;

- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company or any Restricted Subsidiary;
- (3) the net income (or loss) of any Restricted Subsidiary (other than any Subsidiary Guarantor) if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company by the operation of the terms of such Restricted Subsidiary's charter, articles of association or other constitutive document or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary (other than restrictions that have been waived or otherwise released), except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Temporary Cash Investments actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);
- (4) the cumulative effect of a change in accounting principles;
- (5) any net after tax gains realized on the sale or other disposition of (a) any property or asset of the Company or any Restricted Subsidiary that is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company or a Restricted Subsidiary realized on sales of Capital Stock of the Company or of any Restricted Subsidiary);
- (6) any non-cash expense, loss, income or gain relating to any change in fair value of convertible securities issued by the Company;
- (7) any non-cash expense, loss, income or gain relating to any change in fair value of share options and other equity-based compensation;
- (8) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and
- (9) any net after-tax extraordinary or non-recurring gains or losses (excluding the effect of all fees and expenses relating thereto).

“Contingency Event Premium” means (i) prior to April 14, 2028, 30% of the outstanding principal amount of Notes and (ii) on or subsequent to April 14, 2028, 0% of the outstanding principal amount of Notes.

“Crawford” means The Crawford Group, Inc.

“Currency Hedging Agreement” means any currency swap agreement, currency cap agreement, currency floor agreement, currency futures agreement, commodity option agreement or any other similar agreement or arrangement which may consist of one or more of the foregoing agreements, designed to protect against fluctuations in foreign exchange rates.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the date that is 183 days after the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the date that is 183 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if (a) the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the “– Certain Covenants – Limitation on Asset Sales” and “– Repurchase of Notes upon a Change of Control” covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company’s repurchase of such Notes as are required to be repurchased pursuant to the covenants described under “– Certain Covenants – Limitation on Asset Sales” and “– Repurchase of Notes upon a Change of Control” or (b) the terms of such Capital Stock provide that such Person may not repurchase or redeem such Capital Stock pursuant to such provision unless such repurchase or redemption complies with the covenant described under “– Certain Covenants – Limitation on Restricted Payments.”

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the noon buying rate for U.S. dollars in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on the date of determination.

“Entrusted Loans” means borrowings by a PRC Restricted Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Restricted Subsidiary to the lending bank as security for such borrowings; *provided* that such borrowings are not reflected on the consolidated balance sheet of the Company.

“Equity Offering” means (i) any bona fide public or private offering of Capital Stock (other than Disqualified Stock) of the Company other than to Affiliates of the Company after the Original Issue Date or (ii) any bona fide underwritten secondary public offering or secondary private placement of Capital Stock (other than Disqualified Stock) of the Company beneficially owned by the Permitted Holders, after the Original Issue Date, the net proceeds therefrom are contributed to the common equity capital of the Company; *provided* that the aggregate gross cash proceeds received by the Company as a result of such offering described in clause (i) or (ii) or a combination thereof (excluding gross cash proceeds received from the Company or any of its Subsidiaries) shall be no less than US\$25.0 million (or the Dollar Equivalent thereof).

“Euroclear” means Euroclear Bank SA/NV.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

“Financing Disposition” means any sale, transfer, conveyance or other disposition of, or creation or incurrence of any Lien on, property or assets by the Company or any Restricted Subsidiary thereof to or in favor of any Special Purpose Entity, or by any Special Purpose Subsidiary, in each case in connection with the Incurrence by a Special Purpose Entity of Indebtedness, or obligations to make payments to the obligee on Indebtedness, which may be secured by a Lien in respect of such property or assets.

“Fitch” means Fitch Inc., a subsidiary of Fimalac, S.A.

“Fixed Charge Coverage Ratio” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner and which may include internal consolidated financial statements) are available (the “Four Quarter Period”) to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

- (a) *pro forma* effect shall be given to any Indebtedness Incurred, repaid or redeemed during the period (the “Reference Period”) commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case, as if such Indebtedness had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness;
- (b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Hedging Agreement applicable to such Indebtedness if such Interest Rate Hedging Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (c) *pro forma* effect will be given to the creation, designation or redesignation of Restricted Subsidiaries and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (d) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

- (e) *pro forma* effect will be given to asset dispositions and asset acquisitions (including giving *pro forma* effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (d) or (e) of this sentence requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation will be based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available; and *provided further* that if any Indebtedness is Incurred or repaid under a revolving credit facility and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated based on the average daily balance of such Indebtedness for the four fiscal quarters subject to the *pro forma* calculation.

“GAAP” means, as of the Original Issue Date, International Financial Reporting Standards, as in effect from time to time. At any time after the Original Issue Date, the Company may elect to apply generally accepted accounting principles in the United States of America that are applicable to the Company for all purposes of the Indenture in lieu of International Financial Reporting Standards and, upon such election, references herein to GAAP shall thereafter be construed to mean generally accepted accounting principles in the United States of America that are applicable to the Company, as in effect from time to time; *provided* that any calculation or determination in the Indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to the Company’s election to apply generally accepted accounting principles in the United States of America shall remain as previously calculated or determined in accordance with International Financial Reporting Standards; *provided, further*, that any term phrased in a manner customary under International Financial Reporting Standards shall be interpreted to refer to the equivalent accounting or financial concept under generally accepted accounting principles in the United States of America and, if there is no such equivalent accounting or financial concept, shall be interpreted in a manner that best approximates the effect that such term would have if it were construed in accordance with International Financial Reporting Standards as in effect on the Original Issue Date.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Hedging Agreement or Interest Rate Hedging Agreement.

“Holder” means the Person in whose name a Note is registered in the Note register.

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“Incur” means, with respect to any Indebtedness, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness; *provided* that (1) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest or the accrual of dividends shall not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations;
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends; and
- (10) any Preferred Stock issued by (a) such Person, if such Person is a Restricted Subsidiary or (b) any Restricted Subsidiary of such Person, in each case valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include any capital commitments, deferred payment obligations or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of property or assets to be used in a Permitted Business or Entrusted Loans; *provided* that such items are not reflected on the consolidated balance sheet of the Company and the Restricted Subsidiaries (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected on the balance sheet as borrowings or indebtedness will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided*

- (1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;
- (2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest; and
- (3) that the amount of Indebtedness with respect to any Hedging Obligation shall be (i) zero if Incurred pursuant to paragraph 2(e) under the “– Certain Covenants – Limitation on Indebtedness” covenant or (ii) equal to the net amount payable by such Person if the Commodity Hedging Agreement, Currency Hedging Agreement or Interest Rate Hedging Agreement giving rise to such Hedging Obligation were terminated at that time due to default by such Person if not Incurred pursuant to such paragraph.

“Interest Rate Hedging Agreement” means any interest rate swap agreement, interest rate cap agreement, interest rate floor agreement, interest rate future contract, interest rate option agreement or any other similar agreement or arrangement which may consist of one or more of any of the foregoing agreements, designed to protect against fluctuations in interest rates.

“Investment” means:

- (1) any direct or indirect advance, loan or other extension of credit to another Person;
- (2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
- (3) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or
- (4) any Guarantee of any obligation of another Person.

For the purposes of the provisions of the covenants described under “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries” and “– Certain Covenants – Limitation on

Restricted Payments”: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Company’s proportionate interest in the Fair Market Value of the assets (net of the Company’s proportionate interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary calculated as of the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

“Investment Grade” means a rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by S&P or Fitch, or any of their respective successors or assigns, or a rating of “Aaa”, “Aa”, “A” or “Baa”, as modified by a “1”, “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P, Moody’s, Fitch or all of them, as the case may be.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Measurement Date” means December 8, 2015.

“Moody’s” means Moody’s Investors Service, Inc.

“Net Cash Proceeds” means:

- (1) with respect to any Asset Sale (other than the issuance or sale of Capital Stock), the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:
 - (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;
 - (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and the Restricted Subsidiaries, taken as a whole;
 - (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale; and
 - (d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without

limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP and reflected in an Officer's Certificate delivered to the Trustee; and

- (2) with respect to any Asset Sale consisting of the issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Non-Guarantor Subsidiaries" means the Offshore Non-Guarantor Subsidiaries and the PRC Restricted Subsidiaries.

"Offer to Purchase" means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

- (1) the provision in the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a *pro rata* basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase Payment Date");
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the tender agent (the "Tender Agent") at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the Tender Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each

Note purchased and each new Note issued shall be in a principal amount of US\$50,000 or any amount in excess thereof which is an integral multiple of US\$1,000.

One Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Tender Agent money sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a *pro rata* basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officer's Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Tender Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and upon receipt of written order of the Company signed by an Officer, the Registrar shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US\$50,000 or any amount in excess thereof which is an integral multiple of US\$1,000. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"Officer" means one of the executive officers of the Company or, in the case of a Restricted Subsidiary, one of the directors or officers of such Restricted Subsidiary.

"Officer's Certificate" means a certificate signed by one Officer.

"Opinion of Counsel" means a written opinion from legal counsel in form and substance reasonably acceptable to the Trustee.

"Original Issue Date" means the date on which the Notes are originally issued under the Indenture.

"Pari Passu Guarantee" means a Guarantee by the Company or any Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes) or any Subsidiary Guarantor, as the case

may be; *provided* that (1) the Company and such Subsidiary Guarantor were permitted to Incur such Indebtedness by the covenant described under “– Certain Covenants – Limitation on Indebtedness” and (2) such Guarantee ranks *pari passu* with the Notes or any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, as the case may be.

“Permitted Businesses” means any business which is the same as or ancillary or complementary to any of the businesses of the Company and the Restricted Subsidiaries on the Original Issue Date.

“Permitted Holders” means any or all of the following:

- (1) Mr. Ray Ruiping Zhang and Crawford;
- (2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Persons specified in clause (1); and
- (3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the Persons specified in clauses (1) and (2) of this definition.

“Permitted Investment” means:

- (1) any Investment in the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or will be merged or consolidated with or into, or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business;
- (2) cash or Temporary Cash Investments;
- (3) payroll, travel and similar advances made in the ordinary course of business to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation designed solely to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates and not for speculation;
- (7) receivables, trade credits or other current assets owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Sales made in compliance with the covenant described under the caption “– Certain Covenants – Limitation on Asset Sales”;

- (9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “– Certain Covenants – Limitation on Liens”;
- (10) Investments in securities, accounts receivable or other obligations of trade creditors, trade debtors or customers received in compromise or settlement of debts created in the ordinary course of business, or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer, or as result of foreclosure of or transfer of title with respect to any secured investment;
- (11) loans or advances to vendors, contractors, suppliers or distributors, including advance payments for equipment and machinery made to the manufacturer or distributor thereof, of the Company or any Restricted Subsidiary in the ordinary course of business and dischargeable in accordance with customary trade terms;
- (12) Investments in existence on the Original Issue Date;
- (13) loans or advances to employees made in the ordinary course of business in an aggregate principal amount not to exceed US\$5.0 million (or the Dollar Equivalent thereof) at any one time outstanding;
- (14) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers’ compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of business of the Company or any Restricted Subsidiary;
- (15) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;
- (16) an acquisition of assets, Capital Stock or other securities by the Company or a Subsidiary for consideration to the extent such consideration consists solely of Common Stock of the Company;
- (17) any Guarantees of Indebtedness Incurred in accordance with the covenant under “– Certain Covenants – Limitation on Indebtedness”;
- (18) repurchases of Notes; or
- (19) other Investments by the Company or any Restricted Subsidiary having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), taken together with all other Investments made pursuant to this clause (19) that are at the time outstanding, not to exceed an amount equal to 30% of Total Assets; *provided* that if such Investment, together with the aggregate amount of all other Investments made pursuant to this clause (19) that are at the time outstanding exceeds 20% of Total Assets, such Investment must be made in or to a Person that is primarily engaged in any Permitted Business.

“Permitted Liens” means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (3) Liens incurred or deposits made to secure the performance of statutory or regulatory obligations, bankers’ acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds, tenders, bids, leases and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and the Restricted Subsidiaries, taken as a whole;
- (5) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person (i) becomes a Restricted Subsidiary or (ii) is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets of such Person (if such Person becomes a Restricted Subsidiary) or the property or assets acquired by the Company or such Restricted Subsidiary (if such Person is merged with or into or consolidated with the Company or such Restricted Subsidiary); *provided further*, that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (6) Liens in favor of the Company or any Restricted Subsidiary;
- (7) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that do not give rise to an Event of Default;
- (8) (a) Liens securing reimbursement obligations with respect to letters of credit or trade guarantees, performance and surety bonds and similar instruments that encumber documents and other property relating to such letters of credit or trade guarantees, performance and surety bonds and similar instruments and the products and proceeds thereof, in each case exclusive of obligations for the payment of borrowed money or (b) Liens in favor of any bank having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Company or any Restricted Subsidiary on deposit with or in the possession of such bank;
- (9) Liens existing on the Original Issue Date;

- (10) Liens securing Indebtedness which is Incurred to refinance Secured Indebtedness which is permitted to be Incurred under clause (2)(d) of the covenant described under “– Certain Covenants – Limitation on Indebtedness”; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (11) Liens securing Hedging Obligations permitted to be Incurred under clause (2)(e) of the covenant described under “– Certain Covenants – Limitation on Indebtedness”; *provided* that (i) Indebtedness relating to any such Hedging Obligation is, and is permitted under the covenant described under “– Certain Covenants – Limitation on Liens” to be, secured by a Lien on the same property securing such Hedging Obligation or (ii) such Liens are encumbering customary initial deposits or margin deposits or are otherwise within the general parameters customary in the industry;
- (12) Liens securing Attributable Indebtedness that is permitted to be Incurred under the Indenture;
- (13) any interest or title of a lessor under any Capitalized Lease Obligation permitted to be Incurred under the Indenture; *provided*, however, that the Liens do not extend to any property or assets which is not leased property subject to such Capitalized Lease Obligation;
- (14) Liens with respect to minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, license, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not Incurred in connection with Indebtedness and that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;
- (15) Liens with respect to licenses or leases or subleases as licensor, lessor or sublessor of any of the Company’s or its Restricted Subsidiaries property, including intellectual property, in the ordinary course of business;
- (16) retention of title reserved by any seller of goods or any Lien imposed, reserved or granted over goods supplied by such seller, in each case in the ordinary course of business;
- (17) Liens in favor of customs and revenue authorities arising by operation of law to secure payment of customs duties in connection with importation or exportation of goods in the ordinary course of business;
- (18) Liens on the Capital Stock of Unrestricted Subsidiaries or any Person that is not a Subsidiary of the Company solely to secure Indebtedness of Unrestricted Subsidiaries or such Person, in each case that is non-recourse to the Company or any Restricted Subsidiary, unless the Company or such Restricted Subsidiary could have Incurred such Indebtedness under the Indenture on the date of incurrence of such Lien;
- (19) any interest or title of a lessor in the property subject to any operating lease;

- (20) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers' compensation claims, welfare and social benefits, property maintenance and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (21) Liens on deposits securing trade letters of credit (and reimbursement obligations relating thereto) incurred in the ordinary course;
- (22) Liens securing Indebtedness of the type described under clause (2)(k)(ii) of the covenant described under “– Certain Covenants – Limitation on Indebtedness”; *provided* that such Lien (i) covers only the equipment, property or assets acquired, developed, constructed or improved with such Indebtedness and (ii) is created within 180 days after such acquisition or the completion of such development, construction or improvement, as the case may be; *provided further*, that, in the case of clause (i), such Lien may cover other equipment, property or assets (instead of or in addition to such item of property or improvements) if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of equipment, property or assets (as reflected in the most recent available consolidated financial statements of the Company, which may be internal consolidated financial statements) or, if any such equipment, property or assets have been acquired since the date of such financial statements, the cost of such equipment, property or assets (other than, in each case, deposits of loan proceeds securing performance of obligations in relation to the use of such loan proceeds under a loan or similar agreement to which such loan proceeds relate to, entered into by the Company or any Restricted Subsidiary, if the Indebtedness Incurred under such agreement is otherwise permitted under the terms of the Indenture) subject to Liens incurred pursuant to this clause (22) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;
- (23) Liens consisting of customary transfer restrictions in joint venture agreements, stockholder agreements or other similar agreements applicable to joint ventures permitted to be entered into under the Indenture;
- (24) Liens incurred or deposits made to secure Entrusted Loans;
- (25) Liens on one or more bank accounts or deposits to secure Bank Deposit Secured Indebtedness permitted to be Incurred under clause (2)(n) of the covenant described under “– Certain Covenants – Limitation on Indebtedness”;
- (26) Liens securing Indebtedness permitted to be Incurred under clause (2)(q) of the covenant described under “– Certain Covenants – Limitation on Indebtedness”; *provided* that in the case such Indebtedness becomes recourse to the Company or any Restricted Subsidiary that is not a Special Purpose Subsidiary (other than with respect to Special Purpose Financing Undertakings) and is classified pursuant to clause (2)(q)(II) of the covenant described under “– Certain Covenants – Limitation on Indebtedness” by the Company as Incurred at such time (or at the time initially Incurred) under one or more of the other provisions of “– Certain Covenants – Limitation on Indebtedness,” the Liens related to such Indebtedness will be deemed to be, and must be classified by the Company as, Incurred at such time (or at the time initially Incurred) under one or more of the other provisions of this “Permitted Liens” definition, for so long as such Indebtedness shall be so recourse; and

- (27) Liens with respect to obligations of the Company or any Restricted Subsidiary that do not exceed the greater of US\$30.0 million (or the Dollar Equivalent thereof) and an amount equal to 2.5% of Total Assets at any one time outstanding.

“Permitted Subsidiary Indebtedness” means Indebtedness of the Non-Guarantor Subsidiaries; *provided* that, on the date of Incurrence of such Indebtedness, and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness of the Non-Guarantor Subsidiaries taken as a whole (excluding any Indebtedness of any Non-Guarantor Subsidiary permitted under clause (2)(c), (e), (f), (g), (h), (i), (j), (l) or (r) of the covenant described under “– Certain Covenants – Limitation on Indebtedness”) does not exceed an amount equal to 20% of Total Assets (or the Dollar Equivalent thereof).

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“PRC” means the People’s Republic of China, excluding, solely for the purpose of this definition, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.

“PRC Restricted Subsidiary” means a Restricted Subsidiary organized under the laws of the PRC.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Rating Agencies” means S&P, Moody’s and Fitch; *provided* that if S&P, Moody’s or Fitch shall not make a corporate rating of the Company publicly available, one or more internationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody’s or Fitch or all of them, as the case may be.

“Receivable” means a right to receive payment pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay, as determined in accordance with GAAP.

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary.

“S&P” means S&P Global Ratings, a division of S&P Global Inc.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

“Secured Indebtedness” means any Indebtedness of the Company or a Restricted Subsidiary secured by a Lien.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“September 2026 Notes” means the 7.00% Senior Notes due 2026 issued by the Company.

“September 2027 Notes” means the 12.00% Senior Notes due 2027 issued by the Company.

“Significant Subsidiary” means any Restricted Subsidiary or any group of Restricted Subsidiaries that, taken together, would be a “significant subsidiary” using the conditions specified in the definition of “significant subsidiary” in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of the Indenture; *provided* that in each instance in such definition in which the term “10 percent” is used, the term “5 percent” shall be substituted therefor.

“Special Purpose Entity” means (x) any Special Purpose Subsidiary or (y) any other Person that is engaged in the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time), other accounts and/or other receivables, and/or related assets, and/or (ii) acquiring, selling, leasing, financing or refinancing Vehicles and/or related rights (including under leases, manufacturer warranties and buy-back programs, and insurance policies) and/or assets (including managing, exercising and disposing of any such rights and/or assets).

“Special Purpose Financing” means any financing or refinancing of assets consisting of or including Receivables and/or Vehicles of the Company or any Restricted Subsidiary that have been transferred to a Special Purpose Entity or made subject to a Lien in a Financing Disposition.

“Special Purpose Financing Undertakings” means representations, warranties, covenants, indemnities, guarantees of performance and (subject to clause (y) of the proviso below) other agreements and undertakings entered into or provided by the Company or any Restricted Subsidiary that the Company determines in good faith (which determination shall be conclusive) are customary or otherwise necessary or advisable in connection with a Special Purpose Financing or a Financing Disposition; *provided* that (x) it is understood that Special Purpose Financing Undertakings may consist of or include (i) reimbursement and other obligations in respect of notes, letters of credit, surety bonds and similar instruments provided for credit enhancement purposes or (ii) Hedging Obligations entered into by the Company or any Restricted Subsidiary, in respect of any Special Purpose Financing or Financing Disposition, and (y) subject to the preceding clause (x), any such other agreements and undertakings shall not include any Guarantee of Indebtedness of a Special Purpose Subsidiary by the Company or a Restricted Subsidiary that is not a Special Purpose Subsidiary.

“Special Purpose Subsidiary” means a Subsidiary of the Company that (a) is engaged solely in (x) the business of (i) acquiring, selling, collecting, financing or refinancing Receivables, accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time) and other accounts and receivables (including any thereof constituting or evidenced by chattel paper, instruments or general intangibles), all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto, and/or (ii) acquiring, selling, leasing, financing or refinancing Vehicles and/or related rights (including under leases, manufacturer warranties and buy-back programs, and insurance policies) and/or assets (including managing, exercising and disposing of any such rights and/or assets), all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto, and (y) any business or activities incidental or related to such business, and (b) is designated as a “Special Purpose Subsidiary” by the Company.

“Stated Maturity” means (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Company or any Subsidiary Guarantor that is contractually subordinated or junior in right of payment to the Notes or to any Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity (i) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and, in each case, which is “controlled” and consolidated by such Person in accordance with GAAP; *provided*, however, that with respect to clause (ii), the occurrence of any event (other than the issuance or sale of Capital Stock) as a result of which such corporation, association or other business entity ceases to be “controlled” by such Person under the GAAP and to constitute a Subsidiary of such Person shall be deemed to be a designation of such corporation, association or other business entity as an Unrestricted Subsidiary by such Person and be subject to the requirements under the first paragraph of “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries.”

“Subsidiary Guarantee” means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means the initial Subsidiary Guarantors named herein and any other Restricted Subsidiary that Guarantees the obligations of the Company under the Indenture and the Notes; *provided* that “Subsidiary Guarantor” does not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, Hong Kong, the PRC or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, Hong Kong, the PRC or any agency of any of the foregoing, in each case maturing within one year;
- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof, Hong Kong or the PRC and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$100.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P or Fitch;
- (5) securities maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P, Moody’s or Fitch;
- (6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and
- (7) demand or time deposit accounts, certificates of deposit overnight or call deposits and money market deposits with (i) Hong Kong & Shanghai Banking Corporation, Industrial Bank, Bank of Shanghai, China Construction Bank, Industrial and Commercial Bank of China, China Merchants Bank, China Everbright Bank, Bank of China, Bank of Communications, Ping An Bank, China CITIC Bank, China Development Bank, The Bank of East Asia, Shanghai Pudong Development Bank, Agricultural Bank of China, Xiamen Bank, Bank of Zhengzhou, Guangdong Development Bank, Rural Commercial Bank, Rural Cooperative Bank, Bank of Ningxia, Standard Chartered Bank, Bank of Beijing, Industrial Bank Co., Ltd, Bank of Ningbo and Bank of Jiangsu, (ii) any other bank, trust company or other financial institutions organized under the laws of the PRC or Hong Kong whose long-term debt is rated as high or higher than any of those banks listed in clause (i) of this paragraph or (iii) any other bank or other financial institutions organized under the laws of the PRC or Hong Kong; *provided* that, in the case of clause (iii), such deposits do not exceed US\$10.0 million (or the Dollar Equivalent thereof) with any single bank or US\$30.0 million (or the Dollar Equivalent thereof) in the aggregate, at any date of determination thereafter.

“Total Assets” means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last date of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner and which may include internal consolidated financial statements) are available; *provided* that (1) only with respect to clause (2)(k)(ii) of “– Certain Covenants – Limitation on Indebtedness” and the definition of “Permitted Subsidiary Indebtedness,” Total Assets shall be calculated after giving *pro forma* effect to include the cumulative value of all the equipment, property or assets the acquisition, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, in each case, as of such date, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any Restricted Subsidiary to the bank or other similar financial institutional lender providing such Indebtedness; (2) only with respect to

clause (2)(p) of the “– Certain Covenants – Limitation on Indebtedness” covenant, with respect to the Incurrence of any Acquired Indebtedness as a result of any Person becoming a Restricted Subsidiary, Total Assets shall be calculated after giving *pro forma* effect to include the consolidated assets of such Restricted Subsidiary and any other change to the consolidated assets of the Company as a result of such Person becoming a Restricted Subsidiary; and (3) only with respect to any Person becoming a new Non-Guarantor Subsidiary, *pro forma* effect shall at such time be given to the consolidated assets of such new Non-Guarantor Subsidiary and any other change to the consolidated assets of the Company as a result of such Person becoming a new Non-Guarantor Subsidiary.

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Vehicles” means vehicles, including automobiles, trucks, tractors, trailers, vans, sport utility vehicles, buses, campers, motor homes, motorcycles and other motor vehicles.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

TAXATION

This section addresses certain tax considerations that may be relevant to certain non-PRC resident investors in the New Notes under the current laws and practices of the Cayman Islands, Hong Kong, the PRC and the United States. The following summary is not a complete description of all tax considerations that may be relevant to an investor or to such investor's decision to purchase, own or dispose of the New Notes. It is subject to changes in the relevant law and does not constitute legal or tax advice to any person. It does not deal with all possible tax consequences applicable to all categories of investors and does not consider an investor's particular circumstances. It does not address the tax treatment of investors subject to special rules. Accordingly, investors should consult their own tax advisors regarding the tax consequences of an investment in the New Notes.

CAYMAN ISLANDS TAX CONSIDERATIONS

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands except for stamp duties, which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. There are no exchange control regulations or currency restrictions in the Cayman Islands.

HONG KONG TAX CONSIDERATIONS

Withholding tax

No Hong Kong withholding tax is payable on payments of principal (including any premium payable on redemption of the New Notes) or interest in respect of the New Notes.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest (if any) on the New Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest (if any) on the New Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest (if any) on the New Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

- (iii) interest (if any) on the New Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “IRO”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest (if any) on the New Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the New Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of the New Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the New Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the New Notes are acquired and disposed of.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the “FSIE Amendments”), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a New Note (for so long as the register of holders of the New Notes is maintained outside Hong Kong).

PRC TAX CONSIDERATIONS

The following is a summary of certain PRC tax consequences of the purchase, ownership and disposition of the New Notes to non-resident enterprises and non-resident individuals. It is based upon applicable laws, rules and regulations in effect as of the date of this exchange offer and consent solicitation memorandum, all of which are subject to change (possibly with retroactive effect). This

discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the New Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the New Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the New Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

The EIT Law, which came into effect on January 1, 2008 and was amended on December 29, 2018 and its Implementing Rules which came into effect on January 1, 2008 and was amended on April 23, 2019, provide that enterprises established outside of China whose “de facto management bodies” are located in China are considered PRC “resident enterprises” and will generally be subject to the uniform 25% PRC enterprise income tax rate on their global income, unless the resident enterprises are eligible for preferential income tax rate. Under the Implementing Rules of the EIT Law, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and other assets of an enterprise. In addition, a tax circular issued by the SAT on April 22, 2009, referred to as Circular 82, provides that certain Chinese-invested enterprises controlled by PRC enterprises or PRC enterprise groups and established outside of China will be classified as resident enterprises only if all of the following are located or resident in China: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision-making bodies; key properties, accounting books, company seal, and minutes of board meetings and shareholders’ meetings; and half or more of the senior management or directors with voting rights. Circular 82 also clarified that dividends and other income paid by such resident enterprises will be considered to be PRC-sourced income and subject to PRC enterprise income tax. However, as Circular 82 only applies to enterprises established outside of China that are controlled by PRC enterprises or PRC enterprise groups, it remains unclear how the tax authorities will determine the location of “de facto management bodies” for overseas incorporated enterprises controlled by foreign individuals and entities like us or our offshore subsidiaries. The SAT issued an amendment to Circular 82 delegating the authority to its provincial branches to determine whether a Chinese-invested established outside of China should be considered a PRC resident enterprise, in January 2014.

We believe that neither our company nor any of our offshore subsidiaries meets all the criteria set forth in Circular 82, because as holding companies, their key assets and records, including board and shareholders resolutions and minutes of board meetings and shareholders meetings, are located and maintained outside the PRC. In addition, we are not aware of any offshore holding company with a corporate structure similar to ours that has been deemed a PRC “resident enterprise” by the PRC tax authorities. Therefore, we believe neither our company nor any of our offshore subsidiaries should be deemed as a “resident enterprise” for PRC tax purposes. However, the tax resident status of our offshore entities is subject to determination by relevant PRC tax authorities and uncertainties remain with respect to their interpretation of the term “de facto management body” as applicable to our offshore entities.

If our company or any of our offshore subsidiaries is considered a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, our company or any of our offshore subsidiaries will be subject to the uniform 25% enterprise income tax rate on our global income and will have PRC enterprise income tax reporting obligations. Second, although under the EIT Law and its Implementing Rules dividends paid to us from our PRC subsidiaries would qualify as “tax-exempted income,” we cannot assure you that such dividends paid to our company or our Hong Kong subsidiaries will not be subject to enterprise income tax because the relevant PRC government authorities have not yet issued guidance with respect to the processing of outbound remittances to overseas incorporated enterprises controlled by foreign individuals and entities like us that are treated as resident enterprises for PRC enterprise income tax purposes. Finally, if we are considered to be a PRC tax resident enterprise, any payments by us under the Indenture, interest payable to non-resident holders of the New Notes and gains from transfer of New Notes realized by such non-resident holders may be regarded as income from sources within the PRC and therefore be subject to a 10% enterprise income tax if the holder is a non-resident enterprise, or 20% individual income tax if the holder is a non-resident individual, unless the enterprise income tax or individual income tax is exempted or reduced under the applicable tax treaties between the PRC and the holder’s home country.

TRANSFER RESTRICTIONS

Because of the following restrictions, participants in the Exchange Offer with Exit Consent are advised to consult their legal counsel prior to making any offer, sale, resale, pledge or other transfer of the New Notes.

The New Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the New Notes are being offered and sold only outside the United States to persons in offshore transactions in compliance with Regulation S under the Securities Act.

Each participant will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

- (1) The participant is purchasing such New Notes in an offshore transaction pursuant to Regulation S.
- (2) The participant understands that the New Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that such New Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act and that (A) if in the future it decides to offer, resell, pledge or otherwise transfer any of the New Notes, such New Notes may not be offered, resold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and that (B) the participant will, and each subsequent holder is required to, notify any subsequent purchaser of the New Notes from it of the resale restrictions referred to in (A) above.
- (3) The participant is not an affiliate (as defined in Rule 144 under the U.S. Securities Act) of ours, and is not acting on our behalf.
- (4) Each purchaser of the New Notes offered in reliance on Regulation S understands that such New Notes will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

- (5) The participant acknowledges that the Company, the Subsidiary Guarantors, the Trustee, the Paying and Transfer Agent, the Registrar, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agree that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the New Notes are no longer accurate, it shall promptly notify the Company, the Subsidiary Guarantors, the Trustee, the Paying and Transfer Agent, and the Registrar. If it is acquiring any New Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (6) The participant will not transfer the New Notes to any person or entity, unless such person or entity could itself truthfully make the foregoing representations and covenants.

LEGAL MATTERS

Certain legal matters with respect to this Exchange Offer with Exit Consent will be passed upon for us by O'Melveny & Myers LLP as to matters of United States federal law, New York state law and Hong Kong law, Grandall Law Firm (Shanghai) as to matters of PRC law and Maples and Calder (Hong Kong) LLP as to matters of Cayman Islands law and British Virgin Islands law. Certain legal matters will be passed upon for the Dealer Managers by Clifford Chance as to matters of United States federal and New York law and Commerce & Finance Law Offices as to matters of PRC law.

INDEPENDENT AUDITOR

The audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024, respectively, included elsewhere in this exchange offer and consent solicitation memorandum, have been audited by PricewaterhouseCoopers, Certified Public Accountants, as stated in their reports appearing herein.

The offices of PricewaterhouseCoopers are located at 22/F, Prince's Building, Central, Hong Kong SAR, China.

GENERAL INFORMATION

CONSENTS

We have obtained all necessary consents, approvals and authorizations in the Cayman Islands, the British Virgin Islands and Hong Kong in connection with the issue and performance of the New Notes and the Subsidiary Guarantees. The entering into of the Indenture and the issue of the New Notes have been authorized by a resolution of our sole director dated March 19, 2026. The initial Subsidiary Guarantees have been authorized by resolutions of the sole director of each of the initial Subsidiary Guarantors on March 19, 2026.

DOCUMENTS AVAILABLE

For so long as any of the New Notes are outstanding, copies of the Indenture will be available for inspection upon prior written request during normal business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) and proof of holding and identity to the satisfaction of the Trustee at the Corporate Trust Office of the Trustee.

For so long as any of the New Notes are outstanding, copies of our audited financial statements may be obtained during normal business hours on any weekday (except public holidays) at the principal office of the Company.

CLEARING SYSTEM AND SETTLEMENT

The New Notes have been accepted for clearance through the facilities of Euroclear, Clearstream.

Certain trading information with respect to the New Notes is set forth below:

	ISIN	Common Code
Regulation S Notes	XS3323573876	332357387

Only New Notes evidenced by a Regulation S Note have been accepted for clearance through Euroclear and Clearstream.

LISTING OF THE NEW NOTES

Approval in-principle has been received from the SGX-ST for the listing of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle for the listing of the New Notes on the SGX-ST is not to be taken as an indication of the merits of this offering, the Company, the Subsidiary Guarantors, or any of their respective subsidiaries or associated companies (if any), the New Notes or the Subsidiary Guarantees. The New Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$200,000 for so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require. For so long as the New Notes remain outstanding, the New Notes shall only be offered, traded and/or transferred (whether on an exchange or otherwise) in a minimum aggregate principal amount of US\$50,000.

For so long as any New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the New Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive registered Note(s). In addition, in the event that a Global Note is exchanged for definitive registered New Note(s), an announcement of such exchange will be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive registered New Note(s), including details of the paying agent in Singapore.

NO MATERIAL ADVERSE CHANGE

Except as otherwise disclosed in this exchange offer and consent solicitation memorandum, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since June 30, 2025 that is material in the context of the issue of the New Notes.

APPENDIX A – FORM OF SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE

dated as of _____, 2026

among

EHI CAR SERVICES LIMITED

as the Company

and

THE ENTITIES LISTED ON SCHEDULE I HERETO

as the Subsidiary Guarantors

and

DB TRUSTEES (HONG KONG) LIMITED

as Trustee

7.00% Senior Notes Due 2026

THIS SUPPLEMENTAL INDENTURE (the “**Supplemental Indenture**”), entered into as of _____, 2026, among eHi Car Services Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability (the “**Company**”), the entities listed on Schedule I hereto (as the “**Subsidiary Guarantors**”) and DB Trustees (Hong Kong) Limited, as trustee (the “**Trustee**”).

Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture (as defined below).

RECITALS

WHEREAS, the Company, the Subsidiary Guarantors and the Trustee entered into the Indenture, dated as of September 21, 2021 (the “**Indenture**”), relating to the Company’s 7.00% Senior Notes Due 2026 (the “**Notes**”);

WHEREAS, Section 9.02 of the Indenture provides, among other things, that the Company, the Subsidiary Guarantors and the Trustee may amend the Indenture with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes; *provided* that certain amendments may not be effected without the consent of each Holder affected;

WHEREAS, the Company and the Subsidiary Guarantors desire and have requested the Trustee to join with them in entering into this Supplemental Indenture for the purpose of amending the Indenture in certain respects as permitted by Section 9.02 of the Indenture;

WHEREAS, the Company has received the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes and has satisfied all other conditions precedent, if any, provided under the Indenture to enable the Company, the Subsidiary Guarantors and the Trustee to enter into this Supplemental Indenture, all as certified by an Officers’ Certificate, delivered to the Trustee simultaneously with the execution and delivery of this Supplemental Indenture as contemplated by Section 9.04 and Section 11.04 of the Indenture;

WHEREAS, the Company has delivered to the Trustee simultaneously with the execution and delivery of this Supplemental Indenture an Opinion of Counsel relating to this Supplemental Indenture as contemplated by Section 9.04 and Section 11.04 of the Indenture;

WHEREAS, the sole director of the Company and the sole director of each Subsidiary Guarantor have authorized and approved the execution and delivery of this Supplemental Indenture;

WHEREAS, the Company and each of the Subsidiary Guarantors are undertaking to execute and deliver this Supplemental Indenture to amend certain terms and covenants in the Indenture in connection with the exchange offer and consent solicitation memorandum of the Company, dated _____, 2026, and any amendments, modifications or supplements thereto (the “**Exchange Offer and Consent Solicitation Memorandum**”); and

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein and for other good and valuable consideration, each party hereby agrees, for the benefit of the others and for the equal and ratable benefit of the Holders of the Notes, as follows:

ARTICLE I

AMENDMENTS TO THE INDENTURE

Section 1.1. *Amendments to Section 1.01 of the Indenture.* Section 1.01 of the Indenture is hereby amended to delete in their entirety all terms and their respective definitions for which all references in the Indenture are eliminated as a result of the amendments set forth in Section 1.2 of this Supplemental Indenture.

Section 1.2. *Amendments to Other Provisions of the Indenture.*

(A) Subject to Section 2.7 hereof, the Indenture is hereby amended by (i) deleting each of the below mentioned provisions of the Indenture in their entirety and replacing with the phrase “[*Intentionally omitted*]” as follows; and (ii) deleting all cross references thereto in the Indenture in their entirety.

Section 4.03. [*Intentionally Omitted*]

Section 4.04. [*Intentionally Omitted*]

Section 4.05. [*Intentionally Omitted*]

Section 4.06. [*Intentionally Omitted*]

Section 4.08. [*Intentionally Omitted*]

Section 4.09. [*Intentionally Omitted*]

Section 4.11. [*Intentionally Omitted*]

Section 4.14. [*Intentionally Omitted*]

Section 4.15. [*Intentionally Omitted*]

Section 4.16. [*Intentionally Omitted*]

Section 4.17. [*Intentionally Omitted*]

Section 6.01(d). [*Intentionally Omitted*]

Section 6.01(e). [*Intentionally Omitted*]

Section 6.01(f). [*Intentionally Omitted*]

(B) Subject to Section 2.7 hereof, Section 4.20 of the Indenture is hereby amended as follows (amended text is shown with a double-underline for additions and by ~~striketrough~~ for deletions.

Section 4.20. *Provision of ~~Financial Statements and Reports~~.*

(a) [Reserved] ~~So long as any of the Notes remain outstanding, the Company shall file with the Trustee and furnish to the Holders upon request:~~

- (i) ~~as soon as they are available, but in any event within 120 calendar days after the end of the fiscal year of the Company, (i) copies of the financial statements (on a consolidated basis and in the English language) of the Company in respect of such financial year (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and audited by a member firm of an~~

~~internationally recognized firm of independent accountants and (ii) a copy of a summary sheet of the following business key performance indicators of the Company for such financial year: average daily rental fleet size, total fleet size, average daily rental rate and fleet utilization rate;~~

- ~~(ii) as soon as they are available, but in any event within 90 calendar days after the end of the second financial quarter of the Company, (i) copies of the financial statements (on a consolidated basis and in the English language) of the Company in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and reviewed by a member firm of an internationally recognized firm of independent accountants and (ii) a copy of a summary sheet of the following business key performance indicators of the Company for such half-year period: average daily rental fleet size, average daily rental rates and fleet utilization rate; and~~
- ~~(iii) as soon as they are available, but in any event within 60 calendar days after the end of each of the first and third financial quarters of the Company, copies of the unaudited financial statements (on a consolidated basis and in the English language) of the Company, including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period;~~

~~provided that, if at any time the Company's Common Stock is listed for trading on a recognized securities exchange, the Company, in lieu of the filings described in (a) to (e) above, file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with such securities exchange, true and correct copies of any financial or other report in the English language.~~

- ~~(b) In addition,~~ s ~~So long as any Note remains outstanding, the Company shall provide to the Trustee (i) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officer's Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; provided that the Company shall not be required to provide such auditor certificate if its external auditors refuse to provide such certificate as a result of a policy of such external auditors not to provide such certificate; and (ii) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officer's Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.~~
- (c) *[Reserved]*

- (d) Delivery of these reports and information to the Trustee is for informational purposes only and the Trustee's receipt of them will not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

(C) Subject to Section 2.7 hereof, the Notes are hereby deemed to be amended to delete all provisions inconsistent with the amendments to the Indenture effected by this Supplemental Indenture.

ARTICLE II

MISCELLANEOUS PROVISIONS

Section 2.1. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

Section 2.2. This Supplemental Indenture may be signed in various counterparts which together will constitute one and the same instrument.

Section 2.3. This Supplemental Indenture is an amendment supplemental to the Indenture and the Indenture and this Supplemental Indenture will henceforth be read together. Except as amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered under the Indenture shall be bound by the Indenture as amended hereby.

Section 2.4. The recitals contained herein shall be taken as the statements of the Company and the Subsidiary Guarantors and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture.

Section 2.5. Notwithstanding anything contained herein, nothing in this Supplemental Indenture shall relieve the Company, the Subsidiary Guarantors or the Trustee of any of their obligations under (i) the Indenture, as amended and supplemented by this Supplemental Indenture and (ii) the Notes. The Trustee shall not be responsible and shall have no liability for the validity or efficiency of this Supplemental Indenture. The Company and the Subsidiary Guarantors acknowledge and agree that the indemnification and other provisions of Section 7.06 of the Indenture shall apply to this Supplemental Indenture and the transactions contemplated therein as if set forth herein.

Section 2.6. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Supplemental Indenture is not to, and shall not be construed to, modify, amend, or affect, in any respect: (a) the obligation of the Company to pay principal and interest on the Notes when due; (b) the Stated Maturity of the Notes; (c) the interest rate applicable to the Notes; (d) the ranking of the Notes relative to other indebtedness of the Company; or (e) the Subsidiary Guarantees, each of which shall remain in full force and effect in accordance with their respective terms as set forth in the Indenture.

Section 2.7. The provisions of this Supplemental Indenture shall be effective upon execution, but shall not become operative unless and until the time all the conditions to the consummation of

the Exchange Offer with Exit Consent (as defined in the Exchange Offer and Consent Solicitation Memorandum), including payment of the Exchange and Consent Consideration (as defined in the Exchange Offer and Consent Solicitation Memorandum) by the Company to the Holders who delivered consents to the amendments set forth in this Supplemental Indenture, have been satisfied, and the Exchange Offer with Exit Consent has not been terminated, withdrawn or otherwise not consummated and has completed, which shall be notified to the Trustee by way of an Officers' Certificate in the form set out in Exhibit A hereto, pursuant to and in accordance with the terms and conditions set forth in the Exchange Offer and Consent Solicitation Memorandum.

Section 2.8. Each of the Company and the Subsidiary Guarantors hereby appoints Law Debenture Corporate Services Inc. as its agent, and covenants and agrees that service of process in any suit, action or proceeding arising out of or relating to the Indenture, any Note, any Subsidiary Guarantee and this Supplemental Indenture may be made upon it at the office of such agent at 420 Lexington Avenue, Suite 901, New York, NY 10170. Notwithstanding the foregoing, the Company or any Subsidiary Guarantor may, with prior written notice to the Trustee, terminate the appointment of Law Debenture Corporate Services Inc. and appoint another agent for the above purposes so that the Company or such Subsidiary Guarantor shall at all times have an agent for the above purposes in the City of New York. Each of the Company and the Subsidiary Guarantors hereby agrees to take any and all action as may be necessary to maintain the designation and appointment of an agent in full force and effect until the final maturity date of the Notes (or earlier, if the Notes are prepaid in full).

EXHIBIT A
OFFICER'S CERTIFICATE
EHl CAR SERVICES LIMITED
(THE "COMPANY")

To:
DB Trustees (Hong Kong) Limited
Level 60, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

(the "**Trustee**")

[●] 2026

Dear Sirs,

7.00 per cent. Senior Notes due 2026 (ISIN: XS2384059122, Common Code: 238405912) of eHi Car Services Limited (the "**Company**") and guaranteed by certain subsidiary guarantors

Reference is hereby made to the exchange offer and consent solicitation memorandum dated March 23, 2026 by the Company (the "**Exchange Offer and Consent Solicitation Memorandum**") in connection with the Exit Consent Solicitation (as defined in the Exchange Offer and Consent Solicitation Memorandum).

Capitalised terms used but not otherwise defined in this certificate shall have the meanings given to them in the Exchange Offer and Consent Solicitation Memorandum.

Pursuant to the terms of the Exchange Offer and Consent Solicitation Memorandum, I, the undersigned, certify on behalf of the Company that all the conditions to the consummation of the Exchange Offer with Exit Consent, including payment of the Exchange and Consent Consideration by the Company to the Holders who have delivered consents to the Exit Consent Amendments, have been satisfied, and the Exchange Offer with Exit Consent has not been terminated, withdrawn or otherwise not consummated and has completed.

IN WITNESS WHEREOF, the undersigned have executed this officer's certificate as of the date first written above.

For and on behalf of
EHl CAR SERVICES LIMITED

By:
Name:
Title:

[Signature pages follow]

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

EHI CAR SERVICES LIMITED

By: _____
Name:
Title:

BRAVE PASSION LIMITED
(as a Subsidiary Guarantor)

By: _____
Name:
Title:

**EHI AUTO SERVICES (HONG KONG)
HOLDING LIMITED 一嗨汽車服務(香港)
控股有限公司**
(as a Subsidiary Guarantor)

By: _____
Name:
Title:

**L&L FINANCIAL LEASING HOLDING
LIMITED**
(as a Subsidiary Guarantor)

By: _____
Name:
Title:

[Signature Page - Supplemental Indenture]

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

DB TRUSTEES (HONG KONG) LIMITED
(as Trustee)

By: _____
Name:
Title:

By: _____
Name:
Title:

[Signature Page - Supplemental Indenture]

SCHEDULE I

LIST OF SUBSIDIARY GUARANTORS

- 1 BRAVE PASSION LIMITED
- 2 EHI AUTO SERVICES (HONG KONG) HOLDING LIMITED 一嗨汽車服務(香港)控股有限公司
- 3 L&L FINANCIAL LEASING HOLDING LIMITED

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Note: References to page numbers in the following financial statements refer to the original page numbers in the interim condensed consolidated financial statements for the six months ended June 30, 2025 and the audited consolidated financial statements for the years ended December 31, 2023 and 2024, respectively, as the case may be, and cross-references to page numbers included in the independent auditor's report are to such original page numbering. The Subsidiary Guarantor's audited consolidated financial statements have not been prepared for inclusion in this exchange offer and consent solicitation memorandum.

EHI CAR SERVICES LIMITED
(incorporated in the Cayman Islands with limited liability)

REVIEW REPORT AND
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025



羅兵咸永道

**Report on Review of Interim Financial Information
To the Board of Director of eHi Car Services Limited**
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 2 to 26, which comprises the interim condensed consolidated statement of financial position of eHi Car Services Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2025 and the interim condensed consolidated statement of comprehensive loss, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The director of the Company is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information 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 International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information 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 International 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 financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(ii) to the interim financial information, which indicates that the Group had a negative working capital of RMB2,781,377,000 as at 30 June 2025 and a net loss of RMB351,201,000 for the six-month period then ended. Additionally, the Group has 2026 Senior Notes with principal amount of US\$267,030,000 (equivalent to RMB1,911,561,000) as at 30 June 2025 that will mature on 21 September 2026. These conditions, along with other events and conditions as set forth in Note 2(ii) to the interim financial information, indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 September 2025

PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenues			
- Car rentals and services	7	2,807,537	2,547,048
- Sales of used rental vehicles	7	<u>337,791</u>	<u>773,910</u>
		3,145,328	3,320,958
Cost of revenues			
- Car rentals and services	8	(2,480,658)	(2,296,411)
- Sales of used rental vehicles	8	<u>(341,561)</u>	<u>(766,040)</u>
Gross profit		323,109	258,507
Selling and marketing expenses	8	(98,065)	(111,214)
General and administrative expenses	8	(212,800)	(207,539)
Net impairment reversals on financial assets	5(i)(a)	6,761	130,020
Other income/(expenses), net		1,515	(567)
Other gains/(losses), net	9	29,100	(78,770)
Finance income	10	2,122	2,255
Finance costs	10	<u>(403,268)</u>	<u>(400,101)</u>
Finance costs, net	10	(401,146)	(397,846)
Loss before income tax		(351,526)	(407,409)
Income tax benefit	11	<u>325</u>	<u>-</u>
Loss for the period		<u>(351,201)</u>	<u>(407,409)</u>
Loss attributable to equity holders of the Company		<u>(351,201)</u>	<u>(407,409)</u>
Other comprehensive loss			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences		16,260	(28,855)
Total comprehensive loss for the period		<u>(334,941)</u>	<u>(436,264)</u>
Total comprehensive loss attributable to equity holders of the Company		<u>(334,941)</u>	<u>(436,264)</u>

The above condensed consolidated statement of comprehensive loss should be read in conjunction with the accompanying notes.

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025**

	Note	As at	
		30 June 2025	31 December 2024
		RMB'000	RMB'000
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	5,165,952	5,479,354
Prepayments for purchase of vehicles		19,964	448
Right-of-use assets	13	2,130,475	2,324,168
Intangible assets	14	199,793	200,970
Deferred tax assets		31,910	27,923
Financial assets at fair value	5(iii)	171,026	171,026
Prepayments and other receivables	16	571,796	683,559
		<u>8,290,916</u>	<u>8,887,448</u>
Current assets			
Inventories		53,581	49,185
Trade receivables	15	822,271	890,146
Prepayments and other receivables	16	1,115,667	971,880
Restricted cash		1,050	1,150
Cash and cash equivalents		395,514	594,259
		<u>2,388,083</u>	<u>2,506,620</u>
Total assets		<u>10,678,999</u>	<u>11,394,068</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	17	4,222	4,222
Share premium	17	4,656,594	4,656,594
Other reserves	18	45,726	29,466
Accumulated losses		(5,117,449)	(4,766,248)
Total deficit		<u>(410,907)</u>	<u>(75,966)</u>

EHl CAR SERVICES LIMITED

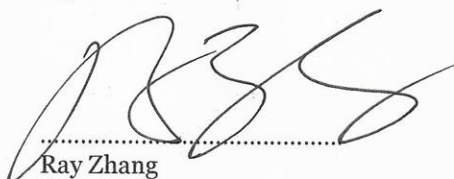
(All amounts in RMB, unless otherwise stated)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025 (CONTINUED)**

	Note	As at	
		30 June 2025	31 December 2024
		RMB'000	RMB'000
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	20	5,218,823	5,371,982
Lease liabilities	13	656,389	943,311
Deferred tax liabilities		45,234	41,573
Financial liabilities at fair value through profit or loss		-	29,085
		<u>5,920,446</u>	<u>6,385,951</u>
Current liabilities			
Trade payables		58,948	86,470
Accrued expenses and other current liabilities	19	731,155	645,335
Advances and contract liabilities		92,007	123,706
Current tax liabilities		23,359	23,658
Borrowings	20	2,713,114	2,767,118
Lease liabilities	13	1,520,486	1,437,796
Financial liabilities at fair value through profit or loss		30,391	-
		<u>5,169,460</u>	<u>5,084,083</u>
Total liabilities		<u>11,089,906</u>	<u>11,470,034</u>
Total equity and liabilities		<u>10,678,999</u>	<u>11,394,068</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial information on pages 2 to 26 were approved by the Director on 26 September 2025 and were signed on its behalf.



Ray Zhang
Director

EHl CAR SERVICES LIMITED
(All amounts in RMB, unless otherwise stated)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

	Share capital RMB'000 (Note 17)	Share premium RMB'000 (Note 17)	Other reserves RMB'000 (Note 18)	Accumulated losses RMB'000	Total RMB'000
(Unaudited)					
As at 1 January 2025	4,222	4,656,594	29,466	(4,766,248)	(75,966)
Loss for the period	-	-	-	(351,201)	(351,201)
Other comprehensive loss	-	-	16,260	-	16,260
Total comprehensive loss for the period	-	-	16,260	(351,201)	(334,941)
As at 30 June 2025	4,222	4,656,594	45,726	(5,117,449)	(410,907)
(Unaudited)					
As at 1 January 2024	4,222	4,656,594	14,783	(4,172,267)	503,332
Loss for the period	-	-	-	(407,409)	(407,409)
Other comprehensive loss	-	-	(28,855)	-	(28,855)
Total comprehensive loss for the period	-	-	(28,855)	(407,409)	(436,264)
As at 30 June 2024	4,222	4,656,594	(14,072)	(4,579,676)	67,068

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	1,295,057	988,989
including: payments for purchase of vehicles	(450,962)	(417,212)
proceeds from sales of vehicles	437,280	979,995
Interest received	2,122	2,255
Interest paid	(381,586)	(337,444)
Income tax paid	(258)	-
Net cash flows generated from operating activities	915,335	653,800
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(47,701)	(242,581)
Payments for purchase of intangible assets	(570)	(788)
Net cash flows used in investing activities	(48,271)	(243,369)
Cash flows from financing activities		
Proceeds from bank and other borrowings	1,326,244	1,559,088
Repayment of bank and other borrowings	(1,379,835)	(1,156,502)
Repayment of syndicated loans	-	(275,000)
Proceeds from senior notes	-	286,185
Repurchase of senior notes	(87,535)	-
Repayment of senior notes	-	(478,061)
Payments of deposits related to other borrowings	(29,788)	(45,192)
Payments of deposits related to lease	(51,409)	-
Payment of issuance cost for senior notes	-	(83,650)
Payment by instalments for purchase of vehicles	-	(3,288)
Principal elements of lease payments	(843,457)	(399,305)
Net cash flows used in financing activities	(1,065,780)	(595,725)
Net decrease in cash and cash equivalents	(198,716)	(185,294)
Cash and cash equivalents at beginning of the period	594,259	543,126
Exchange differences on cash and cash equivalents	(29)	(7,308)
Cash and cash equivalents at end of the period	395,514	350,524

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2025

1 General information

eHi Car Services Limited (the “Company”) was incorporated in the Cayman Islands on 3 August 2007 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands by Ray Ruiping Zhang (the “Founder”). The registered office is at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “Group”), are principally engaged in providing car rentals and car services to corporate and individual customers in the People’s Republic of China (“PRC” or “China”).

The ultimate holding company of the Company is eHi Inc., which is incorporated in the Cayman Islands with limited liability.

The condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated.

2 Basis of preparation

(i) Compliance with IFRSs

This condensed consolidated interim financial information for the six-month reporting period ended 30 June 2025 has been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The interim financial information does not include all of the notes normally included in annual financial statements. Accordingly, this financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024 (the “2024 Financial Statements”).

(ii) Going concern basis

The Group incurred a net loss of RMB351,201,000 for the six months period ended 30 June 2025 and had a negative working capital of RMB2,781,377,000 as at 30 June 2025. Additionally, as discussed in Note 20(iv) to the interim financial information, the Group has 2026 Senior Notes with principal amount of US\$267,030,000 (equivalent to RMB1,911,561,000) as of 30 June 2025 that will mature on 21 September 2026.

These conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. In response to the above events and conditions, management prepared a cash flow forecast covering a period of not less than the next twelve months from the date of these financial statements. Management plans to take a number of measures to improve its liquidity position, including, but not limited to, the following:

- 1) continue to keep the Group’s fleet size and to maintain healthy utilization rate of cars,
- 2) to maintain good relationships with the banks and financial institutions to secure the source of borrowings when needed, including but not limited to, renewal of existing borrowings, obtaining additional credit facilities from banks and financial institutions, and issuances of new debts, e.g., the senior notes, and
- 3) to improve the collection of proceeds from disposal of used cars.

EHI CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2025

2 Basis of preparation (Continued)

(ii) Going concern basis (Continued)

Based on these plans and the cash flow forecast, management believes that the Group's available cash, cash expected to be generated from operations, and funds available from banks and financial institutions and issuances of new debts will be sufficient to meet the Company's working capital and capital expenditure requirements and repayment of the 2026 Senior Notes requirements for at least the next twelve months from the date of these financial statements. Accordingly, the management considers that it is appropriate to prepare the interim financial information on a going concern basis.

Notwithstanding the above, material uncertainty exists as to whether the Group is able to achieve its plans and measures described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- 1) whether the Group can successfully implement business plans and measures to generate sufficient cash flow from operating activities by continuing keeping the Group's fleet size and maintaining healthy utilization rate of cars;
- 2) whether the Group can secure adequate facilities from the banks and financial institutions to fund the Group's operation and repayment of debts;
- 3) whether the Group can maintain good relationships with the investors to renew the 2026 Senior Notes or issue the new debts for refinancing;
- 4) whether the Group can improve the collection of proceeds from disposal of used cars.

These condensed consolidated interim financial information does not include any adjustments relating to the recoverability and classification of the Group's assets or to the amounts and classification of liabilities which might be necessary should the Group not continue as a going concern.

3 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(i) New and amended standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the financial reporting periods commencing on or after 1 January 2025 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except for IFRS 18 which will mainly impact the presentation of statement of profit and loss. The Group is still in the process of evaluating the impact of adoption of IFRS 18.

4 Critical accounting estimates and judgements

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2024 Financial Statements.

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2025

5 Financial risk management

(i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2024 Financial Statements.

There have been no significant changes in the risk management policies during the six months ended 30 June 2025.

(a) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, trade receivables and financial assets included in other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

Risk management

Credit risk is managed on a group basis. All cash and cash equivalents and restricted cash are placed with state-owned banks and financial institutions in the PRC and reputable international banks and financial institutions in Hong Kong. For the other financial assets, the Group has policies in place to ensure that the credit period granted to the customers and the credit quality of these customers are assessed, which takes into account their financial position, past experience and available forward-looking information. In addition, the Group has policies in place to ensure that settlement of trade receivables is followed up on a timely basis. At the end of the reporting period, the Group reviews the recoverable amount of each material individual debt to ensure that adequate expected credit losses are made for irrecoverable amounts.

Recoverability of financial assets

Trade receivables

The Group applied the IFRS 9 "Financial Instruments" simplified approach to measure expected credit losses ("ECLs") which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and aging periods.

The expected loss rates are based on the payment profiles of sales over a period of 78 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the broad money supply (M2), fixed-asset investment, Producer Price Index growth rate, etc of China in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025****5 Financial risk management (Continued)**

(i) Financial risk factors (Continued)

(a) Credit risk (Continued)

*Recoverability of financial assets (Continued)**Trade receivables (Continued)*

For ECL assessment, the trade receivables are categorized into receivables of car rentals and services and receivables of sales of used rental vehicles, and are further grouped based on shared credit risk characteristics and aging periods.

The loss allowance for trade receivables was as follows:

		Between	More than		
Car rentals and services	Within 1 year	1 and 2 years	2 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	
(Unaudited)					
As at 30 June 2025					
- Expected loss rate	0.70%	69.14%	100.00%	19.49%	
- Gross carrying amount	149,188	6,941	30,548	186,677	
- Loss allowance	1,045	4,799	30,548	36,392	
(Audited)					
As at 31 December 2024					
- Expected loss rate	1.23%	71.02%	100.00%	21.48%	
- Gross carrying amount	132,706	6,757	29,957	169,420	
- Loss allowance	1,636	4,799	29,957	36,392	
		Between	Between	More than	
Sales of used rental vehicles	Within 1 year	1 and 2 years	2 and 3 years	3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)					
As at 30 June 2025					
- Expected loss rate	8.02%	32.73%	53.80%	100.00%	20.95%
- Gross carrying amount	728,501	2,374	619	118,550	850,044
- Loss allowance	58,399	777	332	118,550	178,058
(Audited)					
As at 31 December 2024					
- Expected loss rate	8.02%	32.72%	53.79%	94.45%	19.62%
- Gross carrying amount	813,367	2,558	593	125,419	941,937
- Loss allowance	65,202	837	319	118,461	184,819

As at 30 June 2025, the amount of individually impaired trade receivables related to sales of used rental vehicles was RMB90,949,000 (31 December 2024: RMB97,907,000) with the provision for loss allowance of RMB90,949,000 (31 December 2024: RMB90,949,000).

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025****5 Financial risk management (Continued)**

(i) Financial risk factors (Continued)

(a) Credit risk (Continued)

*Recoverability of financial assets (Continued)**Trade receivables (Continued)*

The loss allowances for trade receivables as at 30 June 2025 reconcile to the opening loss allowances as follows:

(Unaudited)	Car rentals and services RMB'000	Sales of used rental vehicles RMB'000	Total RMB'000
Opening loss allowance at 1 January 2025	36,392	184,819	221,211
Decrease in the allowance recognized in profit or loss during the period	-	(6,761)	(6,761)
Closing loss allowance at 30 June 2025	<u>36,392</u>	<u>178,058</u>	<u>214,450</u>

During the six months ended 30 June 2025, the reversal of loss allowances for trade receivables amounting to RMB6,761,000 was primarily attributable to the recoveries of trade receivables of sales of used rental vehicles from certain customers.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than five years past due.

Impairment losses on trade receivables are presented as net impairment losses on financial assets in profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Financial assets included in other receivables

For financial assets included in other receivables, the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experiences and available forward-looking information.

The Group applies the general approach in calculating ECLs, where the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In addition, the Group considers if there has been a significant increase in credit risk when contractual payments are more than three months past due.

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025****5 Financial risk management (Continued)****(i) Financial risk factors (Continued)****(a) Credit risk (Continued)*****Recoverability of financial assets (Continued)******Financial assets included in other receivables (Continued)***

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12 month expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3).

As at 30 June 2025 and 31 December 2024, financial assets included in other receivables are classified as Stage 1 with immaterial ECL based on historical loss experience and insignificant forward-looking factor adjustment.

Financial assets included in other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than five years past due.

Impairment losses on financial assets included in other receivables are presented as net impairment losses on financial assets in profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss is identified.

(b) Liquidity risk

Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents and securing the source of borrowings (Note 2).

The table below analyzes the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

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**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

5 Financial risk management (Continued)

(i) Financial risk factors (Continued)

(b) Liquidity risk (Continued)

	Contractual undiscounted cash flow				Carrying amount
	Less than 1 year	Between 1 and 2 years	Above 2 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)					
As at 30 June 2025					
Trade payables	58,948	-	-	58,948	58,948
Accrued expenses and other current liabilities	456,257	-	-	456,257	456,257
Financial liabilities at fair value through profit or loss	30,391	-	-	30,391	30,391
Borrowings	3,121,846	3,176,935	2,698,896	8,997,677	7,931,937
Lease liabilities	1,770,815	709,144	88,581	2,568,540	2,176,875
Total	5,438,257	3,886,079	2,787,477	12,111,813	10,654,408
(Audited)					
As at 31 December 2024					
Trade payables	86,470	-	-	86,470	86,470
Accrued expenses and other current liabilities	383,682	-	-	383,682	383,682
Financial liabilities at fair value through profit or loss	-	-	33,533	33,533	29,085
Borrowings	3,200,111	3,421,506	2,688,211	9,309,828	8,139,100
Lease liabilities	1,573,998	1,165,946	97,958	2,837,902	2,381,107
Total	5,244,261	4,587,452	2,819,702	12,651,415	11,019,444

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**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025****5 Financial risk management (Continued)****(ii) Capital risk management**

Loan covenants

Under the terms of the major bank borrowings and senior notes, which have the carrying amount of RMB7,931,937,000 (31 December 2024: RMB8,139,100,000), the Group is required to comply with the following primary financial covenants at the end of each annual and interim reporting period:

- the debt-to-asset ratio of certain domestic legal entity must be no more than 85%, and
- the fixed charge coverage ratio (the “FCCR”) must be more than 2.5.

The Group has complied with these covenants throughout the reporting period. As at 30 June 2025, the debt-to-asset ratio was 76% (31 December 2024: 78%) and the FCCR was 3.0 (31 December 2024: 2.7).

(iii) Fair value estimation

The table below analyzes the Group’s financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group’s assets and liabilities that are measured at fair value as at 30 June 2025 and 31 December 2024:

(Unaudited)	Level 1 RMB’000	Level 2 RMB’000	Level 3 RMB’000	Total RMB’000
As at 30 June 2025				
Financial assets	-	-	171,026	171,026
Financial liabilities	-	-	30,391	30,391
(Audited)				
As at 31 December 2024				
Financial assets	-	-	171,026	171,026
Financial liabilities	-	-	29,085	29,085

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**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025****5 Financial risk management (Continued)**

(iii) Fair value estimation (Continued)

(a) Financial instruments in level 3

The following table presents the changes in level 3 financial instruments for the six months ended 30 June 2025:

(Unaudited)	Financial assets at fair value through profit or loss ("FVPL") RMB'000	Financial assets at fair value through other comprehensive income ("FVOCI") RMB'000	Total RMB'000	Financial liabilities at FVPL RMB'000
Balance as at 1 January 2025	41,079	129,947	171,026	(29,085)
Changes in fair value	-	-	-	(1,306)
Balance as at 30 June 2025	<u>41,079</u>	<u>129,947</u>	<u>171,026</u>	<u>(30,391)</u>

(b) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Unlisted investments	Fair value RMB'000	Unobservable inputs	Inputs	Relationship of unobservable inputs to fair value
30 June 2025	171,026	Weighted average cost of capital ("WACC")	12.85%~ 23.82%	Expected +1% higher would decrease fair value by RMB13,248,000; -1% lower would increase fair value by RMB15,133,000.
31 December 2024	171,026	WACC	12.85%~ 23.82%	Expected +1% higher would decrease fair value by RMB13,248,000; -1% lower would increase fair value by RMB15,133,000.

The financial liabilities relate to the interests of other partnership in certain funds controlled by the Company. These funds are set up solely for holding certain investments recorded as financial assets at fair value. The Group determines the fair value of financial liabilities at FVPL based on the fair value of the underlying investments and the predetermined profit distribution mechanism that are set out in the partnership agreements. Therefore the significant unobservable input of the financial liabilities is the same as that used in the valuation of underlying investments stated as above.

EHI CAR SERVICES LIMITED

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**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025****6 Segment information**

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the chief executive officer and the vice presidents of the Group who make strategic decisions.

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The chief executive officer and the vice presidents review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reporting.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns all of the revenues from external customers attributed to the PRC. As at 30 June 2025 and 31 December 2024, substantially all of the non-current assets of the Group were located in the PRC.

7 Revenues

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Car rentals and services		
- Car rentals	2,623,169	2,319,861
- Car services	184,368	227,187
	2,807,537	2,547,048
Sales of used rental vehicles	337,791	773,910
	3,145,328	3,320,958

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(All amounts in RMB, unless otherwise stated)

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025****8 Expenses by nature**

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Depreciation of right-of-use assets	13	759,145	420,404
Employee benefit expenses		500,997	477,166
Depreciation of property, plant and equipment	12	398,799	626,107
Cost of sales of used rental vehicles		341,561	766,040
Vehicle repair and maintenance		217,309	171,672
Short-term rental expenses			
-Vehicles	13	191,248	197,010
-Offices and stores	13	32,789	36,143
Gasoline and transportation costs		178,037	148,908
Vehicle insurance expenses		147,327	144,682
Store expenses		132,546	109,949
Other tax expenses		59,517	46,746
Advertising and promotion expenses		31,656	53,475
Outsourced fleet lease expenses	13	28,838	31,831
Commission fee		24,156	20,093
Internet and software expenses		17,102	15,439
Entertainment expenses		10,854	12,602
Bank charges		7,947	13,701
Amortization of intangible assets	14	1,699	794
Impairment on property, plant and equipment	12	1,606	2,777
Others		49,951	85,665
Total cost of revenues, selling and marketing expenses and general and administrative expenses		<u>3,133,084</u>	<u>3,381,204</u>

9 Other gains/(losses), net

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Gain on repurchase of senior notes	20(iv)	34,540	-
Net exchange differences		(4,134)	(7,387)
Net fair value (loss)/gain on financial liabilities at FVPL	5(iii)(a)	(1,306)	557
Loss on exchange of senior notes	20(iv)	-	(70,115)
Net fair value loss on financial assets at FVPL	5(iii)(a)	-	(1,825)
		<u>29,100</u>	<u>(78,770)</u>

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

10 Finance income and costs

	Note	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Finance income			
- Bank deposit interest income		2,122	2,255
Finance costs			
- Interest on senior notes		(228,374)	(217,032)
- Interest on lease liabilities	13(ii)	(78,022)	(66,530)
- Interest on other borrowings		(72,782)	(102,789)
- Interest on bank borrowings		(24,090)	(11,380)
- Interest on syndicated loans		-	(2,370)
		(403,268)	(400,101)
Finance costs, net		(401,146)	(397,846)

11 Income tax benefit

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax expense	2	-
Deferred income tax benefit	(327)	-
Income tax benefit	(325)	-

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the six months ended 30 June 2025 and 2024, being the tax rate of the major subsidiaries of the Group. The difference is analyzed as follows:

	Note	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Loss before income tax		(351,526)	(407,409)
Tax calculated at a tax rate of 25%		(87,882)	(101,852)
Effects of preferential tax rates applicable to different subsidiaries of the Group		1,151	3,257
Losses incurred in other jurisdictions with no tax benefit	(a)	50,287	60,888
Expenses not deductible for taxation purpose		18,151	2,648
Tax losses and other temporary differences for which no deferred tax asset was recognized		25,113	34,051
Utilization of previously unrecognized tax losses		(7,004)	(1,537)
Tax filing difference of prior period		(141)	2,545
Income tax benefit		(325)	-

- (a) The net pre-tax loss of offshore entities within the Group was mainly resulted from the interest expenses related to senior notes.

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NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2025

12 Property, plant and equipment

(Unaudited)	Rental vehicles RMB'000	Buildings RMB'000	In-car equipment RMB'000	Leasehold improvements RMB'000	Office furniture and equipment RMB'000	Construction in progress ("CIP") RMB'000	Total RMB'000
At 1 January 2025							
Cost	7,167,443	394,549	322,970	293,887	73,730	5,347	8,257,926
Accumulated depreciation and impairment	(2,275,947)	(17,976)	(227,512)	(214,826)	(42,311)	-	(2,778,572)
Net book amount	<u>4,891,496</u>	<u>376,573</u>	<u>95,458</u>	<u>79,061</u>	<u>31,419</u>	<u>5,347</u>	<u>5,479,354</u>
Six months ended 30 June 2025							
Opening net book amount	4,891,496	376,573	95,458	79,061	31,419	5,347	5,479,354
Additions	-	-	19,215	21,498	1,984	385,491	428,188
Transfer from CIP (Note (i))	304,193	277	-	-	-	(304,470)	-
Transfer to inventories (Note (ii))	(341,180)	-	-	-	-	-	(341,180)
Disposal	-	-	-	-	(5)	-	(5)
Depreciation charge	(341,547)	(4,556)	(28,009)	(21,145)	(3,542)	-	(398,799)
Impairment loss	(1,606)	-	-	-	-	-	(1,606)
Closing net book amount	<u>4,511,356</u>	<u>372,294</u>	<u>86,664</u>	<u>79,414</u>	<u>29,856</u>	<u>86,368</u>	<u>5,165,952</u>
At 30 June 2025							
Cost	6,752,624	394,827	342,165	315,385	75,625	86,368	7,966,994
Accumulated depreciation and impairment	(2,241,268)	(22,533)	(255,501)	(235,971)	(45,769)	-	(2,801,042)
Net book amount	<u>4,511,356</u>	<u>372,294</u>	<u>86,664</u>	<u>79,414</u>	<u>29,856</u>	<u>86,368</u>	<u>5,165,952</u>

(i) CIP is transferred to rental vehicles and depreciation commences when an asset is ready for its intended use. CIP mainly represents newly acquired vehicles which are not yet been placed in service.

(ii) The Group, in the course of its ordinary activities, routinely sells rental vehicles that it has held for rental to others. Rental vehicles are transferred to inventories at their carrying amount when they cease to be rented and become held for sale in accordance with IAS 16 "Property, Plant and Equipment".

(iii) Vehicles and a building with total carrying values of RMB1,197,515,000 and RMB293,819,000 as at 30 June 2025 (31 December 2024: RMB1,801,917,000 and RMB297,248,000) respectively were pledged as securities for certain of the Group's borrowings (Note 20(i), 20(ii)).

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(All amounts in RMB, unless otherwise stated)

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025****13 Leases**

(i) Amounts recognized in the consolidated statement of financial position

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Right-of-use assets		
- Vehicles	2,057,753	2,252,672
- Offices and stores	72,722	71,496
	<u>2,130,475</u>	<u>2,324,168</u>
Lease liabilities		
- Non-current	656,389	943,311
- Current	1,520,486	1,437,796
	<u>2,176,875</u>	<u>2,381,107</u>

(ii) Amounts recognized in the consolidated statement of comprehensive loss

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Depreciation charge of right-of-use assets		
- Vehicles	737,932	398,053
- Offices and stores	21,213	22,351
	<u>759,145</u>	<u>420,404</u>
Expenses relating to lease liabilities		
- Interest expense (included in finance cost)	78,022	66,530
- Expense relating to short-term leases not included in lease liabilities (included in cost of revenues and general and administrative expenses)	252,875	264,984

The total cash outflow in respect of lease payments for the six months ended 30 June 2025 was RMB1,078,743,000.

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(All amounts in RMB, unless otherwise stated)

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025****14 Intangible assets**

(Unaudited)	Vehicle licenses RMB'000	Operating licenses RMB'000	Trademarks RMB'000	Software RMB'000	Total RMB'000
At 1 January 2025					
Cost	192,513	4,146	717	79,596	276,972
Accumulated amortization	-	-	(717)	(75,285)	(76,002)
Net book amount	192,513	4,146	-	4,311	200,970
Six months ended 30 June 2025					
Opening net book amount	192,513	4,146	-	4,311	200,970
Additions	-	-	-	538	538
Amortization charge	-	-	-	(1,699)	(1,699)
Exchange differences	-	(16)	-	-	(16)
Closing net book amount	192,513	4,130	-	3,150	199,793
At 30 June 2025					
Cost	192,513	4,130	717	17,888	215,248
Accumulated amortization	-	-	(717)	(14,738)	(15,455)
Net book amount	192,513	4,130	-	3,150	199,793

15 Trade receivables

	Note	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables, gross			
- Car rentals and services		186,677	169,420
- Sale of used rental vehicles		850,044	941,937
		1,036,721	1,111,357
Less: allowance for impairment			
- Car rentals and services	5(i)(a)	(36,392)	(36,392)
- Sales of used rental vehicles	5(i)(a)	(178,058)	(184,819)
		(214,450)	(221,211)
		822,271	890,146

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Trade receivables are amounts due from corporate customers for car rental services rendered or car dealers for used rental vehicles sold in the ordinary course of business. They are generally due for settlement within 30 to 180 days and therefore all are classified as current.

The Group generally does not provide credit terms to individual rental customers.

Due to the short-term nature of the current receivables, their carrying amount is considered to approximate their fair value.

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**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025****16 Prepayments and other receivables**

	Note	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Non-current			
- Deposits		540,338	611,520
- Deductible VAT input		-	32,237
- Others		31,458	39,802
		<u>571,796</u>	<u>683,559</u>
Current			
- Deductible VAT input		519,104	523,024
- Deposits		322,676	224,720
- Prepaid car insurance		189,348	141,753
- Others		84,539	82,383
		<u>1,115,667</u>	<u>971,880</u>
Less: allowance for impairment	5(i)(a)	-	-
		<u>1,115,667</u>	<u>971,880</u>

17 Share capital and share premium

	Number of shares	Share capital RMB'000	Share premium RMB'000
(Unaudited)			
As at 1 January 2025 and 30 June 2025	66,735,072	<u>4,222</u>	<u>4,656,594</u>

18 Other reserves

(Unaudited)	Currency translation differences RMB'000	Financial assets at FVOCI RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2025	(348,323)	74,562	303,227	29,466
Exchange differences	16,260	-	-	16,260
As at 30 June 2025	<u>(332,063)</u>	<u>74,562</u>	<u>303,227</u>	<u>45,726</u>

19 Accrued expenses and other current liabilities

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Accrued expenses to suppliers	342,875	275,341
Customer deposits	97,006	75,841
Accrued employee benefits	66,446	67,727
Advances from customers	60,377	64,031
VAT output	46,485	49,411
Accrued accident claims	23,280	28,517
Accrued internet and software expenses	14,386	11,920
Other tax payable	4,584	4,644
Others	75,716	67,903
	<u>731,155</u>	<u>645,335</u>

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NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2025

20 Borrowings

	Note	30 June 2025		31 December 2024	
		Current RMB'000	Non-current RMB'000 (Unaudited)	Current RMB'000	Non-current RMB'000 (Audited)
			Total RMB'000		Total RMB'000
Bank borrowings – secured	(i)	7,633	135,000	7,677	138,750
Bank borrowings – unsecured	(i)	842,734	174,845	793,982	200,645
Other borrowings – secured	(ii)	744,166	270,891	913,947	456,966
Other borrowings – unsecured	(ii)	1,011,602	610,850	939,297	435,985
Senior notes	(iv)	106,979	4,027,237	112,215	4,139,636
Total borrowings		2,713,114	5,218,823	2,767,118	5,371,982

As at 30 June 2025 and 31 December 2024, the Group's borrowings were repayable as follows:

	30 June 2025			31 December 2024		
	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Over 2 years RMB'000 (Unaudited)	Within 1 year RMB'000	Between 1 and 2 years RMB'000 (Audited)	Over 2 years RMB'000
			Total RMB'000			Total RMB'000
Bank borrowings	850,367	180,041	129,804	801,659	207,724	131,671
Other borrowings	1,755,768	715,288	166,453	1,853,244	786,965	105,986
Senior notes	106,979	1,897,295	2,129,942	112,215	1,977,872	2,161,764
Total	2,713,114	2,792,624	2,426,199	2,767,118	2,972,561	2,399,421

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**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025****20 Borrowings (Continued)****(i) Bank borrowings**

As at 30 June 2025, bank borrowings of RMB142,633,000 (31 December 2024: RMB146,427,000) were pledged by a building of the Group with the carrying amount of RMB293,819,000 (31 December 2024: RMB297,248,000). The unsecured bank borrowings as at 30 June 2025 and 31 December 2024 were guaranteed by certain onshore subsidiaries of the Company.

The bank borrowings bear annual interest rates at a range of 3.10%-4.90% as at 30 June 2025 (31 December 2024: 3.10%-4.90%).

(ii) Other borrowings

In connection with the purchase of vehicles, the Group enters into certain borrowing agreements with third-party financing companies. As at 30 June 2025, other borrowings of RMB1,622,452,000 (31 December 2024: RMB1,375,282,000) were guaranteed by certain onshore subsidiaries of the Company, while the remainings were secured by certain rental vehicles of the Group with the carrying amount of RMB1,197,515,000 (31 December 2024: RMB1,801,917,000).

The other borrowings bear annual interest rates at a range of 4.81%-7.26% as at 30 June 2025 (31 December 2024: 4.85%-7.72%).

(iii) Compliance with loan covenants

The Group has complied with the financial covenants of its bank borrowings and other borrowings during both periods presented, see Note 5(ii) for details. In addition, the Group's bank and other borrowing arrangements include certain restrictive covenants that, among other things, limit the Group's ability to incur additional indebtedness or create new mortgages or charges, request the Group to maintain its controlling shareholder position, maintain certain financial and operation measures and make timely reports. Certain borrowing covenants also post restrictions on the use of proceeds and asset sales, and require the Group to provide notice or obtain consent for significant corporate events. In addition, cross default provisions in the Group's other indebtedness may be triggered if the Group defaults on any of these debt agreements.

(iv) Senior Notes**(a) 2026 Senior Notes**

On 21 September 2021, the Company issued senior unsecured notes with an aggregate principal amount of US\$300 million at the issuance price at 98.967% of par value which will mature on 21 September 2026 (the "2026 Senior Notes"). The 2026 Senior Notes bear a fixed interest rate of 7% per annum, with interest payable semi-annually in arrears. The 2026 Senior Notes were issued as unregistered securities to qualified institutional buyers and offshore investors under provisions granting relief from registration under the U.S. Securities Act of 1933. The 2026 Senior Notes are traded on the market of the Stock Exchange of Hong Kong Limited.

In 2025, the Company repurchased part of the 2026 Senior Notes with principal amount of US\$11,000,000 (equivalent to RMB78,934,000) at a consideration of US\$7,820,000 (equivalent to RMB56,115,000) from the open market which was cancelled after the repurchase and the difference between the consideration and the carrying value amounted to US\$3,075,000 (equivalent to RMB22,063,000) was recorded in other gains/(losses), net. As at 30 June 2025, the principal amount outstanding under the 2026 Senior Notes was US\$267,030,000, equivalent to RMB1,911,561,000 (31 December 2024: US\$278,030,000, equivalent to RMB1,998,591,000).

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(All amounts in RMB, unless otherwise stated)

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025****20 Borrowings (Continued)**

(iv) Senior Notes (Continued)

(a) 2026 Senior Notes (Continued)*Restrictive covenants*

The 2026 Senior Notes contain restrictive covenants including, among others, limitations on liens, consolidation, investment, merger and sale of the Group's assets, maintenance of a fixed charge coverage ratio, and limitations on asset sales or use of proceeds, see Note 5(ii) for details.

(b) 2027 Senior Notes

In connection with the Exchange 2027 Notes, the Company issued additional new notes of US\$42,021,000 at the issuance price at 96.0% of par value, to be consolidated and form a single series with the Exchange 2027 Notes for an aggregate principal amount of US\$325,000,000 that will mature on 26 September 2027 (together, the "2027 Senior Notes"). The 2027 Senior Notes bear a fixed interest rate of 12.00% per annum, with interest payable semi-annually in arrears. The 2027 Senior Notes were issued as unregistered securities to qualified institutional buyers and offshore investors under provisions granting relief from registration under the U.S. Securities Act of 1933. The 2027 Senior Notes are traded on the market of the Singapore Exchange Securities Trading Limited.

In 2025, the Company repurchased part of the 2027 Senior Notes with principal amount of US\$6,500,000 (equivalent to RMB46,667,000) at a consideration of US\$4,376,000 (equivalent to RMB31,420,000) from the open market which was cancelled after the repurchase and the difference between the consideration and the carrying value amounted to US\$1,738,000 (equivalent to RMB12,477,000) was recorded in other gains/(losses), net. As at 30 June 2025, the principal amount outstanding under the 2027 Senior Notes was US\$313,500,000, equivalent to RMB2,244,221,000 (31 December 2024: US\$320,000,000, equivalent to RMB2,300,288,000).

Restrictive covenants

The 2027 Senior Notes contain restrictive covenants including, among others, limitations on liens, consolidation, investment, merger and sale of the Group's assets, maintenance of a fixed charge coverage ratio, and limitations on asset sales or use of proceeds see Note 5(ii) for details.

21 Commitments

(i) Capital commitment

Significant capital expenditure contracted but not recognized as liabilities as at 30 June 2025 and 31 December 2024 is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Property, plant and equipment	14,112	4,724

EHI CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2025****21 Commitments (Continued)****(ii) Non-cancellable leases**

The Group leases various offices and stores under non-cancellable leases expiring within six months to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group has recognized right-of-use assets for these leases, except for short-term (less than one year) and low-value leases, see Note 13 for further information.

22 Related party transactions**(i) Related parties**

Related party for the six months ended 30 June 2025 and 2024 was as follow:

Name	Relationship
Trip.com International LLD and its subsidiaries ("Trip.com")	A significant shareholder of the Company's ultimate holding company

(ii) Transactions with related party

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Commission charged by Trip.com	(a)	7,262	9,707

- (a) Pursuant to the business cooperation agreement entered in January 2025, the Group pays 10% of income from car rentals or car services for successful car referrals through Trip.com platform as commissions to Trip.com. Trip.com collects car rental and car service fees from individual customers on behalf of the Group and settles the fees collected after deducting the related commission charge.

(iii) Outstanding balances arising from transactions with related party

The following balances are outstanding at the end of the reporting period in relation to transactions with related party:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Payables to Trip.com	790	162

EHl CAR SERVICES LIMITED
(incorporated in the Cayman Islands with limited liability)

AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

Independent Auditor's Report

To the Director of eHi Car Services Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of eHi Car Services Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 5 to 60, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to recoverability of trade receivables of sales of used rental vehicles.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of trade receivables of sales of used rental vehicles. Refer to Note 3.1(ii), Note 4(ii) and Note 20 to the consolidated financial statements. As at 31 December 2024, the gross carrying value of trade receivables of sales of used rental vehicles was approximately RMB942 million, with loss allowances amounted to RMB185 million. The Group applies the IFRS 9 “Financial Instruments” simplified approach to measure expected credit loss which uses a lifetime expected loss allowance for all trade receivables of sales of used rental vehicles. To measure the expected credit loss, trade receivables of sales of used rental vehicles are grouped based on shared credit risk characteristics and aging periods. When measuring expected credit loss, the Group considers historical credit loss, and adjusts by forward-looking factors. In assessing forward-looking information, the Group considers factors including macroeconomic indicators. We focused on this area as it involves significant estimations and judgements by management, and thus significant time and resources were devoted in this area. The inherent risk in relation to the impairment assessment of trade receivables of sales of used rental vehicles is considered significant because the management's judgements are subjective.	We performed the following procedures in relation to management's assessment on the recoverability of trade receivables of sales of used rental vehicles: - We understood, evaluated and tested the relevant key controls on management's assessment on the recoverability of trade receivables of sales of used rental vehicles and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity. - We evaluated the categorisation of the Group's customers of sales of used rental vehicles which is based on similar risk profile. - We tested the aging profile of trade receivables of sales of used rental vehicles as at 31 December 2024 used in the calculation of allowance for impairment of trade receivables of sales of used rental vehicles. - For historical credit loss, we evaluated management's consideration of historical experience in making the assessment of the impairment provision and the reasonableness of period of data used in the assessment. We checked the completeness and accuracy of the historical data used in the calculation. - For forward-looking information, we evaluated the appropriateness of adjustments for forward-looking information to the relevant industry, including agreeing to supporting evidence. We checked the accuracy of data used in forward-looking assessment. - We recalculated the mathematical accuracy of the impairment provision. Based on our audit procedures, we found the accounting estimates and judgements adopted by management in determining the recoverability of trade receivables of sales of used rental vehicles are supported by available evidence.

Responsibilities of Director for the Consolidated Financial Statements

The director of the Company is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the director is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The director is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the director, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is TSANG, Man Kam, Peter.

A handwritten signature in black ink, appearing to read "Peter Tsang".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 April 2025

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	Year ended 31 December	
		2024	2023
		RMB'000	RMB'000
Revenues			
- Car rentals and services	6	5,384,586	4,216,053
- Sales of used rental vehicles	6	1,729,136	650,261
		<u>7,113,722</u>	<u>4,866,314</u>
Cost of revenues			
- Car rentals and services	7	(4,725,349)	(3,479,465)
- Sales of used rental vehicles	7	(1,688,034)	(648,069)
		<u>700,339</u>	<u>738,780</u>
Gross profit			
Selling and marketing expenses	7	(216,092)	(182,494)
General and administrative expenses	7	(403,217)	(399,692)
Net impairment reversals on financial assets	3.1(ii)	218,371	321,974
Other income, net	9	6,697	17,838
Other (losses)/gains, net	10	(84,500)	22,599
Finance income	11	3,551	3,959
Finance costs	11	(828,930)	(632,214)
Finance costs, net	11	<u>(825,379)</u>	<u>(628,255)</u>
Loss before income tax		<u>(603,781)</u>	<u>(109,250)</u>
Income tax benefit/(expense)	13	9,800	(54)
Loss for the year		<u>(593,981)</u>	<u>(109,304)</u>
Loss attributable to equity holders of the Company		<u>(593,981)</u>	<u>(109,304)</u>
Other comprehensive income/loss			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences		(64,445)	(89,841)
Changes in the fair value of equity investments at fair value through other comprehensive income ("FVOCI")	3.3(i)	102,841	(130)
Deferred tax for fair value change on financial assets at FVOCI		<u>(23,713)</u>	<u>-</u>
Other comprehensive income/loss for the year		<u>14,683</u>	<u>(89,971)</u>
Total comprehensive loss for the year		<u>(579,298)</u>	<u>(199,275)</u>
Total comprehensive loss attributable to equity holders of the Company		<u>(579,298)</u>	<u>(199,275)</u>

The above consolidated statement of comprehensive loss should be read in conjunction with the accompanying notes.

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2024**

	Note	As at 31 December	
		2024	2023
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	5,479,354	7,127,201
Prepayments for purchase of vehicles		448	38,034
Right-of-use assets	15(i)	2,324,168	554,862
Intangible assets	16	200,970	203,526
Deferred tax assets	29	27,923	17,616
Financial assets at fair value	18	171,026	73,986
Prepayments and other receivables	21	683,559	837,263
		<u>8,887,448</u>	<u>8,852,488</u>
Current assets			
Inventories	19	49,185	52,035
Trade receivables	20	890,146	599,414
Prepayments and other receivables	21	971,880	723,345
Restricted cash	22	1,150	1,149
Cash and cash equivalents	22	594,259	543,126
		<u>2,506,620</u>	<u>1,919,069</u>
Total assets		<u>11,394,068</u>	<u>10,771,557</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	4,222	4,222
Share premium	23	4,656,594	4,656,594
Other reserves	24	29,466	14,783
Accumulated losses		(4,766,248)	(4,172,267)
Total (deficit)/equity		<u>(75,966)</u>	<u>503,332</u>

EHl CAR SERVICES LIMITED
(All amounts in RMB, unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2024

	Note	As at 31 December	
		2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings, non-current	28	5,371,982	3,396,142
Lease liabilities, non-current	15(i)	943,311	314,247
Deferred tax liabilities	29	41,573	17,616
Financial liabilities at fair value through profit or loss	27	29,085	9,265
		<u>6,385,951</u>	<u>3,737,270</u>
Current liabilities			
Trade payables	25	86,470	269,962
Accrued expenses and other current liabilities	26	645,335	872,443
Liabilities related to revenue contracts	6	123,706	84,127
Current tax liabilities		23,658	23,269
Borrowings, current	28	2,767,118	5,038,910
Lease liabilities, current	15(i)	1,437,796	242,244
		<u>5,084,083</u>	<u>6,530,955</u>
Total liabilities		<u>11,470,034</u>	<u>10,268,225</u>
Total equity and liabilities		<u>11,394,068</u>	<u>10,771,557</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial information on pages 5 to 60 were approved by the Director on 30 April 2025 and were signed on its behalf.


Ray Zhang
Director

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Share capital RMB'000 (Note 23)	Share premium RMB'000 (Note 23)	Other reserves RMB'000 (Note 24)	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2023	4,222	4,656,594	104,754	(4,062,963)	702,607
Loss for the year	-	-	-	(109,304)	(109,304)
Other comprehensive income	-	-	(89,971)	-	(89,971)
Total comprehensive loss for the year	-	-	(89,971)	(109,304)	(199,275)
As at 31 December 2023	4,222	4,656,594	14,783	(4,172,267)	503,332
As at 1 January 2024	4,222	4,656,594	14,783	(4,172,267)	503,332
Loss for the year	-	-	-	(593,981)	(593,981)
Other comprehensive loss	-	-	14,683	-	14,683
Total comprehensive loss for the year	-	-	14,683	(593,981)	(579,298)
As at 31 December 2024	4,222	4,656,594	29,466	(4,766,248)	(75,966)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	Year ended 31 December	
		2024	2023
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	30(i)	2,793,779	485,380
including: payments for purchase of vehicles	30(i)	(701,548)	(2,828,100)
proceeds from sales of vehicles	30(i)	1,660,812	1,149,249
Interest received		3,551	3,959
Interest paid		(738,126)	(608,142)
Income tax paid		(1)	(25)
Net cash flows generated from/(used in) operating activities		2,059,203	(118,828)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(347,543)	(193,895)
Payments for purchase of intangible assets		(676)	(2,994)
Net cash flows used in investing activities		(348,219)	(196,889)
Cash flows from financing activities			
Proceeds from bank and other borrowings		2,950,273	3,683,528
Repayment of bank and other borrowings		(2,427,776)	(2,643,661)
Repayment of syndicated loans		(275,000)	(287,500)
Proceeds from senior notes		286,185	-
Payment for costs of extinguishment of senior notes		(83,711)	-
Repurchase of senior notes		(528,626)	(147,228)
Repayment of senior notes		(319,983)	-
Repayment of issuance cost of senior notes		(40,487)	-
Payments of deposits related to other borrowings		(69,986)	(162,368)
Proceeds from deposits related to other borrowings		-	102,508
Payment of issuance cost for syndicated loans		-	(2,865)
Payment by instalments for purchase of vehicles		(3,288)	(171,091)
Principal elements of lease payments		(1,138,968)	(110,674)
Net cash flows (used in)/generated from financing activities		(1,651,367)	260,649
Net increase/(decrease) in cash and cash equivalents		59,617	(55,068)
Cash and cash equivalents at beginning of the year		543,126	611,465
Exchange differences on cash and cash equivalents		(8,484)	(13,271)
Cash and cash equivalents at end of the year		594,259	543,126

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

1 General information

eHi Car Services Limited (the “Company”) was incorporated in the Cayman Islands on 3 August 2007 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands by Ray Ruiping Zhang (the “Founder”). The registered office is at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “Group”), are principally engaged in providing car rentals and car services to corporate and individual customers in the People’s Republic of China (“PRC” or “China”). On 18 November 2014, the Company completed its initial public offering and became listed on the New York Stock Exchange with each ADS representing two Class A common shares. On 9 April 2019, the Company was privatized by completing a merger and ceased to be a public corporation with the trading of its common shares terminated.

The ultimate holding company of the Company is eHi Inc. (formerly named as Teamsport Topco Limited), which is incorporated in the Cayman Islands with limited liability.

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2 Basis of preparation

(i) Compliance with IFRS Accounting Standards

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (“IFRS”).

IFRS comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2 Basis of preparation (Continued)

(iii) Going concern basis

The Group incurred a net loss of RMB593,981,000 for the year ended 31 December 2024 and had a negative working capital of RMB2,577,463,000 as at 31 December 2024.

In response to the above events and conditions, management prepared a cash flow forecast covering a period of not less than the next twelve months from the date of these financial statements. Management plans to take a number of measures to improve its liquidity position, including, but not limited to, the following:

- (a) continue to keep the Group's fleet size and to maintain healthy utilisation rate of cars,
- (b) to maintain good relationships with the banks and financial institutions to secure the source of borrowings when needed, and
- (c) to improve the collection of proceeds from disposal of used cars.

Based on these plans and the cash flow forecast, management believes that the Group's available cash, cash expected to be generated from operations, and funds available from banks and financial institutions will be sufficient to meet the Company's working capital and capital expenditure requirements for at least the next twelve months from the date of these financial statements. Accordingly, these consolidated financial statements are prepared under the going concern basis which contemplates the realisation of assets and the liquidation of liabilities in the ordinary course of business.

(iv) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2024. The adoption of these new standards and amendments did not have significant impact on the amounts recognised in prior periods and current periods and are not expected to significantly affect the current periods or future periods.

	Effective for annual periods beginning on or after
Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	1 January 2024
Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause - Hong Kong Interpretation 5 (Revised)	1 January 2024

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2 Basis of preparation (Continued)

- (v) New and amended standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the financial reporting periods commencing on or after 1 January 2024 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	Effective for annual periods beginning on or after
Amendments to IAS 21 Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and HKFRS 7 Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7 Contracts referencing nature-dependent electricity	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 Subsidiaries without Public Accountability Disclosures	1 January 2027
HKFRS 10 (Amendment) and HKAS 28 (Amendment) Sale or contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The director has performed assessment on the new standards, and amendments, and has concluded on a preliminary basis that these new standards and amendments would not have a significant impact on the Group's consolidated financial statements when they become effective, except for HKFRS 18 which will mainly impact the presentation of statement of profit and loss. The Group is still in the process of evaluating the impact of adoption of HKFRS 18.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

- (i) Market risk

- (a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company is United States dollar ("US\$") whereas functional currency of the subsidiaries operate in the PRC is RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

3 Financial risk management

3.1 Financial risk factors

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

The Group operates mainly in the PRC with most of the transactions settled in RMB. Management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group which are denominated in the currencies other than the respective functional currencies of the Group's entities.

(b) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent from changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents and restricted cash, details of which have been disclosed in Note 22 respectively.

The Group's exposure to changes in interest rates is more attributable to its borrowings, details of which have been disclosed in Note 28. Borrowings carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk. As at 31 December 2024, if the interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's pre-tax loss for the year ended 31 December 2024 would have been approximately RMB1,967,300 (2023: RMB2,073,400) higher/lower, mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(ii) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, trade receivables and financial assets included in other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

Risk management

Credit risk is managed on a Group basis. All cash and cash equivalents and restricted cash are placed with state-owned banks and financial institutions in the PRC and reputable international banks in Hong Kong. For the other financial assets, the Group has policies in place to ensure that the credit period granted to the customers and the credit quality of these customers are assessed, which takes into account their financial position, past experience and available forward-looking information. In addition, the Group has policies in place to ensure that settlement of trade receivables is followed up on a timely basis. At the end of the reporting period, the Group reviews the recoverable amount of each material individual debt to ensure that adequate expected credit losses are made for irrecoverable amounts.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Recoverability of financial assets

Trade receivables

The Group applied the IFRS 9 “Financial Instruments” simplified approach to measure expected credit losses (“ECLs”) which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and aging periods.

The expected loss rates are based on the payment profiles of sales over a period of 72 months before 31 December 2024 or 60 months before 31 December 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the broad money supply (M2), fixed-asset investment, producer price index growth rate and etc., of China in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group provided individual impairment to trade receivables if the customers experienced business deterioration which indicate significant increase in the risk profile.

For the general customers with no individual impairment provided and are collectively assessed in the ECL assessment, the trade receivables are categorized into receivables of car rentals and services and receivables of sales of used rental vehicles, and are further grouped based on shared credit risk characteristics and aging periods.

As at 31 December, the loss allowance for trade receivables was as follows:

Car rentals and services	Within 1 year RMB'000	Between 1 and 2 years RMB'000	More than 2 years RMB'000	Total RMB'000
31 December 2024				
- Expected loss rate	1.23%	71.02%	100.00%	21.48%
- Gross carrying amount	132,706	6,757	29,957	169,420
- Loss allowance	1,636	4,799	29,957	36,392
31 December 2023				
- Expected loss rate	1.49%	78.78%	100.00%	36.87%
- Gross carrying amount	169,189	3,011	92,848	265,048
- Loss allowance	2,515	2,372	92,848	97,735

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Recoverability of financial assets (Continued)

Trade receivables (Continued)

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	More than 3 years RMB'000	Total RMB'000
Sales of used rental vehicles					
31 December 2024					
- Expected loss rate	8.02%	32.72%	53.79%	94.45%	19.62%
- Gross carrying amount	813,367	2,558	593	125,419	941,937
- Loss allowance	65,202	837	319	118,461	184,819
31 December 2023					
- Expected loss rate	11.32%	46.46%	70.84%	95.83%	48.30%
- Gross carrying amount	369,830	80,782	179,349	205,807	835,768
- Loss allowance	41,869	37,529	127,047	197,222	403,667

As at 31 December 2024, the amount of individually impaired trade receivables related to sales of used rental vehicles was RMB97,907,000 (31 December 2023: RMB194,423,000) with the provision for loss allowance of RMB90,949,000 (31 December 2023: RMB185,837,000). Decrease of RMB112,228,000 in the provision for loss allowance was due to the impairment reversal upon cash collection of trade receivables related to sales of used rental vehicles for the year ended 31 December 2024.

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	Car rentals and services		Sales of used rental vehicles		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Opening loss allowance at 1 January	97,735	100,048	403,667	723,328	501,402	823,376
Increase/(Decrease) in the allowance recognized in profit or loss during the year	477	(2,313)	(218,848)	(319,661)	(218,371)	(321,974)
Write-off during the year	(61,820)	-	-	-	(61,820)	-
Closing loss allowance at 31 December	36,392	97,735	184,819	403,667	221,211	501,402

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Recoverability of financial assets (Continued)

Trade receivables (Continued)

During 2024, the reversal of loss allowances for trade receivables amounting to RMB218,371,000 was primarily attributable to the recoveries of trade receivables of sales of used rental vehicles from certain customers.

During 2024, RMB61,820,000 trade receivables of car rentals and services with full allowance recognized was written off. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than five years past due.

Impairment losses on trade receivables are presented as net impairment losses on financial assets in profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Financial assets included in other receivables

For financial assets included in other receivables, the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experiences and available forward-looking information.

The Group applies the general approach in calculating ECLs, where the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In addition, the Group considers if there has been a significant increase in credit risk when contractual payments are more than three months past due.

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12 month expected credit losses (Stage 1). The Group applies a definition of default that is consistent with the definition used for internal credit risk management purposes for other receivables and can consider qualitative indicators where appropriate. If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Recoverability of financial assets (Continued)

Financial assets included in other receivables (Continued)

As at 31 December 2024 and 2023, except for receivable from vehicle supplier and finance lease receivables, financial assets included in other receivables are classified as Stage 1 with immaterial ECL based on historical loss experience and insignificant forward-looking factor adjustment. The categories of receivable from vehicle supplier and finance lease receivables with credit losses provided for were as follows:

	Internal credit rating	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000	Basis for ECL provision
Receivable from vehicle supplier					
- 31 December 2024	Non-performing	-	-	-	Lifetime
- 31 December 2023	Non-performing	100.00%	47,112	47,112	expected losses
Finance lease receivables					
- 31 December 2024	Non-performing	-	-	-	Lifetime
- 31 December 2023	Non-performing	99.27%	16,060	15,943	expected losses

The loss allowances for receivable from vehicle supplier and finance lease receivables as at 31 December reconcile to the opening loss allowances as follows:

	Receivable from vehicle supplier		Finance lease receivables		Total	
	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening loss allowance at 1 January	47,112	47,112	15,943	15,943	63,055	63,055
Write-off during the year	(47,112)	-	(15,943)	-	(63,055)	-
Closing loss allowance at 31 December	-	47,112	-	15,943	-	63,055

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Recoverability of financial assets (Continued)

Financial assets included in other receivables (Continued)

During 2024, RMB47,112,000 and RMB15,943,000 other receivables from vehicle supplier and related to finance lease, respectively with full allowance recognized was written off. Financial assets included in other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than five years past due.

Impairment losses on financial assets included in other receivables are presented as net impairment losses on financial assets in profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no material impairment loss is identified.

(iii) Liquidity risk

Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents and securing the source of borrowings (Note 2(iii)).

The table below analyzes the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

EHl CAR SERVICES LIMITED
(All amounts in RMB, unless otherwise stated)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

	Contractual undiscounted cash flow				Carrying amount
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Above 2 years RMB'000	Total RMB'000	
As at 31 December 2024					
Trade payables	86,470	-	-	86,470	86,470
Accrued expenses and other current liabilities	383,682	-	-	383,682	383,682
Financial liabilities at fair value through profit or loss	-	-	33,533	33,533	29,085
Borrowings	3,200,111	3,421,506	2,688,211	9,309,828	8,139,100
Lease liabilities	1,573,998	1,165,946	97,958	2,837,902	2,381,107
Total	5,244,261	4,587,452	2,819,702	12,651,415	11,019,444

As at 31 December 2023

Trade payables	271,194	-	-	271,194	269,962
Accrued expenses and other current liabilities	593,952	-	-	593,952	593,952
Financial liabilities at fair value through profit or loss	-	-	9,265	9,265	9,265
Borrowings	5,593,366	1,362,488	2,352,018	9,307,872	8,435,052
Lease liabilities	263,949	206,431	132,806	603,186	556,491
Total	6,722,461	1,568,919	2,494,089	10,785,469	9,864,722

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

3 Financial risk management (Continued)

3.2 Capital risk management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance equity holders' value in the long term.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debts. As at 31 December 2024 and 2023, the gearing ratio of the Group is as follows:

	Note	As at 31 December	
		2024 RMB'000	2023 RMB'000
Net debt	30(ii)	9,925,948	8,448,417
Total (deficit)/equity		(75,966)	503,332
Total capital		9,849,982	8,951,749
Gearing ratio		101%	94%

(i) Loan covenants

Under the terms of the major bank borrowings and senior notes, which has a carrying amount of RMB8,139,100,000 (2023: RMB8,435,052,000), the Group is required to comply with the following primary financial covenants at the end of each annual and interim reporting period:

- the debt-to-asset ratio of certain domestic legal entity must be no more than 85%, and
- the fixed charge coverage ratio (the "FCCR") must be more than 2.5.

The Group has complied with these covenants throughout the reporting period. As at 31 December 2024, the debt-to-asset ratio was 78% (2023: 77%) and the FCCR was 2.7 (2023: 2.8).

There are no indications that the Group would have difficulties complying with the covenants when they will be next tested as at the 30 June 2025 interim reporting date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

3 Financial risk management (Continued)

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at 31 December 2024 and 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2024 and 2023:

As at 31 December 2024	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets	-	-	171,026	171,026
Financial liabilities	-	-	29,085	29,085
As at 31 December 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets	-	-	73,986	73,986
Financial liabilities	-	-	9,265	9,265

The fair value of financial instruments traded in active markets is determined based on quoted market prices at each of the reporting dates. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted securities.

The level 3 instruments include financial assets at fair value through profit or loss ("FVPL"), financial assets at FVOCI and financial liabilities at FVPL. As these instruments are not traded in an active market, their fair values have been determined using various applicable methodologies.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

(i) Financial instruments in level 3

The following table presents the changes in level 3 financial instruments for the years ended 31 December 2024 and 2023:

	Financial assets at FVPL RMB'000	Financial assets at FVOCI RMB'000	Total RMB'000	Financial liabilities at FVPL RMB'000
Balance as at 1 January 2023	52,942	27,236	80,178	(10,902)
Changes in fair value	(6,062)	(130)	(6,192)	1,637
Balance as at 31 December 2023	46,880	27,106	73,986	(9,265)
Changes in fair value	(5,801)	102,841	97,040	(19,820)
Balance as at 31 December 2024	41,079	129,947	171,026	(29,085)

(ii) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Unlisted investments	Fair value RMB'000	Unobservable inputs	Inputs	Relationship of unobservable inputs to fair value
31 December 2024	171,026	Weighted average cost of capital ("WACC")	12.85%~ 23.82%	Expected +1% higher would decrease fair value by RMB13,248,000; -1% lower would increase fair value by RMB15,133,000.
31 December 2023	73,986	WACC	12.56%~ 23.56%	Expected +1% higher would decrease fair value by RMB6,043,000; -1% lower would increase fair value by RMB7,011,000.

The financial liabilities relate to the interests of other partnership in certain funds controlled by the Company. These funds are set up solely for holding certain investments recorded as financial assets at fair value. The Group determines the fair value of financial liabilities at FVPL based on the fair value of the underlying investments and the predetermined profit distribution mechanism that are set out in the partnership agreements. Therefore the significant unobservable input of the financial liabilities is the same as that used in the valuation of underlying investments stated as above.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management of the Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

4 Critical accounting estimates and judgements (Continued)

(i) Estimation of the useful life and residual values of rental vehicles

The Group determines the estimated useful lives of rental vehicles based on the estimated holding period of such rental vehicles. Management will increase the depreciation charge where useful lives are less than previously estimated, or will write off or write down the carrying balances of technically obsolete or damaged rental vehicles that have been abandoned. Actual holding period may differ from estimated useful lives. Periodic review could result in a change in useful lives and residual values which impact depreciation charges in the future periods.

The Group determines the estimated residual values at the expected time of disposal. The Group makes use of currently available market information and the estimated residual values for rental vehicles based on factors including model, age, mileage and location. Management will increase the depreciation charge where residual values are less than previously estimated values. Actual value at the time of disposal may differ from estimated residual values. Periodic review could result in a change in residual values and therefore depreciation charges in the future periods.

(ii) Recoverability of trade and other receivables

The Group adopts the simplified expected credit loss model for its trade receivables, as allowed by IFRS 9. The Group refers to the experience of historical credit losses, integrated with the current situation and the forecast of the future economic situation, and prepares the model which refers to the aging based on billing date and the expected credit loss rate during lifetime, in order to assess the expected credit loss.

The loss allowances for other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Management will reassess the provision by each statement of financial position date. Details of the key assumptions and inputs used are disclosed in Note 3.1(ii).

(iii) Taxation

There are certain transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made.

The Group recognizes deferred tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses and the temporary difference will be utilized. The recognition of deferred tax assets mainly involves management's judgments and estimations about the timing and the amount of taxable profits of the companies which have tax losses.

(All amounts in RMB, unless otherwise stated)

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The chief executive officer and the vice presidents review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reporting.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns all of the revenues from external customers attributed to the PRC. As at 31 December 2024 and 2023, substantially all of the non-current assets of the Group were located in the PRC.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Car rentals and services		
- Car rentals	4,944,456	3,710,863
- Car services	440,130	505,190
	5,384,586	4,216,053
Sales of used rental vehicles	1,729,136	650,261
	7,113,722	4,866,314
Liabilities related to revenue contracts		
	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Advances from sales of used rental vehicles	16,655	43,985
Advances from car rentals of outstanding orders	97,835	32,549
Deferred revenue under customer loyalty program	9,216	7,593
Total	123,706	84,127

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

6 Revenues (Continued)

Revenue recognized in relation to liabilities related to revenue contracts

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the period		
- Advances from sales of used rental vehicles	43,984	39,263
- Advances from car rentals of outstanding orders	32,549	26,078
- Deferred revenue under customer loyalty program	7,593	5,994
	<u>84,126</u>	<u>71,335</u>

Accounting policies of revenue recognition

(i) Car rentals revenue

The Group derives revenues primarily by providing vehicle rentals and other related mobility services to individual and corporate customers. The normal car rental orders contain multiple services provided to customers and are satisfied by payments including car rent, value added protection service fee, upgrade fee, one-way drop fee, gasoline and fuel service fee, chauffeured car service fee, etc. The Group's leases for vehicle rentals have rental periods that are typically short term in nature and can generally be extended or terminated at the customer's discretion, which meet the classification of operating leases in accordance with IFRS 16 "Leases".

According to IFRS 16, the Group identifies the lease components and integral parts of lease components, which include vehicle rent, basic value added protection service fee, upgrade charges, late charges, one-way drop fee and transaction-based handling fees. The Group recognizes lease payments from the above lease and integral parts of lease components in the car rental orders on a straight-line basis throughout the rental period. Individual customers pay in advance prior to the rental vehicle pick-up. Payments received from customers are initially classified as liabilities related to revenue contracts and are recognized as revenues over the leasing period.

The Group also offers value-added services in connection with the vehicle rentals, such as chauffeured car service, gasoline and fuel service, clearance service of traffic violation, repair service for accident vehicles and electronic toll collection ("ETC") service. These services are non-lease components and are accounted for in accordance with IFRS 15 "Revenue from Contracts with Customers". The transaction price is allocated to each performance obligation based on the relative stand-alone selling prices. The performance obligation of chauffeured car service is satisfied over time and the Group recognizes revenue evenly over the lease period of rental. The performance obligations of value-added services including gasoline and fuel service, clearance service of traffic violation, repair service for accident vehicles and ETC service are satisfied at a point in time and the Group recognizes revenue when the services are provided.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

6 Revenues (Continued)

Accounting policies of revenue recognition (Continued)

(i) Car rentals revenue(Continued)

The Group also offers basic protection service and value-added protection service to lessees. The Group will reimburse the customers for the corresponding partial costs and expenses incurred by the customers in connection with personal injury or death and property damage pursuant to the level of protection service selected by the customers under the lease contracts. The Group applies premium allocation method to measure such insurance contracts issued in accordance with IFRS 17 “Insurance Contracts” as the coverage period of each contract is less than one year. Value added protection service revenue for the period is the amount of expected premium receipts allocated to the period on the basis of the passage of time. The Group recognized RMB446,622,000 million and RMB326,547,000 value added protection service revenue for the years ended 31 December 2024 and 2023, respectively. The protection service contract liabilities at the end of each reporting period are the sum of the liability for remaining protection service scope and the liability for incurred claims.

(i) Car rentals revenue (Continued)

Customer loyalty program

The Group has a customer loyalty program where registered members earn points upon eligible purchases and such points can be redeemed for free rental periods, mileage upgrades, and other free gifts. Each transaction that generates loyalty points results in the deferral of revenue equivalent to the value at the date the points are earned. The associated revenue is recognized when the customer redeems the loyalty points at some point in the future. The Group considers loyalty points awarded being part of its revenue generating activities, and accordingly, loyalty points are considered to be a material right and a separate performance obligation identified in the contract. Consideration from the rental sales transaction is allocated to the car rental service and loyalty points based on the relative standalone selling price of the car rental service and loyalty points awarded. The payables for loyalty program are classified as liabilities related to revenue contracts in the consolidated statement of financial position.

Customer deposits

The Group collects deposits from corporate and institutional customers upon entering into negotiated contracts, and such amount is refundable at the end of the contract period provided that no contract violations are noted. For individual customers, the Group collects additional amounts from them upon return of the rental vehicles based on the estimated repair and other relevant costs. In situations where the contract is violated or damage is caused to the vehicle, customer deposits received are used to offset costs incurred in the period when such incidents occur, and the excess amount is returned to customers. Customer deposits from customers are recorded in accrued expenses and other current liabilities in the consolidated statement of financial position.

(ii) Sales of used rental vehicles

For sales of used rental vehicles for which the control of the used rental vehicle is transferred at a point in time, revenue is recognized when the Group transfers the physical possession and the vehicle certificate of the used rental vehicle. The Group has present right to payment and the collection of the consideration is probable. The advance payment from used vehicles dealers is classified as liabilities related to revenue contracts in the consolidated statement of financial position.

EHI CAR SERVICES LIMITED
(All amounts in RMB, unless otherwise stated)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

7 Expenses by nature

	Note	Year ended 31 December	
		2024	2023
		RMB'000	RMB'000
Cost of sales of used rental vehicles		1,688,034	648,069
Depreciation of property, plant and equipment	14	1,088,053	1,424,369
Depreciation of right-of-use assets	15	1,068,103	110,800
Employee benefit expenses	8	927,897	949,487
Short-term rental expenses	15		
-Vehicles		395,741	4,209
-Offices and stores		73,075	59,748
Vehicle repair and maintenance		390,444	365,589
Gasoline and transportation costs		319,899	247,320
Vehicle insurance expenses		294,252	187,125
Store expenses		233,016	158,465
Other tax expenses		109,361	116,695
Advertising and promotion expenses		99,231	90,526
Outsourced fleet lease expenses	15	73,828	78,793
Commission fee		41,568	24,847
Entertainment expenses		24,522	24,876
Bank charges		22,493	22,366
Internet and software expenses		31,191	29,313
Auditors' remuneration		8,227	8,025
Amortization of intangible assets	16	3,253	1,806
Impairment on property, plant and equipment	14	3,037	36,107
Others		137,467	121,185
Total cost of revenues, selling and marketing expenses and general and administrative expenses		<u>7,032,692</u>	<u>4,709,720</u>

8 Employee benefit expenses

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Wages, salaries and bonuses	785,206	810,345
Pension costs - defined contribution plans	68,772	66,317
Other social security costs, housing benefits and other employee benefits	73,919	72,825
	<u>927,897</u>	<u>949,487</u>

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9 Other income, net

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Government grants	4,727	3,777
Value-added tax ("VAT") input super deduction	-	24,678
Late payment charges	(1,089)	(6,799)
Others	3,059	(3,818)
	<u>6,697</u>	<u>17,838</u>

10 Other (losses)/gains, net

	Note	Year ended 31 December	
		2024 RMB'000	2023 RMB'000
Gain on repurchase of senior notes	28(iv)	20,272	32,827
Loss on exchange of senior notes	28(iv)	(70,115)	-
Net fair value (loss)/gain on financial liabilities at FVPL	3.3(i)	(19,820)	1,637
Net exchange differences		(9,035)	(5,803)
Net fair value loss on financial assets at FVPL	3.3(i)	(5,802)	(6,062)
		<u>(84,500)</u>	<u>22,599</u>

11 Finance income and costs

	Note	Year ended 31 December	
		2024 RMB'000	2023 RMB'000
Finance income			
- Bank deposit interest income		<u>3,551</u>	<u>3,959</u>
Finance costs			
- Interest on senior notes		(464,149)	(380,184)
- Interest on other borrowings		(184,744)	(201,639)
- Interest on lease liabilities	15(ii)	(149,943)	(12,850)
- Interest on bank borrowings		(27,724)	(15,132)
- Interest on syndicated loans		(2,370)	(22,409)
		<u>(828,930)</u>	<u>(632,214)</u>
Finance costs, net		<u>(825,379)</u>	<u>(628,255)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12 Subsidiaries and the controlled structured entity

As at 31 December 2024, particulars of the principal subsidiaries and variable interest entity (“VIE”) are as follows:

	Percentage of attributable interest	Date of incorporation	Place of incorporation	Principal activities
<u>Offshore subsidiaries</u>				
eHi Auto Services (Hong Kong) Holding Limited	100%	13 July 2010	Hong Kong	Investment holding
L&L Financial Leasing Holding Limited	100%	17 October 2013	Hong Kong	Investment holding
Brave Passion Limited	100%	29 May 2015	British Virgin Islands	Investment holding
<u>Onshore subsidiaries</u>				
Shuzhi Information Technology (Shanghai) Co., Ltd.	100%	21 March 2008	PRC	Car rentals
Shanghai eHi Car Rental Co., Ltd.	100%	18 March 2008	PRC	Car rentals
Shanghai Smart Brand Auto Driving Services Co., Ltd.	100%	13 April 2011	PRC	Car rentals
eHi Auto Services (Jiangsu) Co., Ltd.	100%	23 December 2011	PRC	Car rentals
Shanghai Taihao Financial Leasing Co., Ltd.	100%	7 January 2014	PRC	Car rentals
eHi Car Rental Management Services (Shanghai) Co., Ltd.	100%	10 November 2015	PRC	Car rentals
eHi (Hainan) Holding Co., Ltd.	100%	22 June 2021	PRC	Car rentals
Shanghai Wenlong Information Technology Service Co., Ltd.	100%	4 August 2020	PRC	Information technology service
<u>Consolidated VIE *</u>				
Shanghai eHi Information Technology Service Co., Ltd.	100%	13 March 2014	PRC	Information technology service

** insignificant operations with immaterial related balances and transactions for the years ended 31 December 2024 and 2023*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13 Income tax benefit/(expense)

(i) Cayman Islands corporate income tax (“CIT”)

Under the current laws of the Cayman Islands, the Group is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Group to its shareholders, no Cayman Islands withholding tax will be imposed.

(ii) Hong Kong profits tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%. The operation in Hong Kong has incurred net accumulated operating losses for income tax purposes and no income tax provisions are recorded for the periods presented.

(iii) PRC corporate income tax

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC, calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The Company’s subsidiaries and VIE registered in the PRC are subject to PRC CIT of 25%. Certain small-scaled PRC entities are subject to a preferential income tax rate of 5% (2023: 5%).

	Year ended 31 December	
	2024	2023
	RMB’000	RMB’000
Current income tax expense	263	54
Deferred income tax benefit	(10,063)	-
Income tax (benefit)/expense	(9,800)	54

The tax on the Group’s loss before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the year ended 31 December 2024 (2023: 25%), being the tax rate of the major subsidiaries of the Group. The difference is analyzed as follows:

	Note	Year ended 31 December	
		2024	2023
		RMB’000	RMB’000
Loss before income tax		(603,781)	(109,250)
Tax calculated at a tax rate of 25%		(150,945)	(27,313)
Effects of preferential tax rates applicable to different subsidiaries of the Group		3,727	8,839
Losses incurred in other jurisdictions with no tax benefit	(a)	132,480	88,197
Research and development tax credit	(b)	(8,500)	(10,750)
Expenses not deductible for taxation purpose		1,851	6,311
Tax losses and other temporary differences for which no deferred tax asset was recognized		52,997	32,901
Utilization of previously unrecognized tax losses		(43,928)	(99,631)
Tax filing difference of prior year		2,518	1,500
Income tax (benefit)/expense		(9,800)	54

- (a) The net pre-tax loss of offshore entities within the Group was mainly resulted from the interest expenses related to borrowings and gains/losses on repurchase of senior notes.
- (b) It represents the additional tax deductions for qualified research and development expenses which are accounted for as permanent differences.

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14 Property, plant and equipment

	Rental vehicles RMB'000 (Note (i))	Building RMB'000	In-car Equipment RMB'000	Leasehold improvements RMB'000	Office furniture and equipment RMB'000	Construction in progress ("CIP") RMB'000	Total RMB'000
At 1 January 2023							
Cost	9,620,338	96,159	176,306	176,501	47,034	4,561	10,120,899
Accumulated depreciation and impairment	(3,182,091)	(12,328)	(143,730)	(130,890)	(37,554)	-	(3,506,593)
Net book amount	6,438,247	83,831	32,576	45,611	9,480	4,561	6,614,306
Year ended 31 December 2023							
Opening net book amount	6,438,247	83,831	32,576	45,611	9,480	4,561	6,614,306
Additions	-	-	69,094	33,801	7,471	2,489,459	2,599,825
Transfer from CIP (Note (ii))	2,492,983	-	-	-	-	(2,492,983)	-
Transfer to inventories (Note (iii))	(626,344)	-	-	-	-	-	(626,344)
Disposal	-	-	(14)	-	(96)	-	(110)
Depreciation charge (Note (iv))	(1,346,103)	(2,253)	(30,238)	(42,947)	(2,828)	-	(1,424,369)
Impairment loss (Note (v))	(36,107)	-	-	-	-	-	(36,107)
Closing net book amount	6,922,676	81,578	71,418	36,465	14,027	1,037	7,127,201
At 31 December 2023							
Cost	10,676,401	96,159	244,560	210,301	52,741	1,037	11,281,199
Accumulated depreciation and impairment	(3,753,725)	(14,581)	(173,142)	(173,836)	(38,714)	-	(4,153,998)
Net book amount	6,922,676	81,578	71,418	36,465	14,027	1,037	7,127,201

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14 Property, plant and equipment (Continued)

	Rental vehicles RMB'000 (Note (i))	Building RMB'000	In-car Equipment RMB'000	Leasehold improvements RMB'000	Office furniture and equipment RMB'000	CIP RMB'000	Total RMB'000
At 1 January 2024							
Cost	10,676,401	96,159	244,560	210,301	52,741	1,037	11,281,199
Accumulated depreciation and impairment	(3,753,725)	(14,581)	(173,142)	(173,836)	(38,714)	-	(4,153,998)
Net book amount	6,922,676	81,578	71,418	36,465	14,027	1,037	7,127,201
Year ended 31 December 2024							
Opening net book amount	6,922,676	81,578	71,418	36,465	14,027	1,037	7,127,201
Additions	-	298,390	78,526	83,586	21,231	625,423	1,107,156
Transfer from CIP (Note (ii))	621,113	-	-	-	-	(621,113)	-
Transfer to inventories (Note (iii))	(1,663,899)	-	-	-	-	-	(1,663,899)
Disposal	-	-	-	-	(14)	-	(14)
Depreciation charge (Note (iv))	(985,357)	(3,395)	(54,486)	(40,990)	(3,825)	-	(1,088,053)
Impairment loss (Note (v))	(3,037)	-	-	-	-	-	(3,037)
Closing net book amount	4,891,496	376,573	95,458	79,061	31,419	5,347	5,479,354
At 31 December 2024							
Cost	7,167,443	394,549	322,970	293,887	73,730	5,347	8,257,926
Accumulated depreciation and impairment	(2,275,947)	(17,976)	(227,512)	(214,826)	(42,311)	-	(2,778,572)
Net book amount	4,891,496	376,573	95,458	79,061	31,419	5,347	5,479,354

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14 Property, plant and equipment (Continued)

- (i) A rental vehicle is considered ready for its intended use generally when the license plate for the vehicle is obtained, the vehicle is insured, and when a Global Positioning System (“GPS”) tracking device is installed. The Group expects to hold its rental vehicles generally for a period of approximately 3 to 4 years before their disposal (“non-program cars”), except for the rental vehicles of which disposal prices and holding periods, typically ranging from 12 to 36 months, have been predetermined and fixed by agreements with certain car dealers (“program cars”). The estimated residual value of non-program cars is typically based on the current market price for used rental vehicles obtained from used vehicle dealers or the used rental vehicles market for similar models.

The Group monitors accounting estimates relating to vehicles on a quarterly basis, including the depreciation rates and estimated residual values. Changes made to estimates are reflected in vehicle-related depreciation expense on a prospective basis. In addition, depreciation expense associated with program cars is recorded based on the contractual disposal prices and holding periods, and is adjusted if the predetermined disposal conditions are not met or the holding periods are extended. When a vehicle is no longer used in rental service and becomes held for sale, it is not further depreciated and will be classified and presented in inventories in the consolidated statement of financial position, as further explained in the accounting policy in Note 33.7. The Group records the impairment loss for the net carrying value of a vehicle if the vehicle cannot be located within 6 months or is significantly damaged. Such impairment losses are recorded as cost of revenues. The cost of vehicles, as well as the accumulated depreciation and impairment, will be written off if the vehicle cannot be located within 12 months.

- (ii) CIP is transferred to rental vehicles and depreciation commences when an asset is ready for its intended use. Construction in progress mainly represents newly acquired vehicles which are not yet been placed in service. A newly acquired vehicle is ready for its intended use when all of the following criteria are met: (i) the vehicle license plate is obtained, (ii) the vehicle is insured, and (iii) a GPS-based tracking device is installed on the vehicle.
- (iii) The Group, in the course of its ordinary activities, routinely sells rental vehicles that it has held for rental to others. Rental vehicles are transferred to inventories at their carrying amounts when they cease to be rented and become held for sale in accordance with IAS 16 “Property, Plant and Equipment”.
- (iv) Depreciation is calculated on the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Rental vehicles	1-4 years
Building	37-39 years
In-car equipment	3 years
Leasehold improvements	Over the shorter of the lease term or the estimated useful life of 1-5 years
Office furniture and equipment	5 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14 Property, plant and equipment (Continued)

- (iv) Depreciation expense recognized for the years ended 31 December 2024 and 2023 are summarized as follows (Continued):

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Cost of revenues	1,079,173	1,417,066
General and administrative expenses	8,880	7,303
	<u>1,088,053</u>	<u>1,424,369</u>

- (v) An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 33.5).

Impairment loss of RMB3,037,000 for vehicles which either cannot be located or are significantly damaged has been charged in cost of revenues for the year ended 31 December 2024 (2023: RMB36,107,000).

- (vi) Vehicles with a total carrying value of RMB1,801,917,000 as at 31 December 2024 (2023: RMB2,584,898,000) were pledged as securities for certain of the Group's borrowings (Note 28).

15 Leases

- (i) Amounts recognized in the consolidated statement of financial position

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Right-of-use assets		
- Vehicles	2,252,672	470,759
- Offices and stores	71,496	84,103
	<u>2,324,168</u>	<u>554,862</u>
Lease liabilities		
- Non-current	943,311	314,247
- Current	1,437,796	242,244
	<u>2,381,107</u>	<u>556,491</u>

Additions to the right-of-use assets for the year ended 31 December 2024 were RMB2,842,110,000 (2023: RMB621,365,000).

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15 Leases (Continued)

(ii) Amounts recognized in the consolidated profit or loss

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets		
- Vehicles	1,024,103	60,102
- Offices and stores	44,000	50,698
	<u>1,068,103</u>	<u>110,800</u>
Expenses relating to lease liabilities		
- Interest expense (included in finance cost)	149,943	12,850
- Expense relating to short-term leases not included in lease liabilities (included in cost of revenues and general and administrative expenses)	542,644	142,750
	<u>542,644</u>	<u>142,750</u>

The total cash outflow in respect of lease payments for the year ended 31 December 2024 was RMB1,705,317,000 (2023: RMB266,273,000).

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16 Intangible assets

	Vehicle licenses RMB'000 (Note (i))	Operating licenses RMB'000 (Note (i))	Trademarks RMB'000	Software RMB'000	Total RMB'000
At 1 January 2023					
Cost	192,513	4,022	717	75,964	273,216
Accumulated amortization	-	-	(717)	(70,226)	(70,943)
Net book amount	192,513	4,022	-	5,738	202,273
Year ended 31 December 2023					
Opening net book amount	192,513	4,022	-	5,738	202,273
Additions	-	-	-	2,994	2,994
Amortization charge (Note (ii))	-	-	-	(1,806)	(1,806)
Exchange differences	-	65	-	-	65
Closing net book amount	192,513	4,087	-	6,926	203,526
At 31 December 2023					
Cost	192,513	4,087	717	78,958	276,275
Accumulated amortization	-	-	(717)	(72,032)	(72,749)
Net book amount	192,513	4,087	-	6,926	203,526
Year ended 31 December 2024					
Opening net book amount	192,513	4,087	-	6,926	203,526
Additions	-	-	-	638	638
Amortization charge (Note (ii))	-	-	-	(3,253)	(3,253)
Exchange differences	-	59	-	-	59
Closing net book amount	192,513	4,146	-	4,311	200,970
At 31 December 2024					
Cost	192,513	4,146	717	79,596	276,972
Accumulated amortization	-	-	(717)	(75,285)	(76,002)
Net book amount	192,513	4,146	-	4,311	200,970

(i) Licenses

Licenses include vehicle license plates and car rental operating licenses acquired from third parties and local administration authorities. Vehicle license plates do not expire and require no renewal. Car rental operating licenses are originally assigned a fixed operating period, which can be extended upon expiration without significant additional cost. The Group also believes that there is no significant risk involved in the car rental operating license renewal process. Further, there are no legal, regulatory or contractual provisions of which the Group is aware that may limit the useful lives of such licenses. As such, the Group considers them to be indefinite-lived and carries them at cost less any accumulated impairment losses. Annual impairment review on the indefinite-lived assets of licenses has been conducted by the management as at 31 December 2024 and 2023 according to IAS 36 "Impairment of Assets". For the purposes of impairment review, the recoverable amount of licenses is determined based on the current market price for licenses. Based on the results of the impairment assessments, no impairment loss on licenses was recognized for the year ended 31 December 2024 (2023: Nil).

(ii) Amortization expense of RMB1,339,731 was charged in cost of revenues and RMB1,912,814 was charged in general and administrative expenses for the year ended 31 December 2024 (2023: RMB297,000 and RMB1,509,000).

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17 Financial instruments by category

	Note	As at 31 December	
		2024	2023
		RMB'000	RMB'000
Financial assets			
Financial assets at amortized cost			
- Trade receivables	20	890,146	599,414
- Financial assets included in other receivables	21	838,772	362,377
- Restricted cash	22	1,150	1,149
- Cash and cash equivalents	22	594,259	543,126
Financial assets at FVPL	18	41,079	46,880
Financial assets at FVOCI	18	129,947	27,106
		<u>2,495,353</u>	<u>1,580,052</u>
Financial liabilities			
Financial liabilities at amortized cost			
- Trade payables	25	86,470	269,962
- Financial liabilities included in accrued expenses and other current liabilities	26	383,682	593,952
- Borrowings	28	8,139,100	8,435,052
- Lease liabilities	15	2,381,107	556,491
Financial liabilities at FVPL	27	29,085	9,265
		<u>11,019,444</u>	<u>9,864,722</u>

18 Financial assets at fair value

	Note	As at 31 December	
		2024	2023
		RMB'000	RMB'000
Unlisted investments			
- Financial assets at FVOCI	(i)	129,947	27,106
- Financial assets at FVPL	(ii)	41,079	46,880
		<u>171,026</u>	<u>73,986</u>

- (i) For equity investments in common shares, which are not held for trading, the Group makes irrevocable election to account for such equity investments at FVOCI upon initial recognition.
- (ii) These include investments in the form of redeemable instruments and equity interests as a limited partner in a limited liability partnership ("LLP") with limited life, and thereby accounted for as financial assets at FVPL.

19 Inventories

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Fuels	42,954	30,708
Used rental vehicles held for sale	5,942	21,217
Others	289	110
	<u>49,185</u>	<u>52,035</u>

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20 Trade receivables

	Note	As at 31 December	
		2024	2023
		RMB'000	RMB'000
Trade receivables, gross			
- Car rentals and services		169,420	265,048
- Sales of used rental vehicles		941,937	835,768
		<u>1,111,357</u>	<u>1,100,816</u>
Less: allowance for impairment			
- Car rentals and services	3.1(ii)	(36,392)	(97,735)
- Sales of used rental vehicles	3.1(ii)	(184,819)	(403,667)
		<u>(221,211)</u>	<u>(501,402)</u>
		<u>890,146</u>	<u>599,414</u>

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1(ii) for a description of the Group's impairment policies.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Trade receivables are amounts due from corporate customers for car rental services rendered or car dealers for used rental vehicles sold in the ordinary course of business. They are generally due for settlement within 30 to 180 days and therefore all are classified as current.

The Group generally does not provide credit terms to individual rental customers.

An aging analysis of trade receivables based on billing date is as follows:

	As at 31 December			
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	Car rentals and services		Sales of used rental vehicles	
- Up to 1 year	132,706	169,189	813,367	369,830
- 1 to 2 years	6,757	3,011	2,558	80,782
- 2 to 3 years	902	483	593	179,349
- over 3 years	29,055	92,365	125,419	205,807
	<u>169,420</u>	<u>265,048</u>	<u>941,937</u>	<u>835,768</u>

Due to the short-term nature of the current receivables, their carrying amount is considered to approximate their fair value.

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21 Prepayments and other receivables

	Note	As at 31 December	
		2024	2023
		RMB'000	RMB'000
Non-current			
- Deposits		611,520	262,047
- Prepaid car insurance		33,001	38,536
- Deductible VAT input		32,237	382,651
- Prepayment for building		-	154,029
- Others		6,801	-
		<u>683,559</u>	<u>837,263</u>
Current			
- Deductible VAT input		523,024	456,829
- Deposits		224,720	100,213
- Prepaid car insurance		141,753	118,457
- Receivable from vehicle supplier		-	47,112
- Finance lease receivables		-	16,060
- Others		82,383	47,729
		<u>971,880</u>	<u>786,400</u>
Less: allowance for impairment	3.1(ii)	-	(63,055)
		<u>971,880</u>	<u>723,345</u>

22 Restricted cash and cash and cash equivalents

	Note	As at 31 December	
		2024	2023
		RMB'000	RMB'000
Cash and bank balances		595,409	544,275
Less: restricted cash	(i)	(1,150)	(1,149)
Cash and cash equivalents		<u>594,259</u>	<u>543,126</u>

- (i) As at 31 December 2024 and 2023, the restricted cash was mainly related to cash deposits with certain rental customers required under the rental arrangement.

23 Share capital and share premium

	Number of shares	Share capital RMB'000	Share premium RMB'000
As at 1 January 2023, 31 December 2023 and 31 December 2024	66,735,072	<u>4,222</u>	<u>4,656,594</u>

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24 Other reserves

	Currency translation differences RMB'000	Financial assets at FVOCI RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2023	(194,037)	(4,436)	303,227	104,754
Fair value change of financial assets at FVOCI	-	(130)	-	(130)
Exchange differences	(89,841)	-	-	(89,841)
As at 31 December 2023	(283,878)	(4,566)	303,227	14,783
Fair value change of financial assets at FVOCI	-	102,841	-	102,841
Deferred tax for fair value change on financial assets at FVOCI	-	(23,713)	-	(23,713)
Exchange differences	(64,445)	-	-	(64,445)
As at 31 December 2024	(348,323)	74,562	303,227	29,466

25 Trade payables

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Payables for purchase of vehicles	46,194	206,610
Payables for purchase of in-car equipment	34,092	44,376
Others	6,184	18,976
	86,470	269,962

26 Accrued expenses and other current liabilities

	Note	As at 31 December	
		2024	2023
		RMB'000	RMB'000
Accrued expenses to suppliers		275,341	259,061
Customer deposits		75,841	56,634
Advances from customers		64,031	49,323
Accrued employee benefits		67,727	105,317
VAT output		49,411	59,985
Accrued accident claims		28,517	27,180
Accrued internet and software expenses		11,920	14,038
Professional service fee payable		7,421	7,063
Other tax payable		4,644	3,901
Temporary receipts for purchase of vehicles	(i)	-	243,086
Others		60,482	46,855
		645,335	872,443

- (i) The Group received funds to purchase vehicles on behalf of lessor in 2023 while no such arrangement in 2024.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

27 Financial liabilities at fair value through profit or loss

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Investment from other investors in LLPs	29,085	9,265

In November 2017, the Group established LLPs to make investments with other third-party investors. The Group is a limited partner of the LLPs with majority of equity interests and controls and consolidates the LLPs in accordance with IFRS 10 “Consolidated Financial Statements”. The Group designates the investment from other investors in the LLPs and the variable returns as financial liabilities at FVPL given the limited lives of the LLPs as the designation significantly reduces accounting mismatch that would otherwise arise from measuring the investment made by third parties on different basis.

EHl CAR SERVICES LIMITED
(All amounts in RMB, unless otherwise stated)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

28 Borrowings

	Note	As at 31 December 2024		As at 31 December 2023	
		Current RMB'000	Non-current RMB'000	Current RMB'000	Non-current RMB'000
		Total RMB'000		Total RMB'000	
Bank borrowings – secured	(i)	7,677	138,750	-	-
Bank borrowings – unsecured	(i)	793,982	200,645	315,973	74,139
Other borrowings – secured	(ii)	913,947	456,966	1,133,477	829,017
Other borrowings – unsecured	(ii)	939,297	435,985	556,609	518,792
Syndicated loans		-	-	274,907	-
Senior notes	(iii)	112,215	4,139,636	2,757,944	1,974,194
Total borrowings		2,767,118	5,371,982	5,038,910	3,396,142

As at 31 December 2024 and 2023, the Group's borrowings were repayable as follows:

	As at 31 December 2024			As at 31 December 2023		
	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Over 2 years RMB'000	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Over 2 years RMB'000
	Total RMB'000			Total RMB'000		
Bank borrowings	801,659	207,724	131,671	315,973	47,168	26,971
Other borrowings	1,853,244	786,965	105,986	1,690,086	1,113,485	234,324
Syndicated loans	-	-	-	274,907	-	-
Senior notes	112,215	1,977,872	2,161,764	2,757,944	-	1,974,194
Total	2,767,118	2,972,561	2,399,421	5,038,910	1,160,653	2,235,489

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

28 Borrowings (Continued)

(i) Bank borrowings

All unsecured bank borrowings as at 31 December 2024 and 2023 were guaranteed by certain onshore subsidiaries of the Company.

All secured bank borrowings as at 31 December 2024 were guaranteed by the Company's building of the Company.

The bank borrowings bear annual interest rates at a range of 3.10%-4.90% as at 31 December 2024 (2023: 4.30%-4.90%).

(ii) Other borrowings

In connection with the purchase of vehicles, the Group enters into certain borrowing agreements with third-party financing companies. As at 31 December 2024, other borrowings of RMB1,375,282,000 (2023: RMB1,075,401,000) were guaranteed by certain onshore subsidiaries of the Company, while the remaining other borrowings were secured by certain rental vehicles of the Group with carrying amounts of RMB1,801,917,000 (2023: RMB2,584,898,000). The other borrowings bear annual interest rates at a range of 4.85%-7.72% as at 31 December 2024 (2023: 4.50%-8.08%).

(iii) Compliance with loan covenants

The Group has complied with the financial covenants of its bank borrowings and other borrowings during both periods presented, see Note 3.2 for details. In addition, the Group's bank and other borrowing arrangements include certain restrictive covenants that, among other things, limit the Group's ability to incur additional indebtedness or create new mortgages or charges, request the Group to maintain its controlling shareholder position, maintain certain financial and operation measures and make timely reports. Certain borrowing covenants also post restrictions on the use of proceeds and asset sales, and require the Group to provide notice or obtain consent for significant corporate events. In addition, cross default provisions in the Group's other indebtedness may be triggered if the Group defaults on any of these debt agreements.

(iv) Senior Notes

(a) 2024 Senior Notes

On 14 May 2021, the Company issued senior unsecured notes with an aggregate principal amount of US\$300 million at the issuance price at 99.25% of par value which will mature on 14 November 2024 (the "Original 2024 Notes"). The Original 2024 Notes bear a fixed interest rate of 7.75% per annum, with interest payable semi-annually in arrears. On 16 June 2021, the Company had a follow-on issuance with an aggregate principal amount of US\$150 million at the issuance price at 102.672% of par value (the "New 2024 Notes") with the same terms and conditions of the Original 2024 Notes, to be consolidated and form a single class with the Original 2024 Notes (together with the New 2024 Notes, the "2024 Senior Notes"). The 2024 Senior Notes were issued as unregistered securities to qualified institutional buyers and offshore investors under provisions granting relief from registration under the U.S. Securities Act of 1933. The 2024 Senior Notes are traded on the market of the Stock Exchange of Hong Kong Limited.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

28 Borrowings (Continued)

(iv) Senior Notes (Continued)

(a) 2024 Senior Notes (Continued)

In March 2024, a portion of the 2024 Senior Notes with principal amount of US\$336,890,000 (equivalent to RMB2,389,990,000) was cancelled upon (a) an upfront principal repurchase of US\$67,378,000 (equivalent to RMB478,297,000); and (b) remaining US\$269,512,000 (equivalent to RMB1,911,999,000) being multiplied by the exchange ratio of 105% amounting to a principal amount of US\$282,979,000 (equivalent to RMB2,007,538,000) (the "Exchange 2027 Notes").

The Group choose to perform both a quantitative and a qualitative assessment for de-recognition of 2024 Senior Notes. Under the qualitative assessment, the Group determines whether the terms under Note 2027 Senior Notes are substantially different from a qualitative perspective compared to that of 2024 Senior Notes, such as whether the liability was close to its maturity date at the date of the renegotiation and was extended for a significant additional period, which results in the renegotiated rate approximating the current market rate of interest for the new terms and conditions (including the new maturity date). The difference between the present value of Exchange 2027 Notes and the carrying value of 2024 Senior Notes amounted to US\$1,930,000 (equivalent to RMB13,596,000) was recorded in other gains. In addition, US\$11,800,000 (equivalent to RMB83,711,000) transaction costs and fees are accounted for as relating to the extinguishment of the 2024 Senior Notes, and so they are recognised immediately in other (losses)/gains, net.

In November 2024, the remaining principal amount of the 2024 Senior Notes, totaling US\$44,610,000 (equivalent to RMB319,983,000), was repaid in full. Accordingly, as at 31 December 2024, the 2024 Senior Notes had been fully repaid with no outstanding balance.

(b) 2026 Senior Notes

On 21 September 2021, the Company issued senior unsecured notes with an aggregate principal amount of US\$300 million at the issuance price at 98.967% of par value which will mature on 21 September 2026 (the "2026 Senior Notes"). The 2026 Senior Notes bear a fixed interest rate of 7% per annum, with interest payable semi-annually in arrears. The 2026 Senior Notes were issued as unregistered securities to qualified institutional buyers and offshore investors under provisions granting relief from registration under the U.S. Securities Act of 1933. The 2026 Senior Notes are traded on the market of the Stock Exchange of Hong Kong Limited.

In 2024, the Company repurchased part of the 2026 Senior Notes with principal amount of US\$5,200,000 (equivalent to RMB37,162,000) at a consideration of US\$3,658,500 (equivalent to RMB26,172,000) from the open market which was cancelled after the repurchase and the difference between the consideration and the carrying value amounted to US\$1,484,000 (equivalent to RMB10,608,000) was recorded in other (losses)/gains, net. In 2023, the Company did not repurchase any 2026 Senior Notes. As at 31 December 2024, the principal amount outstanding under the 2026 Senior Notes was US\$278,030,000, equivalent to RMB1,990,591,000 (2023: US\$283,230,000, equivalent to RMB2,006,033,000).

The 2026 Senior Notes are general obligations of the Company and are (i) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment; (ii) guaranteed by three of the Company's offshore subsidiaries which provide guarantee on timely payment of the principal and interest (the "Subsidiary Guarantors") on a senior basis, subject to certain limitations, (iii) subordinated to secured obligations of the Company, and (iv) effectively subordinated to all existing and future obligations of other subsidiaries other than the Subsidiary Guarantors.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

28 Borrowings (Continued)

(iv) Senior Notes (Continued)

(b) 2026 Senior Notes (Continued)

Redemption

As described below, the 2026 Senior Notes may be repurchased prior to the maturity date at the option of the Company. The holders of the 2026 Senior Notes may not redeem the 2026 Senior Notes prior to the maturity date, except in the case of a change in control.

Contingent redemption option available to holders

If a change of control triggering event, generally defined as a merger or acquisition or other fundamental corporate events, were to occur, the holders have the option to require the Company to purchase all outstanding 2026 Senior Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.

Repurchase options available to the Company

Other than the Company's repurchase of its outstanding notes from the open market at market price, the Company is also entitled to the option to redeem the 2026 Senior Notes on or after 21 September 2024, in whole or in part, at a redemption price equal to 103.50% (if redeemed during the 12-month period commencing on 21 September 2024) or 101.75% (if redeemed during the 12-month period commencing on 21 September 2025) of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The Company may redeem the 2026 Senior Notes prior to 21 September 2024, in whole but not in part, at any time at a redemption price equal to 100% of the principal amount of the 2026 Senior Notes redeemed plus the greater of (1) 1.00% of the principal amount, or (2) the excess, if any, of (i) the present value at such redemption date of the redemption price of such 2026 Senior Note on 21 September 2024, plus all required remaining scheduled interest payments due on such 2026 Senior Notes (but excluding accrued and unpaid interest to the redemption date) through 21 September 2024, computed using a discount rate equal to a defined US Treasury security rate plus 100 basis points, over (ii) the principal amount of such 2026 Senior Notes on such redemption date, and accrued and unpaid interest, if any, to (but not including) the redemption date.

The Company may redeem up to 35% of the aggregate principal amount of the 2026 Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107% of the principal amount of the 2026 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2026 Senior Notes remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company evaluated the fair value of redemption option being insignificant on the initial recognition and at 31 December 2024 given the low possibility of such redemption.

Restrictive covenants and issuance costs

The 2026 Senior Notes contain restrictive covenants including, among others, limitations on liens, consolidation, investment, merger and sale of the Group's assets, maintenance of a fixed charge coverage ratio, and limitations on asset sales or use of proceeds.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

28 Borrowings (Continued)

(iv) Senior Notes (Continued)

(b) 2026 Senior Notes (Continued)

The debt issuance costs of US\$4,999,000 associated with the 2026 Senior Notes, reflected as a reduction to the face value of the 2026 Senior Notes, are being amortized over the five-year contractual life of the 2026 Senior Notes under the effective interest method. As at 31 December 2024, the unamortized debt issuance cost and unamortized discount for the 2026 Senior Notes was US\$2,882,000, equivalent to RMB20,718,000 (2023: US\$4,495,000, equivalent to RMB31,840,000).

(c) 2027 Senior Notes

In connection with the Exchange 2027 Notes, the Company issued additional new notes of US\$42,021,000 at the issuance price at 96.0% of par value, to be consolidated and form a single series with the Exchange 2027 Notes for an aggregate principal amount of US\$325,000,000 that will mature on 26 September 2027 (together, the "2027 Senior Notes"). The 2027 Senior Notes bear a fixed interest rate of 12.00% per annum, with interest payable semi-annually in arrears. The 2027 Senior Notes were issued as unregistered securities to qualified institutional buyers and offshore investors under provisions granting relief from registration under the U.S. Securities Act of 1933. The 2027 Senior Notes are traded on the market of the Singapore Exchange Securities Trading Limited.

In December 2024, the Company repurchased part of the 2027 Senior Notes with principal amount of US\$5,000,000 (equivalent to RMB35,944,000) at a consideration of US\$3,355,000 (equivalent to RMB24,157,000) from the open market which was cancelled after the repurchase and the difference between the consideration and the carrying value amounted to US\$1,344,000 (equivalent to RMB9,664,000) was recorded in other (losses)/gains, net. As at 31 December 2024, the principal amount outstanding under the 2027 Senior Notes was US\$320,000,000, equivalent to RMB2,300,288,000.

The 2027 Senior Notes are general obligations of the Company and are (i) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment; (ii) guaranteed by three of the Company's offshore subsidiaries which provide guarantee on timely payment of the principal and interest (the "Subsidiary Guarantors") on a senior basis, subject to certain limitations, (iii) subordinated to secured obligations of the Company, and (iv) effectively subordinated to all existing and future obligations of other subsidiaries other than the Subsidiary Guarantors.

Redemption

As described below, the 2027 Senior Notes may be repurchased prior to the maturity date at the option of the Company. The holders of the 2027 Senior Notes may not redeem the 2027 Senior Notes prior to the maturity date, except in the case of a change in control.

Contingent redemption option available to holders

If a change of control triggering event, generally defined as a merger or acquisition or other fundamental corporate events, were to occur, the holders have the option to require the Company to purchase all outstanding 2027 Senior Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

28 Borrowings (Continued)

(iv) Senior Notes (Continued)

(c) 2027 Senior Notes (Continued)

Repurchase options available to the Company

Other than the Company's repurchase of its outstanding notes from the open market at market price, the Company is also entitled to the option to redeem the 2027 Senior Notes on or after 26 September 2025, in whole or in part, at a redemption price equal to 112% (if redeemed during the 12-month period commencing on 26 September 2025) or 106% (if redeemed during the 12-month period commencing on 26 September 2026) or 103% (if redeemed during the 12-month period commencing on 26 September 2027) of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The Company may redeem the 2027 Senior Notes prior to 26 September 2025, in whole but not in part, at any time at a redemption price equal to 100% of the principal amount of the 2026 Senior Notes redeemed plus the greater of (1) 1.00% of the principal amount, or (2) the excess, if any, of (i) the present value at such redemption date of the redemption price of such Note on 26 September 2025 (such redemption price being set forth in the first paragraph under the caption "Description of the Notes—Optional Redemption" excluding accrued and unpaid interest), plus all required remaining scheduled interest payments due on such Note through 26 September 2025 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (ii) the principal amount of such Note on such redemption date.

The Company may redeem up to 35% of the aggregate principal amount of the 2027 Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 112% of the principal amount of the 2027 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2027 Senior Notes remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company evaluated the fair value of redemption option being insignificant on the initial recognition and at 31 December 2024 given the low possibility of such redemption.

Restrictive covenants and issuance costs

The 2027 Senior Notes contain restrictive covenants including, among others, limitations on liens, consolidation, investment, merger and sale of the Group's assets, maintenance of a fixed charge coverage ratio, and limitations on asset sales or use of proceeds.

The 2027 Senior Notes, considering the effect of exchange with the 2024 Senior Notes (refer to Note 28(iv)), and the cost and fees approximately USD755,000, are being amortized over three-year contractual life at effective interest rate of approximately to 15.4%.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

29 Deferred income tax

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
Deferred tax assets		
- Lease liabilities	595,277	139,123
- Net operating loss carryforwards	124,649	175,801
- Loss allowance for receivables, accrued interest expense and others	121,845	65,671
Total deferred tax assets	841,771	380,595
Set-off of deferred tax assets pursuant to set-off provisions	(813,848)	(362,979)
Net deferred tax assets	27,923	17,616
Deferred tax liabilities		
- Right-of-use assets	581,042	138,716
- Property, plant and equipment	207,118	204,455
- Others	67,261	37,424
Total deferred tax liabilities	855,421	380,595
Set-off of deferred tax liabilities pursuant to set-off provisions	(813,848)	(362,979)
Net deferred tax liabilities	41,573	17,616

The movements in deferred tax assets and liabilities on gross basis during the years ended 31 December 2024 and 2023 are as follows:

	Net operating loss carry- forwards RMB'000	Lease liabilities RMB'000	Loss allowance for receivables, accrued interest expense and others RMB'000	Total RMB'000
Deferred tax assets				
As at 1 January 2023	239,851	11,520	-	251,371
Recognized in the profit or loss	(64,050)	127,603	65,671	129,224
As at 31 December 2023	175,801	139,123	65,671	380,595
Recognized in the profit or loss	(51,152)	456,154	56,174	461,176
As at 31 December 2024	124,649	595,277	121,845	841,771
Deferred tax liabilities	Property, plant and equipment RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2023	200,918	11,144	39,309	251,371
Recognized in the profit or loss	3,537	127,572	(1,885)	129,224
As at 31 December 2023	204,455	138,716	37,424	380,595
Recognized in the profit or loss	2,663	442,326	6,123	451,112
Recognized in other comprehensive income	-	-	23,714	23,714
As at 31 December 2024	207,118	581,042	67,261	855,421

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

29 Deferred income tax (Continued)

As at 31 December 2024, the Group had net tax losses carryforwards of approximately RMB2,169,524,000 (2023: RMB1,704,192,000) arising from its PRC subsidiaries. The carryforward period for net operating losses under the PRC CIT law is five or ten years. The net operating loss carryforwards will expire in varying amounts between 2025 and 2029 if not utilized. As at 31 December 2024, the Group did not recognize deferred income tax assets in respect of cumulative tax losses from its PRC subsidiaries of approximately RMB1,608,110,000 (2023: RMB1,000,988,000).

As at 31 December 2024, the Group did not recognize deferred income tax assets in respect of cumulative tax losses from its Hong Kong entities of approximately RMB62,663,000 (2023: RMB54,746,000), as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entities. Such tax losses have no expiry date.

30 Note to consolidated statement of cash flows

(i) Cash generated from operations

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss before income tax	(603,781)	(109,250)
Adjustments for:		
Depreciation of property, plant and equipment	1,088,053	1,424,369
Depreciation of right-of-use assets	1,068,103	110,800
Amortization of intangible assets	3,253	1,806
Impairment on property, plant and equipment	3,037	36,107
(Gain)/loss on disposal of non-current assets	(49)	107
Net impairment reversals on financial assets	(218,371)	(321,974)
Finance costs, net	825,379	628,255
Loss/(gain) on repurchase of senior notes	50,111	(32,827)
Net fair value loss on financial assets at FVPL	5,802	6,062
Net fair value loss/(gain) on financial liabilities at FVPL	19,820	(1,637)
Net exchange difference	8,767	5,803
Changes in working capital:		
Property, plant and equipment	1,038,476	(1,872,666)
Prepayments for purchase of vehicles	37,586	29,209
Inventories	2,850	6,520
Trade receivables	(72,361)	418,520
Prepayments and other receivables	(115,304)	(131,661)
Restricted cash	(1)	(303)
Trade payables	(152,364)	(27,477)
Accrued expenses and other liabilities	(234,806)	309,967
Liabilities related to revenue contracts	39,579	5,650
Cash generated from operations	2,793,779	485,380

As the Group is in the businesses of car rentals and services as well as sales of used rental vehicles, payments for purchase of rental vehicles and proceeds from sales of vehicles are presented under operating activities in the consolidated statement of cash flows in accordance with IAS 7 “Cash Flow Statements”.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

30 Note to consolidated statement of cash flows (Continued)

(ii) Net debt reconciliation

	Note	As at 31 December	
		2024	2023
		RMB'000	RMB'000
Cash and cash equivalents	22	594,259	543,126
Borrowings	28	(8,139,100)	(8,435,052)
Lease liabilities	15(i)	(2,381,107)	(556,491)
Net debt		<u>(9,925,948)</u>	<u>(8,448,417)</u>
Cash and cash equivalents	22	594,259	543,126
Gross debt – fixed interest rates		(10,126,740)	(8,576,863)
Gross debt – variable interest rates		(393,467)	(414,680)
Net debt		<u>(9,925,948)</u>	<u>(8,448,417)</u>

	Liabilities from financing activities			Cash and cash equivalents	Total
	Borrowings	Leases	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at 1 January 2023	(7,688,159)	(46,080)	(7,734,239)	611,465	(7,122,774)
Cash flows	(602,274)	110,674	(491,600)	(55,068)	(546,668)
Exchange differences	(82,439)	-	(82,439)	(13,271)	(95,710)
Other changes *	(62,180)	(621,085)	(683,265)	-	(683,265)
Net debt as at 31 December 2023	<u>(8,435,052)</u>	<u>(556,491)</u>	<u>(8,991,543)</u>	<u>543,126</u>	<u>(8,448,417)</u>
Cash flows	439,125	1,138,968	1,578,093	59,617	1,637,710
Exchange differences	(65,754)	-	(65,754)	(8,484)	(74,238)
Other changes *	(77,419)	(2,963,584)	(3,041,003)	-	(3,041,003)
Net debt as at 31 December 2024	<u>(8,139,100)</u>	<u>(2,381,107)</u>	<u>(10,520,207)</u>	<u>594,259</u>	<u>(9,925,948)</u>

* Other changes include non-cash movements, including amortization of debt issuance costs and premium/discounts, exchange of 2027 Notes to replace 2024 Notes, as well as right-of-use assets obtained in exchange for lease obligations.

31 Commitments

(i) Capital commitment

Significant capital expenditure contracted but not recognized as liabilities as at 31 December 2024 and 2023 is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Property, plant and equipment	<u>4,724</u>	<u>157,770</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

31 Commitments (Continued)

(ii) Non-cancellable leases

The Group leases various vehicles and stores under non-cancellable leases expiring within three months to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group has recognized right-of-use assets for these leases, except for short-term (less than one year) and low-value leases, see Note 15 for further information.

32 Related party transactions

(i) Parent entities

The Company is controlled by Teamsport Parent Limited (incorporated in the Cayman Islands), the immediate holding company, which owns 100% of the Company's shares. eHi Inc. (incorporated in the Cayman Islands, formerly named as Teamsport Topco Limited) is regarded as the ultimate holding company of the Company.

(ii) Related parties

Related party for the years ended 31 December 2024 and 2023 was as follow:

Name	Relationship
Trip.com International LLD and its subsidiaries ("Trip.com")	A significant shareholder of the Company's ultimate holding company

(iii) Transactions with related party

	Note	Year ended 31 December	
		2024 RMB'000	2023 RMB'000
Commission charged by Trip.com	(a)	20,425	17,286

- (a) Pursuant to the business cooperation agreement entered in January 2024, the Group pays 10% of income from car rentals or car services for successful car referrals through Trip.com platform as commissions to Trip.com. Trip.com collects car rental and car service fees from individual customers on behalf of the Group and settles the fees collected after deducting the related commission charge.

(iv) Outstanding balances arising from transactions with related party

The following balances are outstanding at the end of the reporting period in relation to transactions with related party:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Payables to Trip.com	162	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

32 Related party transactions (Continued)

(v) Key management personnel compensations

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Salaries, wages and bonuses	4,039	5,531
Pension costs — defined contribution plans	359	299
Other social security costs, housing benefits and other employee benefits	377	334
	<u>4,775</u>	<u>6,164</u>

33 Summary of other potentially material accounting policies

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

33.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

33.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The function currency of the Company is US\$. The Company's primary subsidiaries are incorporated in the PRC and these subsidiaries consider RMB as their functional currency. As the major operations of the Group are within the PRC, the Group determines to present its financial statements in RMB (unless otherwise stated).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

33 Summary of other potentially material accounting policies (Continued)

33.2 Foreign currency translation (Continued)

(ii) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the profit or loss on a net basis within other (losses)/gains, net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as FVOCI are recognized in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

33.3 Property, plant and equipment

All property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment charge. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

33 Summary of other potentially material accounting policies (Continued)

33.4 Intangible assets

(i) Licenses

See Note 16(i) for accounting policies for licenses.

(ii) Other intangible assets

Other intangible assets mainly include software and trademarks which are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. The Group amortizes them over their estimated useful lives (generally 5 to 10 years) using the straight-line method.

33.5 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

33.6 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains or losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

33 Summary of other potentially material accounting policies (Continued)

33.6 Investments and other financial assets (Continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other (losses)/gains, net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other (losses)/gains, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other (losses)/gains, net and impairment expenses are presented as separate line item in the profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other (losses)/gains, net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other (losses)/gains, net in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

33 Summary of other potentially material accounting policies (Continued)

33.6 Investments and other financial assets (Continued)

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. See Note 3.1(ii) for further details.

33.7 Inventories

Inventories comprise used rental vehicles held for sale, fuels and spare parts, and are stated at the lower of cost and net realizable value. Cost of used rental vehicles held for sale is calculated on a specific identification basis as appropriate and includes other costs incurred in bringing the vehicles to their present location and condition. Costs of fuels and spare parts are based on purchase costs and are assigned to individual items on the basis of weighted average costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

33.8 Restricted cash

Restricted cash are not readily available for the Group's normal disbursements. Restricted cash are primarily related to cash deposits with banks, financial institutions and rental customers required as part of the Group's borrowings and rental arrangements, and deposits restricted by the court due to pending litigations, which are assessed by the Company that the possibilities of any related contingencies are relatively low.

33.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

33.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds.

33.11 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 180 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

33 Summary of other potentially material accounting policies (Continued)

33.12 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

33.13 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

33 Summary of other potentially material accounting policies (Continued)

33.13 Current and deferred income tax (Continued)

Deferred income tax (Continued)

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax basis of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

33.14 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leave are not recognized until the time of leave.

(iii) Pension obligations

The Group contributes on a monthly basis to various defined contribution plans organized by the relevant governmental authorities. The Group's liability in respect of these plans is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separated from those of the Group.

(iv) Bonus plans

The expected cost of bonuses is recognized as liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

33 Summary of other potentially material accounting policies (Continued)

33.15 Provisions

Provisions for legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

33.16 Leases

(i) Leases as a lessee

The Group leases vehicles, offices and stores. Rental contracts are typically made for fixed periods of approximately 1 to 5 years but may have extension options.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

33 Summary of other potentially material accounting policies (Continued)

33.16 Leases (Continued)

(i) Leases as a lessee (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(ii) Leases as a lessor

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

33.17 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

EHI CAR SERVICES LIMITED
(incorporated in the Cayman Islands with limited liability)

AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Independent Auditor's Report

To the Director of eHi Car Services Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of eHi Car Services Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 5 to 56, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to recoverability of trade receivables.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of trade receivables Refer to Note 3.1(ii), Note 4(ii) and Note 20 to the consolidated financial statements. As at 31 December 2023, the gross carrying value of trade receivables was approximately RMB 1,101 million, with loss allowances amounted to RMB 501 million. The Group applies the IFRS 9 “Financial Instruments” simplified approach to measure expected credit loss which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit loss, trade receivables are grouped based on shared credit risk characteristics and aging periods. When measuring expected credit loss, the Group considers historical credit loss, and adjusts by taking into consideration current conditions and forward-looking factors. In assessing forward-looking information, the Group considers factors including macroeconomic indicators. We focused on this area as it involves significant estimations and judgements by management, and thus significant time and resources were devoted in this area. The inherent risk in relation to the impairment assessment of trade receivables is considered significant because the management's judgements are subjective.	We performed the following procedures in relation to management's assessment on the recoverability of trade receivables: - We understood, evaluated and tested the relevant key controls on management's assessment on the recoverability of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity. - We evaluated the categorisation of the Group's customers which is based on similar risk profile. - We tested the aging profile of trade receivables as at 31 December 2023 used in the calculation of allowance for impairment of trade receivables. - For historical default, we evaluated management's consideration of historical experience in making the assessment of the impairment provision and the reasonableness of period of data used in the assessment. We checked the completeness and accuracy of the historical data used in the calculation. - For forward-looking information, we evaluated the appropriateness of adjustments for forward-looking information to the relevant industry, including agreeing to supporting evidence. We checked the completeness and accuracy of data used in forward-looking assessment. - We recalculated the mathematical accuracy of the impairment provision. Based on our audit procedures, we found the accounting estimates and judgements adopted by management in determining the recoverability of trade receivables are supported by available evidence.

Responsibilities of Director for the Consolidated Financial Statements

The director of the Company is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the director is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The director is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the director, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Peter Man Kam Tsang.

A handwritten signature in black ink, appearing to read "Peter Man Kam Tsang".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 April 2024

EH1 CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	Year ended 31 December	
		2023	2022
		RMB'000	RMB'000
Revenues			
- Car rentals and services	6	4,216,053	3,224,617
- Sales of used rental vehicles	6	650,261	211,187
		<u>4,866,314</u>	<u>3,435,804</u>
Cost of revenues			
- Car rentals and services	7	(3,479,465)	(3,361,268)
- Sales of used rental vehicles	7	(648,069)	(211,729)
		<u>738,780</u>	<u>(137,193)</u>
Gross profit/(loss)			
Selling and marketing expenses	7	(182,494)	(126,027)
General and administrative expenses	7	(399,692)	(373,025)
Net impairment reversals/(losses) on financial assets	3.1(ii)	321,974	(453,739)
Other income/(expenses), net	9	17,838	(11,521)
Other gains, net	10	22,599	160,225
Finance income	11	3,959	4,952
Finance costs	11	(632,214)	(602,843)
Finance costs, net	11	(628,255)	(597,891)
Loss before income tax		<u>(109,250)</u>	<u>(1,539,171)</u>
Income tax expense	13	(54)	(186)
Loss for the year		<u>(109,304)</u>	<u>(1,539,357)</u>
Loss attributable to equity holders of the Company		<u>(109,304)</u>	<u>(1,539,357)</u>
Other comprehensive loss			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences		(89,841)	(430,875)
Changes in the fair value of equity investments at fair value through other comprehensive income ("FVOCI")	3.3(i)	(130)	1,953
Other comprehensive loss for the year		<u>(89,971)</u>	<u>(428,922)</u>
Total comprehensive loss for the year		<u>(199,275)</u>	<u>(1,968,279)</u>
Total comprehensive loss attributable to equity holders of the Company		<u>(199,275)</u>	<u>(1,968,279)</u>

The above consolidated statement of comprehensive loss should be read in conjunction with the accompanying notes.

EH1 CAR SERVICES LIMITED
(All amounts in RMB, unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	As at 31 December	
		2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	7,127,201	6,614,306
Prepayments for purchase of vehicles		38,034	67,243
Right-of-use assets	15(i)	554,862	44,575
Intangible assets	16	203,526	202,273
Deferred tax assets	29	17,616	-
Financial assets at fair value	18	73,986	80,178
Prepayments and other receivables	21	837,263	661,710
		<u>8,852,488</u>	<u>7,670,285</u>
Current assets			
Inventories	19	52,035	58,555
Trade receivables	20	599,414	695,960
Prepayments and other receivables	21	723,345	614,296
Restricted cash	22	1,149	846
Cash and cash equivalents	22	543,126	611,465
		<u>1,919,069</u>	<u>1,981,122</u>
Total assets		<u>10,771,557</u>	<u>9,651,407</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	4,222	4,222
Share premium	23	4,656,594	4,656,594
Other reserves	24	14,783	104,754
Accumulated losses		(4,172,267)	(4,062,963)
Total equity		<u>503,332</u>	<u>702,607</u>

EH1 CAR SERVICES LIMITED

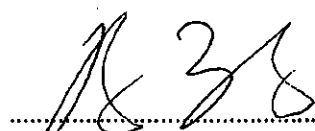
(All amounts in RMB, unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**AS AT 31 DECEMBER 2023**

	Note	As at 31 December	
		2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	28	3,396,142	5,441,034
Lease liabilities	15(i)	314,247	7,266
Deferred tax liabilities	29	17,616	-
Financial liabilities at fair value through profit or loss	27	9,265	10,902
Trade payables	25	-	204,072
		<u>3,737,270</u>	<u>5,663,274</u>
Current liabilities			
Trade payables	25	269,962	264,458
Accrued expenses and other current liabilities	26	872,443	618,631
Contract liabilities	6	84,127	78,477
Current tax liabilities		23,269	38,021
Borrowings	28	5,038,910	2,247,125
Lease liabilities	15(i)	242,244	38,814
		<u>6,530,955</u>	<u>3,285,526</u>
Total liabilities		<u>10,268,225</u>	<u>8,948,800</u>
Total equity and liabilities		10,771,557	9,651,407

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 5 to 56 were approved by the Director on 29 April 2024 and were signed on its behalf.



 Ray Zhang
 Director

EH1 CAR SERVICES LIMITED
(All amounts in RMB, unless otherwise stated)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share capital RMB'000 (Note 23)	Share premium RMB'000 (Note 23)	Other reserves RMB'000 (Note 24)	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2022	4,222	4,656,594	533,676	(2,523,606)	2,670,886
Loss for the year	-	-	-	(1,539,357)	(1,539,357)
Other comprehensive loss	-	-	(428,922)	-	(428,922)
Total comprehensive loss for the year	-	-	(428,922)	(1,539,357)	(1,968,279)
As at 31 December 2022	4,222	4,656,594	104,754	(4,062,963)	702,607
As at 1 January 2023	4,222	4,656,594	104,754	(4,062,963)	702,607
Loss for the year	-	-	-	(109,304)	(109,304)
Other comprehensive loss	-	-	(89,971)	-	(89,971)
Total comprehensive loss for the year	-	-	(89,971)	(109,304)	(199,275)
As at 31 December 2023	4,222	4,656,594	14,783	(4,172,267)	503,332

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	Year ended 31 December	
		2023	2022
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	30(i)	485,380	1,214,992
including: payments for purchase of vehicles	30(i)	(2,828,100)	(351,253)
proceeds from sales of vehicles	30(i)	1,149,249	299,529
Interest received		3,959	4,952
Interest paid		(608,142)	(582,059)
Income tax paid		(25)	(446)
Net cash flows (used in)/generated from operating activities		(118,828)	637,439
Cash flows from investing activities			
Payments for short-term investment		-	(150,000)
Proceeds from short-term investment		-	351,520
Payments for purchase of property, plant and equipment		(193,895)	(131,881)
Payments for purchase of intangible assets		(2,994)	(903)
Net cash flows (used in)/generated from investing activities		(196,889)	68,736
Cash flows from financing activities			
Proceeds from bank and other borrowings		3,683,528	1,205,880
Repayment of bank and other borrowings		(2,643,661)	(1,283,094)
Repayment of syndicated loans		(287,500)	(212,500)
Repurchase of senior notes		(147,228)	(195,094)
Payments of deposits related to other borrowings		(162,368)	(34,826)
Proceeds from deposits related to other borrowings		102,508	6,072
Payment of issuance cost for syndicated loans		(2,865)	(5,187)
Payment by instalments for purchase of vehicles		(171,091)	(60,194)
Principal elements of lease payments		(110,674)	(44,730)
Net cash flows generated from/(used in) financing activities		260,649	(623,673)
Net (decrease)/increase in cash and cash equivalents		(55,068)	82,502
Cash and cash equivalents at beginning of the year		611,465	512,374
Exchange differences on cash and cash equivalents		(13,271)	16,589
Cash and cash equivalents at end of the year		543,126	611,465

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

EHl CAR SERVICES LIMITED

(All amounts in RMB, unless otherwise stated)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****1 General information**

eHi Car Services Limited (the “Company”) was incorporated in the Cayman Islands on 3 August 2007 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands by Ray Ruiping Zhang (the “Founder”). The registered office is at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “Group”), are principally engaged in providing car rentals and car services to corporate and individual customers in the People’s Republic of China (“PRC” or “China”). On 18 November 2014, the Company completed its initial public offering and became listed on the New York Stock Exchange with each ADS representing two Class A common shares. On 9 April 2019, the Company was privatized by completing a merger and ceased to be a public corporation with the trading of its common shares terminated.

The ultimate holding company of the Company is eHi Inc. (formerly named as Teamsport Topco Limited), which is incorporated in the Cayman Islands with limited liability.

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2 Basis of preparation**(i) Compliance with IFRS Accounting Standards**

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (“IFRS”).

IFRS comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2 Basis of preparation (Continued)

(iii) Going concern basis

The Group had net current liabilities of RMB4,611,886,000 as at 31 December 2023 and a net loss of RMB109,304,000 for the year ended 31 December 2023. Additionally, as discussed in Note 28(iv)(a) to the consolidated financial statements, the Group has 2024 Senior Notes with principal amount of US\$381,500,000 (equivalent to RMB2,702,050,000) as at 31 December 2023 that will mature on 14 November 2024.

In response to the above conditions, the management prepared a cash flow forecast covering a period of not less than the next twelve months from the date of these financial statements. The management plans to take a number of measures to improve its liquidity position, including, but not limited to, the following:

- (a) continue keeping the Group's fleet size and to maintain healthy utilization rate of cars,
- (b) to maintain good relationships with the banks and financial institutions to secure the source of borrowings when needed, including but not limited to, renewal of existing borrowings, obtaining additional credit facilities from banks and financial institutions, and issuances of new debts, e.g., the senior notes,
- (c) to improve the collection of proceeds from disposal of used cars.

In March 2024, a majority of the 2024 Senior Notes was refinanced by senior notes that will mature on 26 September 2027 (Note 33).

In the opinion of the management, in light of the above, the anticipated cash flows expected to be generated from operations, funds available from banks, financial institutions and issuances of new debts will be sufficient to meet the Group's working capital, capital expenditure and debt obligation requirements for at least the next twelve months from the date of these financial statements. Accordingly, the management considers that it is appropriate to prepare the financial statements on a going concern basis.

(iv) New and amended standards adopted by the Group

The Group has applied the following new standard and amendments for the first time for its annual reporting period commencing 1 January 2023.

- *IFRS 17 Insurance Contracts*
- *Definition of Accounting Estimates – Amendments to IAS 8*
- *International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*
- *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*

The adoption of the new standard and amendments listed above did not have any significant impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods. The impact of adoption of amendments to IAS 12 is disclosed in Note 29.

(v) New and amended standards and interpretations not yet adopted

Certain amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(i) **Market risk**

(a) **Foreign exchange risk**

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company is United States dollar ("US\$") whereas functional currency of the subsidiaries operate in the PRC is RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible.

The Group operates mainly in the PRC with most of the transactions settled in RMB. Management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group which are denominated in the currencies other than the respective functional currencies of the Group's entities.

(b) **Cash flow and fair value interest rate risk**

The Group's income and operating cash flows are substantially independent from changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents and restricted cash, details of which have been disclosed in Note 22 respectively.

The Group's exposure to changes in interest rates is more attributable to its borrowings, details of which have been disclosed in Note 28. Borrowings carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk. As at 31 December 2023, if the interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's pre-tax loss for the year ended 31 December 2023 would have been approximately RMB2,073,400 (2022: RMB2,894,000) higher/lower, mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, trade receivables and financial assets included in other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

Risk management

Credit risk is managed on a Group basis. All cash and cash equivalents and restricted cash are placed with state-owned banks and financial institutions in the PRC and reputable international banks and financial institutions in Hong Kong. For the other financial assets, the Group has policies in place to ensure that the credit period granted to the customers and the credit quality of these customers are assessed, which takes into account their financial position, past experience and available forward-looking information. In addition, the Group has policies in place to ensure that settlement of trade receivables is followed up on a timely basis. At the end of the reporting period, the Group reviews the recoverable amount of each material individual debt to ensure that adequate expected credit losses are made for irrecoverable amounts.

Recoverability of financial assets

Trade receivables

The Group applied the IFRS 9 "Financial Instruments" simplified approach to measure expected credit losses ("ECLs") which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and aging periods.

The expected loss rates are based on the payment profiles of sales over a period of 60 months before 31 December 2023 or 48 months before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the broad money supply (M2), fixed-asset investment, Producer Price Index growth rate, etc of China in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

For ECL assessment, the trade receivables are categorized into receivables of car rentals and services and receivables of sales of used rental vehicles, and are further grouped based on shared credit risk characteristics and aging periods.

EH1 CAR SERVICES LIMITED
(All amounts in RMB, unless otherwise stated)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Recoverability of financial assets (Continued)

Trade receivables (Continued)

As at 31 December, the loss allowance for trade receivables was as follows:

Car rentals and services	Within 1 year RMB'000	Between 1 and 2 years RMB'000	More than 2 years RMB'000	Total RMB'000	
31 December 2023					
- Expected loss rate	1.49%	78.78%	100.00%	36.87%	
- Gross carrying amount	169,189	3,011	92,848	265,048	
- Loss allowance	2,515	2,372	92,848	97,735	
31 December 2022					
- Expected loss rate	1.53%	67.73%	100.00%	40.83%	
- Gross carrying amount	145,431	5,503	94,103	245,037	
- Loss allowance	2,218	3,727	94,103	100,048	
Sales of used rental vehicles	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	More than 3 years RMB'000	Total RMB'000
31 December 2023					
- Expected loss rate	10.35%	43.79%	69.59%	100.00%	33.96%
- Gross carrying amount	365,810	76,948	172,009	26,578	641,345
- Loss allowance	37,849	33,695	119,708	26,578	217,830
31 December 2022					
- Expected loss rate	9.11%	44.86%	74.41%	100.00%	49.98%
- Gross carrying amount	143,013	593,065	318,157	22,039	1,076,274
- Loss allowance	13,026	266,074	236,750	22,039	537,889

As at 31 December 2023, the amount of individually impaired trade receivables related to sales of used rental vehicles was RMB194,423,000 (2022: RMB198,025,000) with the provision for loss allowance of RMB185,837,000 (2022: RMB185,439,000).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Recoverability of financial assets (Continued)

Trade receivables (Continued)

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	Car rentals and services		Sales of used rental vehicles		Total	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Opening loss allowance at 1 January	100,048	96,509	723,328	307,985	823,376	404,494
(Decrease)/increase in the allowance recognized in profit or loss during the year	(2,313)	3,539	(319,661)	450,200	(321,974)	453,739
Receivables written off during the year as uncollectible	-	-	-	(34,857)	-	(34,857)
Closing loss allowance at 31 December	<u>97,735</u>	<u>100,048</u>	<u>403,667</u>	<u>723,328</u>	<u>501,402</u>	<u>823,376</u>

During 2023, the reversal of loss allowances for trade receivables amounting to RMB321,974,000 was primarily attributable to the recoveries of trade receivables of sales of used rental vehicles from certain customers.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than five years past due.

Impairment losses on trade receivables are presented as net impairment losses on financial assets in profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Financial assets included in other receivables

For financial assets included in other receivables, the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experiences and available forward-looking information.

The Group applies the general approach in calculating ECLs, where the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In addition, the Group considers if there has been a significant increase in credit risk when contractual payments are more than three months past due.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Recoverability of financial assets (Continued)

Financial assets included in other receivables (Continued)

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12 month expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3).

As at 31 December 2023 and 2022, except for receivable from vehicle supplier and finance lease receivables, financial assets included in other receivables are classified as Stage 1 with immaterial ECL based on historical loss experience and insignificant forward-looking factor adjustment. The categories of receivable from vehicle supplier and finance lease receivables with credit losses provided for were as follows:

	Internal credit-rating	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000	Basis for ECL provision
Receivable from vehicle supplier					
- 31 December 2023	Non-performing	100.00%	47,112	47,112	Lifetime
- 31 December 2022	Non-performing	100.00%	47,112	47,112	expected losses
Finance lease receivables					
- 31 December 2023	Non-performing	99.27%	16,060	15,943	Lifetime
- 31 December 2022	Non-performing	99.27%	16,060	15,943	expected losses

The loss allowances for receivable from vehicle supplier and finance lease receivables as at 31 December reconcile to the opening loss allowances as follows:

	Receivable from vehicle supplier		Finance lease receivables		Total	
	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening loss allowance at 1 January	47,112	57,112	15,943	15,943	63,055	73,055
Receivables written off during the year as uncollectible	-	(10,000)	-	-	-	(10,000)
Closing loss allowance at 31 December	47,112	47,112	15,943	15,943	63,055	63,055

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk (Continued)

Recoverability of financial assets (Continued)

Financial assets included in other receivables (Continued)

Financial assets included in other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than five years past due.

Impairment losses on financial assets included in other receivables are presented as net impairment losses on financial assets in profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss is identified.

(iii) Liquidity risk

Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents and securing the source of borrowings (Note 2(iii)).

The table below analyzes the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

EHI CAR SERVICES LIMITED
(All amounts in RMB, unless otherwise stated)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

	Contractual undiscounted cash flow			Carrying amount
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 December 2023				
Trade payables	271,194	-	-	271,194
Accrued expenses and other current liabilities	593,952	-	-	593,952
Financial liabilities at fair value through profit or loss	-	-	9,265	9,265
Borrowings	5,593,366	1,362,488	2,352,018	9,307,872
Lease liabilities	263,949	206,431	132,806	603,186
Total	6,722,461	1,568,919	2,494,089	10,785,469
As at 31 December 2022				
Trade payables	289,519	205,335	-	494,854
Accrued expenses and other current liabilities	336,146	-	-	336,146
Financial liabilities at fair value through profit or loss	-	-	10,902	10,902
Borrowings	2,390,919	4,000,570	2,300,246	8,691,735
Lease liabilities	40,611	7,779	661	49,051
Total	3,057,195	4,213,684	2,311,809	9,582,688
				8,549,817

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3 Financial risk management (Continued)

3.2 Capital risk management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance equity holders' value in the long term.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debts. As at 31 December 2023 and 2022, the gearing ratio of the Group is as follows:

	Note	As at 31 December	
		2023 RMB'000	2022 RMB'000
Net debt	30(ii)	8,448,417	7,122,774
Total equity		503,332	702,607
Total capital		8,951,749	7,825,381
Gearing ratio		94%	91%

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at 31 December 2023 and 2022 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2023 and 2022:

As at 31 December 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets	-	-	73,986	73,986
Financial liabilities	-	-	9,265	9,265

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

As at 31 December 2022	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets	-	-	80,178	80,178
Financial liabilities	-	-	10,902	10,902

The fair value of financial instruments traded in active markets is determined based on quoted market prices at each of the reporting dates. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted securities.

The level 3 instruments include financial assets at fair value through profit or loss ("FVPL"), financial assets at FVOCI and financial liabilities at FVPL. As these instruments are not traded in an active market, their fair values have been determined using various applicable methodologies.

(i) Financial instruments in level 3

The following table presents the changes in level 3 financial instruments for the years ended 31 December 2022 and 2023:

	Financial assets at FVPL RMB'000	Financial assets at FVOCI RMB'000	Total RMB'000	Financial liabilities at FVPL RMB'000
Balance as at 1 January 2022	64,883	25,283	90,166	(13,698)
Changes in fair value	(11,941)	1,953	(9,988)	2,796
Balance as at 31 December 2022	52,942	27,236	80,178	(10,902)
Changes in fair value	(6,062)	(130)	(6,192)	1,637
Balance as at 31 December 2023	46,880	27,106	73,986	(9,265)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

(ii) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Unlisted investments	Fair value RMB'000	Unobservable inputs	Inputs	Relationship of unobservable inputs to fair value
31 December 2023	73,986	Weighted average cost of capital ("WACC")	12.56%~ 23.56%	Expected +1% higher would decrease fair value by RMB6,043,000; -1% lower would increase fair value by RMB7,011,000.
31 December 2022	80,178	WACC	12.54%~ 21.84%	Expected +1% higher would decrease fair value by RMB6,510,000; -1% lower would increase fair value by RMB7,589,000.

The Group determines the fair value of financial liabilities at FVPL based on the fair value of the underlying investments and the predetermined profit distribution mechanism that are set out in the partnership agreements. Therefore the significant unobservable input of the financial liabilities is the same as that used in the valuation of underlying investments stated as above.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management of the Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Estimation of the useful life and residual values of rental vehicles

The Group determines the estimated useful lives of rental vehicles based on the estimated holding period of such rental vehicles. Management will increase the depreciation charge where useful lives are less than previously estimated, or will write off or write down the carrying balances of technically obsolete or damaged rental vehicles that have been abandoned. Actual holding period may differ from estimated useful lives. Periodic review could result in a change in useful lives and residual values which impact depreciation charges in the future periods.

The Group determines the estimated residual values at the expected time of disposal. The Group makes use of currently available market information and the estimated residual values for rental vehicles based on factors including model, age, mileage and location. Management will increase the depreciation charge where residual values are less than previously estimated values. Actual value at the time of disposal may differ from estimated residual values. Periodic review could result in a change in residual values and therefore depreciation charges in the future periods.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4 Critical accounting estimates and judgements (Continued)

(ii) Recoverability of trade and other receivables

The Group adopts the simplified expected credit loss model for its trade receivables, as allowed by IFRS 9. The Group refers to the experience of historical credit losses, integrated with the current situation and the forecast of the future economic situation, and prepares the model which refers to the days past due and the expected credit loss rate during lifetime, in order to assess the expected credit loss.

The loss allowances for other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Management will reassess the provision by each statement of financial position date. Details of the key assumptions and inputs used are disclosed in Note 3.1(ii).

(iii) Taxation

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made.

The Group recognizes deferred tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred tax assets mainly involves management's judgments and estimations about the timing and the amount of taxable profits of the companies which have tax losses.

5 Segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the chief executive officer and the vice presidents of the Group who make strategic decisions.

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The chief executive officer and the vice presidents review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reporting.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC. As at 31 December 2023 and 2022, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6 Revenues

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Car rentals and services		
- Car rentals	3,710,863	2,760,586
- Car services	505,190	464,031
	<u>4,216,053</u>	<u>3,224,617</u>
Sales of used rental vehicles	650,261	211,187
	<u>4,866,314</u>	<u>3,435,804</u>

Liabilities related to contracts with customers

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Advances from sales of used rental vehicles	43,985	39,263
Advances from car rentals of outstanding orders	32,549	33,220
Deferred revenue under customer loyalty programme	7,593	5,994
Total contract liabilities	<u>84,127</u>	<u>78,477</u>

Revenue recognized in relation to contract liabilities

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the period		
- Advances from sales of used rental vehicles	39,263	40,512
- Advances from car rentals of outstanding orders	26,078	12,434
- Deferred revenue under customer loyalty programme	5,994	7,007
	<u>71,335</u>	<u>59,953</u>

Accounting policies of revenue recognition

(i) Car rentals revenue

The Group derives revenues primarily by providing vehicle rentals and other related mobility services to individual and corporate customers. The normal car rental orders contain multiple services provided to customers and are satisfied by payments including car rent, insurance charges, upgrade fee, one-way drop fee, gasoline and fuel service fee, chauffeured car service fee, etc. The Group's leases for vehicle rentals have rental periods that are typically short term in nature and can generally be extended or terminated at the customer's discretion, which meet the classification of operating leases in accordance with IFRS 16 "Leases".

According to IFRS 16, the Group identifies the lease components and integral parts of lease components, which include vehicle rent, basic insurance charges, upgrade charges, late charges, one-way drop fee and transaction-based handling fees. The Group recognizes lease payments from the above lease and integral parts of lease components in the car rental orders on a straight-line basis throughout the rental period. Individual customers pay in advance prior to the rental vehicle pick-up. Payments received from customers are initially classified as contract liabilities and are recognized as revenues when revenue recognition criteria are met.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

6 Revenues (Continued)

Accounting policies of revenue recognition (Continued)

(i) Car rentals revenue (Continued)

The Group also offers value-added services in connection with the vehicle rentals, such as chauffeured car service, gasoline and fuel service, clearance service of traffic violation, repair service for accident vehicles and electronic toll collection ("ETC") service. These services are non-lease components and are accounted for in accordance with IFRS 15 "Revenue from Contracts with Customers". The transaction price is allocated to each performance obligation based on the relative stand-alone selling prices. The performance obligation of chauffeured car service is satisfied over time and the Group recognizes revenue evenly over the lease period of rental. The performance obligations of value-added services including gasoline and fuel service, clearance service of traffic violation, repair service for accident vehicles and ETC service are satisfied at a point in time and the Group recognizes revenue when the services are provided.

The Group also offers value-added insurance arrangement to lessees. Such arrangements are insurance contracts issued by the Group as they transfer significant insurance risk, including personal injury or death risk and property damage risk, from the customers to the Group. The Group applies premium allocation method to measure such insurance contracts issued in accordance with IFRS 17 "Insurance Contracts" as the coverage period of each contract is less than one year. Insurance revenue for the period is the amount of expected premium receipts allocated to the period on the basis of the passage of time. The insurance contract liabilities at the end of each reporting period are the sum of the liability for remaining coverage and the liability for incurred claims.

Customer loyalty programme

The Group has a customer loyalty programme where registered members earn points upon eligible purchases and such points can be redeemed for free rental periods, mileage upgrades, and other free gifts. Each transaction that generates loyalty points results in the deferral of revenue equivalent to the fair value at the date the points are earned. The associated revenue is recognized when the customer redeems the loyalty points at some point in the future. The fair value of loyalty points is estimated based on the fair value measured by allocation of transaction price according to the relative stand-alone selling prices, less an estimated amount representing loyalty points that are not expected to be redeemed ("breakage"). Breakage is estimated on an annual basis and includes significant assumptions such as historical breakage trends and internal Group forecasts. The payables for loyalty programme are classified as contract liabilities in the consolidated statement of financial position.

Customer deposits

The Group collects deposits from corporate and institutional customers upon entering into negotiated contracts, and such amount is refundable at the end of the contract period provided that no contract violations are noted. For individual customers, the Group collects additional amounts from them upon return of the rental vehicles based on the estimated repair and other relevant costs. In situations where the contract is violated or damage is caused to the vehicle, customer deposits received are used to offset costs incurred in the period when such incidents occur, and the excess amount is returned to customers. Customer deposits from customers are recorded in accrued expenses and other current liabilities in the consolidated statement of financial position.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6 Revenues (Continued)

Accounting policies of revenue recognition (Continued)

(ii) Sales of used rental vehicles

For sales of used rental vehicles for which the control of the used rental vehicle is transferred at a point in time, revenue is recognized when the Group transfers the physical possession and the vehicle certificate of the used rental vehicle, the Group has present right to payment and the collection of the consideration is probable. The advance payment from used vehicles dealers is classified as contract liabilities in the consolidated statement of financial position.

7 Expenses by nature

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Employee benefit expenses	8	949,487	840,866
Cost of sales of used rental vehicles		648,069	211,729
Depreciation of property, plant and equipment	14	1,424,369	1,611,367
Impairment on property, plant and equipment	14	36,107	2,234
Depreciation of right-of-use assets	15	110,800	53,467
Amortization of intangible assets	16	1,806	5,905
Vehicle repair and maintenance		365,589	304,346
Gasoline and transportation costs		247,320	200,155
Vehicle insurance expenses		187,125	176,793
Store expenses		158,465	146,845
Other tax expenses		116,695	127,561
Advertising and promotion expenses		90,526	55,513
Outsourced fleet lease expenses	15	78,793	49,200
Short-term rental expenses	15	59,748	65,410
Internet and software expenses		29,313	26,679
Entertainment expenses		24,876	20,942
Commission fee		24,847	15,985
Bank charges		22,366	15,720
Traveling expenses		18,702	12,520
Auditors' remuneration		8,025	7,601
Office expenses		5,291	4,467
Consultation expenses		2,214	23,044
Others		99,187	93,700
Total cost of revenues, selling and marketing expenses and general and administrative expenses		4,709,720	4,072,049

8 Employee benefit expenses

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Wages, salaries and bonuses	810,345	703,945
Pension costs - defined contribution plans	66,317	65,578
Other social security costs, housing benefits and other employee benefits	72,825	71,343
	949,487	840,866

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9 Other income/(expenses), net.

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Value-added tax ("VAT") input super deduction (Note (i))	24,678	26,059
Government grants	3,777	26,036
Late payment charges (Note (ii))	(6,799)	(78,852)
Others	(3,818)	15,236
	<u>17,838</u>	<u>(11,521)</u>

- (i) Pursuant to the relevant policies jointly issued by the Ministry of Finance and the State Administration of Taxation, certain subsidiaries of the Company, as service companies, were entitled to an additional 5% deduction of input VAT from output VAT in 2023 (2022: 10%).
- (ii) In 2022, the Company carried out a self-review of the Group's VAT for the period from 1 January 2018 to 30 June 2022. As a result of the self-review of the Group's VAT, the Group recorded late payment charges of RMB78,852,000 in 2022.

10 Other gains, net

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Gain on repurchase of senior notes	28(iv)	32,827	167,068
Net fair value loss on financial assets at FVPL	3.3(i)	(6,062)	(11,941)
Net fair value gain on financial liabilities at FVPL	3.3(i)	1,637	2,796
Net exchange differences		(5,803)	1,317
Gain on short-term investment		-	985
		<u>22,599</u>	<u>160,225</u>

11 Finance income and costs

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Finance income			
- Bank deposit interest income		<u>3,959</u>	<u>4,952</u>
Finance costs			
- Interest on senior notes		(380,184)	(383,688)
- Interest on other borrowings		(201,639)	(156,562)
- Interest on syndicated loans		(22,409)	(33,090)
- Interest on bank borrowings		(15,132)	(24,957)
- Interest on lease liabilities	15(ii)	<u>(12,850)</u>	<u>(4,546)</u>
		<u>(632,214)</u>	<u>(602,843)</u>
Finance costs, net		<u>(628,255)</u>	<u>(597,891)</u>

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12 Subsidiaries and the controlled structured entity

As at 31 December 2023, particulars of the principal subsidiaries and variable interest entity ("VIE") are as follows:

	Percentage of attributable interest	Date of incorporation	Place of incorporation	Principal activities
<u>Offshore subsidiaries</u>				
eHi Auto Services (Hong Kong) Holding Limited	100%	13 July 2010	Hong Kong	Investment holding
L&L Financial Leasing Holding Limited	100%	17 October 2013	Hong Kong	Investment holding
Brave Passion Limited	100%	29 May 2015	British Virgin Islands	Investment holding
<u>Onshore subsidiaries</u>				
Shuzhi Information Technology (Shanghai) Co., Ltd.	100%	21 March 2008	PRC	Car rentals
Shanghai eHi Car Rental Co., Ltd.	100%	18 March 2008	PRC	Car rentals
Shanghai Smart Brand Auto Driving Services Co., Ltd.	100%	13 April 2011	PRC	Car rentals
eHi Auto Services (Jiangsu) Co., Ltd.	100%	23 December 2011	PRC	Car rentals
Shanghai Taihao Financial Leasing Co., Ltd.	100%	7 January 2014	PRC	Car rentals
eHi Car Rental Management Services (Shanghai) Co., Ltd.	100%	10 November 2015	PRC	Car rentals
eHi (Hainan) Holding Co., Ltd	100%	22 June 2021	PRC	Car rentals
Shanghai Wenlong Information Technology Service Co., Ltd.	100%	4 August 2020	PRC	Information technology service
<u>Consolidated VIE *</u>				
Shanghai eHi Information Technology Service Co., Ltd.	100%	13 March 2014	PRC	Information technology service

** insignificant operations with immaterial related balances and transactions for the years ended 31 December 2023 and 2022*

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13 Income tax expense

(i) Cayman Islands corporate income tax ("CIT")

Under the current laws of the Cayman Islands, the Group is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Group to its shareholders, no Cayman Islands withholding tax will be imposed.

(ii) Hong Kong profits tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5%. The operation in Hong Kong has incurred net accumulated operating losses for income tax purposes and no income tax provisions are recorded for the periods presented.

(iii) PRC corporate income tax

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC, calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The Company's subsidiaries and VIE registered in the PRC are subject to PRC CIT of 25%. Certain small-scaled PRC entities are subject to a preferential income tax rate of 5% (2022: 2.5%).

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Current income tax expense	54	186

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the year ended 31 December 2023 (2022: 25%), being the tax rate of the major subsidiaries of the Group. The difference is analyzed as follows:

	Note	Year ended 31 December	
		2023	2022
		RMB'000	RMB'000
Loss before income tax		(109,250)	(1,539,171)
Tax calculated at a tax rate of 25%		(27,313)	(384,793)
Effects of preferential tax rates applicable to different subsidiaries of the Group		8,839	5,130
Losses incurred in other jurisdictions with no tax benefit	(a)	88,197	52,654
Research and development tax credit	(b)	(10,750)	(10,808)
Expenses not deductible for taxation purpose		6,311	18,641
Tax losses and other temporary differences for which no deferred tax asset was recognized		32,901	317,282
Utilization of previously unrecognized tax losses		(99,631)	-
Tax filing difference of prior year		1,500	2,080
Income tax expense		54	186

- (a) The net pre-tax loss of offshore entities within the Group was mainly resulted from the interest expenses related to borrowings and gains/losses on repurchase of senior notes.
- (b) It represents the additional tax deductions for qualified research and development expenses which are accounted for as permanent differences.

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14 Property, plant and equipment

	Rental vehicles RMB'000 (Note (i))	Building RMB'000	In-car equipment RMB'000	Leasehold improvements RMB'000	Office furniture and equipment RMB'000	Construction in progress ("CIP") RMB'000	Total RMB'000
At 1 January 2022							
Cost	9,710,994	96,159	148,614	135,971	45,668	22,605	10,160,011
Accumulated depreciation and impairment	(1,897,897)	(10,075)	(116,414)	(91,431)	(35,578)	-	(2,151,395)
Net book amount	7,813,097	86,084	32,200	44,540	10,090	22,605	8,008,616
Year ended 31 December 2022							
Opening net book amount	7,813,097	86,084	32,200	44,540	10,090	22,605	8,008,616
Additions	-	-	27,692	40,530	2,711	327,212	398,145
Transfer from CIP (Note (ii))	345,256	-	-	-	-	(345,256)	-
Transfer to inventories (Note (iii))	(178,692)	-	-	-	-	-	(178,692)
Disposal	-	-	(2)	-	(160)	-	(162)
Depreciation charge (Note (iv))	(1,539,180)	(2,253)	(27,314)	(39,459)	(3,161)	-	(1,611,367)
Impairment loss (Note (v))	(2,234)	-	-	-	-	-	(2,234)
Closing net book amount	6,438,247	83,831	32,576	45,611	9,480	4,561	6,614,306
At 31 December 2022							
Cost	9,620,338	96,159	176,306	176,501	47,034	4,561	10,120,899
Accumulated depreciation and impairment	(3,182,091)	(12,328)	(143,730)	(130,890)	(37,554)	-	(3,506,593)
Net book amount	6,438,247	83,831	32,576	45,611	9,480	4,561	6,614,306

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14 Property, plant and equipment (Continued)

	Rental vehicles RMB'000 (Note (i))	Building RMB'000	In-car equipment RMB'000	Leasehold improvements RMB'000	Office furniture and equipment RMB'000	CIP RMB'000	Total RMB'000
At 1 January 2023							
Cost	9,620,338	96,159	176,306	176,501	47,034	4,561	10,120,899
Accumulated depreciation and impairment	(3,182,091)	(12,328)	(143,730)	(130,890)	(37,554)	-	(3,506,593)
Net book amount	6,438,247	83,831	32,576	45,611	9,480	4,561	6,614,306
Year ended 31 December 2023							
Opening net book amount	6,438,247	83,831	32,576	45,611	9,480	4,561	6,614,306
Additions	-	-	69,094	33,801	7,471	2,489,459	2,599,825
Transfer from CIP (Note (ii))	2,492,983	-	-	-	-	(2,492,983)	-
Transfer to inventories (Note (iii))	(626,344)	-	-	-	-	-	(626,344)
Disposal	-	-	(14)	-	(96)	-	(110)
Depreciation charge (Note (iv))	(1,346,103)	(2,253)	(30,238)	(42,947)	(2,828)	-	(1,424,369)
Impairment loss (Note (v))	(36,107)	-	-	-	-	-	(36,107)
Closing net book amount	6,922,676	81,578	71,418	36,465	14,027	1,037	7,127,201
At 31 December 2023							
Cost	10,676,401	96,159	244,560	210,301	52,741	1,037	11,281,199
Accumulated depreciation and impairment	(3,753,725)	(14,581)	(173,142)	(173,836)	(38,714)	-	(4,153,998)
Net book amount	6,922,676	81,578	71,418	36,465	14,027	1,037	7,127,201

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14 Property, plant and equipment (Continued)

- (i) A rental vehicle is considered ready for its intended use generally when the license plate for the vehicle is obtained, the vehicle is insured, and when a Global Positioning System ("GPS") tracking device is installed. The Group expects to hold its rental vehicles generally for a period of approximately 3 to 4 years before their disposal ("non-program cars"), except for the rental vehicles of which disposal prices and holding periods, typically ranging from 24 to 48 months, have been predetermined and fixed by agreements with certain car dealers ("program cars"). The estimated residual value of non-program cars is typically based on the current market price for used rental vehicles obtained from used vehicle dealers or the used rental vehicles market for similar models.

The Group monitors accounting estimates relating to vehicles on a quarterly basis, including the depreciation rates and estimated residual values. Changes made to estimates are reflected in vehicle-related depreciation expense on a prospective basis. In addition, depreciation expense associated with program cars is recorded based on the contractual disposal prices and holding periods, and is adjusted if the predetermined disposal conditions are not met or the holding periods are extended. When a vehicle is no longer used in rental service and becomes held for sale, it is not further depreciated and will be classified and presented in inventories in the consolidated statement of financial position, as further explained in the accounting policy in Note 34.7. The Group records the impairment loss for the net carrying value of a vehicle if the vehicle cannot be located within 6 months or is significantly damaged. Such impairment losses are recorded as cost of revenues. The cost of vehicles, as well as the accumulated depreciation and impairment, will be written off if the vehicle cannot be located within 12 months.

- (ii) CIP is transferred to rental vehicles and depreciation commences when an asset is ready for its intended use. Construction in progress mainly represents newly acquired vehicles which are not yet been placed in service. A newly acquired vehicle is ready for its intended use when all of the following criteria are met: (i) the vehicle license plate is obtained, (ii) the vehicle is insured, and (iii) a GPS-based tracking device is installed on the vehicle.
- (iii) The Group, in the course of its ordinary activities, routinely sells rental vehicles that it has held for rental to others. Rental vehicles are transferred to inventories at their carrying amounts when they cease to be rented and become held for sale in accordance with IAS 16 "Property, Plant and Equipment".
- (iv) Depreciation is calculated on the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Rental vehicles	2-6 years
Building	37-39 years
In-car equipment	3 years
Leasehold improvements	Over the shorter of the lease term or the estimated useful life of 2-5 years
Office furniture and equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation expense recognized for the years ended 31 December 2023 and 2022 are summarized as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Cost of revenues	1,417,066	1,602,796
General and administrative expenses	7,303	8,571
	<u>1,424,369</u>	<u>1,611,367</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14 Property, plant and equipment (Continued)

- (v) An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 34.5).

Impairment loss of RMB36,107,000 for vehicles which either cannot be located or are significantly damaged has been charged in cost of revenues for the year ended 31 December 2023 (2022: RMB2,234,000).

- (vi) Vehicles with a total carrying value of RMB2,584,898,000 as at 31 December 2023 (2022: RMB2,014,753,000) were pledged as securities for certain of the Group's borrowings (Note 28).

15 Leases

- (i) Amounts recognized in the consolidated statement of financial position

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Right-of-use assets		
- Vehicles	470,759	-
- Offices and stores	84,103	44,575
	<u>554,862</u>	<u>44,575</u>
Lease liabilities		
- Non-current	314,247	7,266
- Current	242,244	38,814
	<u>556,491</u>	<u>46,080</u>

Additions to the right-of-use assets for the year ended 31 December 2023 were RMB621,365,000 (2022: RMB34,235,000).

- (ii) Amounts recognized in the consolidated profit or loss

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Depreciation charge of right-of-use assets		
- Vehicles	60,102	-
- Offices and stores	50,698	53,467
	<u>110,800</u>	<u>53,467</u>
Expenses relating to lease liabilities		
- Interest expense (included in finance cost)	12,850	4,546
- Expense relating to short-term leases not included in lease liabilities (included in cost of revenues and general and administrative expenses)		
	<u>138,541</u>	<u>114,610</u>

The total cash outflow in respect of lease payments for the year ended 31 December 2023 was RMB262,065,000 (2022: RMB163,886,000).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16 Intangible assets

	Vehicle licenses RMB'000 (Note (i))	Operating licenses RMB'000 (Note (i))	Trademarks RMB'000	Software RMB'000	Total RMB'000
At 1 January 2022					
Cost	192,513	3,697	717	75,061	271,988
Accumulated amortization	-	-	(717)	(64,321)	(65,038)
Net book amount	192,513	3,697	-	10,740	206,950
Year ended 31 December 2022					
Opening net book amount	192,513	3,697	-	10,740	206,950
Additions	-	-	-	903	903
Amortization charge (Note (ii))	-	-	-	(5,905)	(5,905)
Exchange differences	-	325	-	-	325
Closing net book amount	192,513	4,022	-	5,738	202,273
At 31 December 2022					
Cost	192,513	4,022	717	75,964	273,216
Accumulated amortization	-	-	(717)	(70,226)	(70,943)
Net book amount	192,513	4,022	-	5,738	202,273
Year ended 31 December 2023					
Opening net book amount	192,513	4,022	-	5,738	202,273
Additions	-	-	-	2,994	2,994
Amortization charge (Note (ii))	-	-	-	(1,806)	(1,806)
Exchange differences	-	65	-	-	65
Closing net book amount	192,513	4,087	-	6,926	203,526
At 31 December 2023					
Cost	192,513	4,087	717	78,957	276,274
Accumulated amortization	-	-	(717)	(72,031)	(72,748)
Net book amount	192,513	4,087	-	6,926	203,526

(i) Licenses

Licenses include vehicle license plates and car rental operating licenses acquired from third parties and local administration authorities. Vehicle license plates do not expire and require no renewal. Car rental operating licenses are originally assigned a fixed operating period, which can be extended upon expiration without significant additional cost. The Group also believes that there is no significant risk involved in the car rental operating license renewal process. Further, there are no legal, regulatory or contractual provisions of which the Group is aware that may limit the useful lives of such licenses. As such, the Group considers them to be indefinite-lived and carries them at cost less any accumulated impairment losses.

Annual impairment review on the indefinite-lived assets of licenses has been conducted by the management as at 31 December 2023 and 2022 according to IAS 36 "Impairment of Assets". For the purposes of impairment review, the recoverable amount of licenses is determined based on the current market price for licenses. Based on the results of the impairment assessments, no impairment loss on licenses was recognized for the year ended 31 December 2023 (2022: Nil).

(ii) Amortization expense of RMB297,000 was charged in cost of revenues and RMB1,509,000 was charged in general and administrative expenses for the year ended 31 December 2023 (2022: RMB4,885,000 and RMB1,020,000).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

17 Financial instruments by category

	Note	As at 31 December	
		2023	2022
		RMB'000	RMB'000
Financial assets			
Financial assets at amortized cost			
- Trade receivables	20	599,414	695,960
- Financial assets included in other receivables	21	362,377	183,156
- Restricted cash	22	1,149	846
- Cash and cash equivalents	22	543,126	611,465
Financial assets at FVPL	18	46,880	52,942
Financial assets at FVOCI	18	27,106	27,236
		<u>1,580,052</u>	<u>1,571,605</u>
Financial liabilities			
Financial liabilities at amortized cost			
- Trade payables	25	269,962	468,530
- Financial liabilities included in accrued expenses and other current liabilities	26	593,952	336,146
- Borrowings	28	8,435,052	7,688,159
- Lease liabilities	15	556,491	46,080
Financial liabilities at FVPL	27	9,265	10,902
		<u>9,864,722</u>	<u>8,549,817</u>

18 Financial assets at fair value

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Unlisted investments		
- Financial assets at FVPL (Note (i))	46,880	52,942
- Financial assets at FVOCI (Note (ii))	27,106	27,236
	<u>73,986</u>	<u>80,178</u>

- (i) These include investments in the form of redeemable instruments and equity interests as a limited partner in a limited liability partnership ("LLP") with limited life, and thereby accounted for as financial assets at FVPL.
- (ii) For equity investments, in common shares or in-substance common shares, which are not held for trading, the Group can make irrevocable election to account for such equity investments at FVOCI upon initial recognition.

19 Inventories

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Used rental vehicles held for sale	21,217	34,544
Fuels	30,708	23,793
Others	110	218
	<u>52,035</u>	<u>58,555</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

20 Trade receivables

	Note	As at 31 December	
		2023 RMB'000	2022 RMB'000
Trade receivables, gross			
- Car rentals and services		265,048	245,037
- Sale of used rental vehicles		835,768	1,274,299
		<u>1,100,816</u>	<u>1,519,336</u>
Less: allowance for impairment			
- Car rentals and services	3.1(ii)	(97,735)	(100,048)
- Sales of used rental vehicles	3.1(ii)	(403,667)	(723,328)
		<u>(501,402)</u>	<u>(823,376)</u>
		<u>599,414</u>	<u>695,960</u>

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1(ii) for a description of the Group's impairment policies.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Trade receivables are amounts due from corporate customers for car rental services rendered or car dealers for used rental vehicles sold in the ordinary course of business. They are generally due for settlement within 30 to 180 days and therefore all are classified as current.

The Group generally does not provide credit terms to individual rental customers.

An aging analysis of trade receivables based on billing date is as follows:

	As at 31 December			
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
	Car rentals and services		Sales of used rental vehicles	
- Up to 1 year	169,189	145,431	369,830	146,847
- 1 to 2 years	3,011	5,503	80,782	600,405
- 2 to 3 years	483	2,987	179,349	376,579
- over 3 years	92,365	91,116	205,807	150,468
	<u>265,048</u>	<u>245,037</u>	<u>835,768</u>	<u>1,274,299</u>

Due to the short-term nature of the current receivables, their carrying amount is considered to approximate their fair value.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

21 Prepayments and other receivables

	Note	As at 31 December	
		2023	2022
		RMB'000	RMB'000
Non-current			
- Deductible VAT input		382,651	512,884
- Deposits		262,047	37,286
- Prepayment for building		154,029	60,948
- Prepaid car insurance		38,536	50,592
		<u>837,263</u>	<u>661,710</u>
Current			
- Deductible VAT input		456,829	362,034
- Prepaid car insurance		118,457	106,392
- Deposits		100,213	128,994
- Receivable from vehicle supplier		47,112	47,112
- Finance lease receivables		16,060	16,060
- Others		47,729	16,759
		<u>786,400</u>	<u>677,351</u>
Less: allowance for impairment	3.1(ii)	<u>(63,055)</u>	<u>(63,055)</u>
		<u>723,345</u>	<u>614,296</u>

22 Restricted cash and cash and cash equivalents

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Cash and bank balances	544,275	612,311
Less: restricted cash (Note (i))	(1,149)	(846)
Cash and cash equivalents	<u>543,126</u>	<u>611,465</u>

- (i) As at 31 December 2023 and 2022, the restricted cash was related to cash deposits with certain rental customers required under the rental arrangement.

23 Share capital and share premium

	Number of shares	Share capital RMB'000	Share premium RMB'000
As at 1 January 2022, 31 December 2022 and 31 December 2023	66,735,072	<u>4,222</u>	<u>4,656,594</u>

24 Other reserves

	Currency translation differences RMB'000	Financial assets at FVOCI RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2022	236,838	(6,389)	303,227	533,676
Fair value change of financial assets at FVOCI	-	1,953	-	1,953
Exchange differences	(430,875)	-	-	(430,875)
As at 31 December 2022	(194,037)	(4,436)	303,227	104,754
Fair value change of financial assets at FVOCI	-	(130)	-	(130)
Exchange differences	(89,841)	-	-	(89,841)
As at 31 December 2023	<u>(283,878)</u>	<u>(4,566)</u>	<u>303,227</u>	<u>14,783</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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25 Trade payables

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Payables for purchase of vehicles (Note (i))	206,610	433,397
Payables for purchase of in-car equipment	44,376	12,649
Others	18,976	22,484
	<u>269,962</u>	<u>468,530</u>
Less: non-current portion (Note (i))	-	(204,072)
	<u>269,962</u>	<u>264,458</u>

- (i) As at 31 December 2023, the payable balance for purchase of cars with a sale-back option ("AP model") amounted to RMB200,541,000 (2022: RMB427,328,000), out of which RMB200,541,000 (2022: RMB223,706,000) will be repaid in one year and was recorded under current liabilities with nil (2022: RMB203,622,000) recorded under non-current liabilities.

26 Accrued expenses and other current liabilities

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Accrued expenses to suppliers	259,061	154,973
Temporary receipts for purchase of vehicles (Note (i))	243,086	-
Accrued employee benefits	105,317	78,179
VAT output	59,985	60,576
Customer deposits	35,838	38,344
Accrued accident claims	27,180	26,949
Accrued internet and software expenses	14,038	15,342
Professional service fee payable	7,063	38,805
Other tax payable	3,901	4,105
Provision for self-review on VAT (Note (ii))	-	53,768
Others	116,974	147,590
	<u>872,443</u>	<u>618,631</u>

- (i) The Group received funds to purchase vehicles on behalf of lessor.
- (ii) As a result of the self-review on VAT (Note 9(ii)), the Company estimated the amounts of under-provided VAT liabilities and made provisions. Accrued VAT liabilities of RMB53,768,000 as at 31 December 2022 was certified by tax authorities and settled by the Group in 2023.

27 Financial liabilities at fair value through profit or loss

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Investment from other investors in LLPs	9,265	10,902

In November 2017, the Group established LLPs to make investments with other third-party investors. The Group is a limited partner of the LLPs with majority of equity interests and controls and consolidates the LLPs in accordance with IFRS 10 "Consolidated Financial Statements". The Group designates the investment from other investors in the LLPs and the variable returns as financial liabilities at FVPL given the limited lives of the LLPs as the designation significantly reduces accounting mismatch that would otherwise arise from measuring the investment made by third parties on different basis.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

28

Borrowings

	Note	31 December 2023			31 December 2022		
		Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Bank borrowings – unsecured	(i)	315,973	74,139	390,112	310,732	28,251	338,983
Other borrowings – secured	(ii)	1,133,477	829,017	1,962,494	1,292,663	207,074	1,499,737
Other borrowings – unsecured	(ii)	556,609	518,792	1,075,401	360,212	188,676	548,888
Syndicated loans	(iii)	274,907	-	274,907	283,518	274,571	558,089
Senior notes	(iv)	2,757,944	1,974,194	4,732,138	-	4,742,462	4,742,462
Total borrowings		5,038,910	3,396,142	8,435,052	2,247,125	5,441,034	7,688,159

As at 31 December 2023 and 2022, the Group's borrowings were repayable as follows:

	31 December 2023				31 December 2022			
	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
Bank borrowings	315,973	47,168	26,971	390,112	310,732	23,598	4,653	338,983
Other borrowings	1,690,086	1,113,485	234,324	3,037,895	1,652,875	395,750	-	2,048,625
Syndicated loans	274,907	-	-	274,907	283,518	274,571	-	558,089
Senior notes	2,757,944	-	1,974,194	4,732,138	-	2,790,361	1,952,101	4,742,462
Total	5,038,910	1,160,653	2,235,489	8,435,052	2,247,125	3,484,280	1,956,754	7,688,159

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

28 Borrowings (Continued)

(i) Bank borrowings – unsecured

All unsecured bank borrowings as at 31 December 2023 and 2022 were guaranteed by certain onshore subsidiaries of the Company.

The bank borrowings bear annual interest rates at a range of 4.30%-4.90% as at 31 December 2023 (2022: 3.40%-4.90%).

(ii) Other borrowings

In connection with the purchase of vehicles, the Group enters into certain borrowing agreements with third-party financing companies. As at 31 December 2023, other borrowings of RMB1,075,401,000 (2022: RMB548,888,000) were guaranteed by certain onshore subsidiaries of the Company, while the remainings were secured by certain rental vehicles of the Group with carrying amounts of RMB2,584,898,000 (2022: RMB2,014,753,000). The other borrowings bear annual interest rates at a range of 4.50%-8.08% as at 31 December 2023 (2022: 5.11%-8.29%).

The Group's bank and other borrowing arrangements include certain restrictive covenants that, among other things, limit the Group's ability to incur additional indebtedness or create new mortgages or charges, request the Group to maintain its controlling shareholder position, maintain certain financial and operation measures and make timely reports. Certain borrowing covenants also post restrictions on the use of proceeds and asset sales, and require the Group to provide notice or obtain consent for significant corporate events. In addition, cross default provisions in the Group's other indebtedness may be triggered if the Group defaults on any of these debt agreements.

(iii) Syndicated loans

In April 2021, the Group entered into a three-year syndicated loan facility agreement (the "2021 Facility Agreement") with a syndicate of lead arrangers, which provided a RMB750 million facility to the Group. From April to May 2021, the Group drew down the entire RMB750 million under the 2021 Facility Agreement. The proceeds of the loan were used for the repayment of current borrowings. The syndicated loan bears an initial interest rate of Loan Prime Rate ("LPR") + 0.35% margin per annum. The principal and interest are payable quarterly over three years. The debt issuance costs of RMB15,000,000 associated with the facility are being amortized over the three-year contractual life of the syndicated loan under the effective interest method. The 2021 Facility Agreement contains the financial covenants requiring the Group to maintain certain leverage ratios.

As at 31 December 2023, the principal amount outstanding under this syndicated loan was RMB275,000,000 (2022: RMB562,500,000), out of which RMB275,000,000 (2022: RMB287,500,000) will be due within one year, and the unamortized debt issuance cost was RMB429,000 (2022: RMB4,411,000).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****28 Borrowings (Continued)****(iv) Senior Notes****(a) 2024 Senior Notes**

On 14 May 2021, the Company issued senior unsecured notes with an aggregate principal amount of US\$300 million at the issuance price at 99.25% of par value which will mature on 14 November 2024 (the "Original 2024 Notes"). The Original 2024 Notes bear a fixed interest rate of 7.75% per annum, with interest payable semi-annually in arrears. On 16 June 2021, the Company had a follow-on issuance with an aggregate principal amount of US\$150 million at the issuance price at 102.672% of par value (the "New 2024 Notes") with the same terms and conditions of the Original 2024 Notes, to be consolidated and form a single class with the Original 2024 Notes (together with the New 2024 Notes, the "2024 Senior Notes"). The 2024 Senior Notes were issued as unregistered securities to qualified institutional buyers and offshore investors under provisions granting relief from registration under the U.S. Securities Act of 1933. The 2024 Senior Notes are traded on the market of the Stock Exchange of Hong Kong Limited.

In 2023, the Company repurchased part of the 2024 Senior Notes with principal amount of US\$25,275,000 (2022: US\$36,225,000) at a consideration of US\$20,599,000 (2022: US\$19,393,000) from the open market which was cancelled after the repurchase and the difference between the consideration and the carrying value amounted to US\$4,557,000, equivalent to RMB32,827,000 (2022: US\$16,603,000, equivalent to RMB116,589,000) was recorded in other gains, net. As at 31 December 2023, the principal amount outstanding under the 2024 Senior Notes was US\$381,500,000, equivalent to RMB2,702,050,000 (2022: US\$406,775,000, equivalent to RMB2,833,025,000).

The 2024 Senior Notes are general obligations of the Company and are (i) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment; (ii) guaranteed by three of the Company's offshore subsidiaries which provide guarantee on timely payment of the principal and interest (the "Subsidiary Guarantors") on a senior basis, subject to certain limitations, (iii) subordinated to secured obligations of the Company, and (iv) effectively subordinated to all existing and future obligations of other subsidiaries other than the Subsidiary Guarantors.

Redemption

As described below, the 2024 Senior Notes may be repurchased prior to the maturity date at the option of the Company. The holders of the 2024 Senior Notes may not redeem the 2024 Senior Notes prior to the maturity date, except in the case of a change in control.

Contingent redemption option available to holders

If a change of control triggering event, generally defined as a merger or acquisition or other fundamental corporate events, were to occur, the holders have the option to require the Company to purchase all outstanding 2024 Senior Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.

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28 Borrowings (Continued)

(iv) Senior Notes (Continued)

(a) 2024 Senior Notes (Continued)

Repurchase options available to the Company

Other than the Company's repurchase of its outstanding notes from the open market at market price, the Company is also entitled to the option to redeem the 2024 Senior Notes on or after 14 November 2023, in whole or in part, at a redemption price equal to 103.875% of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The Company may redeem the 2024 Senior Notes prior to 14 November 2023, in whole but not in part, at any time at a redemption price equal to 100% of the principal amount of the 2024 Senior Notes redeemed plus the greater of (1) 1.00% of the principal amount, or (2) the excess, if any, of (i) the present value at such redemption date of the redemption price of such 2024 Senior Note on 14 November 2023, plus all required remaining scheduled interest payments due on such 2024 Senior Notes (but excluding accrued and unpaid interest to the redemption date) through 14 November 2023, computed using a discount rate equal to a defined US Treasury security rate plus 100 basis points, over (ii) the principal amount of such 2024 Senior Notes on such redemption date, and accrued and unpaid interest, if any, to (but not including) the redemption date.

The Company may redeem up to 35% of the aggregate principal amount of the 2024 Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107.75% of the principal amount of the 2024 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2024 Senior Notes remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company evaluated the fair value of redemption option being insignificant on the initial recognition and at 31 December 2023 given the low possibility of such redemption.

Restrictive covenants and issuance costs

The 2024 Senior Notes contain restrictive covenants including, among others, limitations on liens, consolidation, investment, merger and sale of the Group's assets, maintenance of a fixed charge coverage ratio, and limitations on asset sales or use of proceeds.

The debt issuance costs of US\$8,929,000 associated with the 2024 Senior Notes, reflected as a reduction to the face value of the 2024 Senior Notes, are being amortized over the three and half year contractual life of the 2024 Senior Notes under the effective interest method. As at 31 December 2023, the unamortized debt issuance cost and unamortized discount/premium for the 2024 Senior Notes was US\$1,419,000, equivalent to RMB10,049,000 (2022: US\$3,136,000, equivalent to RMB21,842,000).

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28 Borrowings (Continued)

(iv) Senior Notes (Continued)

(b) 2026 Senior Notes

On 21 September 2021, the Company issued senior unsecured notes with an aggregate principal amount of US\$300 million at the issuance price at 98.967% of par value which will mature on 21 September 2026 (the “2026 Senior Notes”). The 2026 Senior Notes bear a fixed interest rate of 7% per annum, with interest payable semi-annually in arrears. The 2026 Senior Notes were issued as unregistered securities to qualified institutional buyers and offshore investors under provisions granting relief from registration under the U.S. Securities Act of 1933. The 2026 Senior Notes are traded on the market of the Stock Exchange of Hong Kong Limited.

In 2023, the Company did not repurchase any 2026 Senior Notes. In 2022, the Company repurchased part of the 2026 Senior Notes with principal amount of US\$16,770,000 at a consideration of US\$8,935,000 from the open market which was cancelled after the repurchase and the difference between the consideration and the carrying value amounted to US\$7,446,000 (equivalent to RMB50,479,000) was recorded in other gains, net. As at 31 December 2023, the principal amount outstanding under the 2026 Senior Notes was US\$283,230,000, equivalent to RMB2,006,033,000 (2022: US\$283,230,000, equivalent to RMB1,972,584,000).

The 2026 Senior Notes are general obligations of the Company and are (i) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment; (ii) guaranteed by three of the Company’s offshore subsidiaries which provide guarantee on timely payment of the principal and interest (the “Subsidiary Guarantors”) on a senior basis, subject to certain limitations, (iii) subordinated to secured obligations of the Company, and (iv) effectively subordinated to all existing and future obligations of other subsidiaries other than the Subsidiary Guarantors.

Redemption

As described below, the 2026 Senior Notes may be repurchased prior to the maturity date at the option of the Company. The holders of the 2026 Senior Notes may not redeem the 2026 Senior Notes prior to the maturity date, except in the case of a change in control.

Contingent redemption option available to holders

If a change of control triggering event, generally defined as a merger or acquisition or other fundamental corporate events, were to occur, the holders have the option to require the Company to purchase all outstanding 2026 Senior Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.

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28 Borrowings (Continued)

(iv) Senior Notes (Continued)

(b) 2026 Senior Notes (Continued)

Repurchase options available to the Company

Other than the Company's repurchase of its outstanding notes from the open market at market price, the Company is also entitled to the option to redeem the 2026 Senior Notes on or after 21 September 2024, in whole or in part, at a redemption price equal to 103.50% (if redeemed during the 12-month period commencing on 21 September 2024) or 101.75% (if redeemed during the 12-month period commencing on 21 September 2025) of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The Company may redeem the 2026 Senior Notes prior to 21 September 2024, in whole but not in part, at any time at a redemption price equal to 100% of the principal amount of the 2026 Senior Notes redeemed plus the greater of (1) 1.00% of the principal amount, or (2) the excess, if any, of (i) the present value at such redemption date of the redemption price of such 2026 Senior Note on 21 September 2024, plus all required remaining scheduled interest payments due on such 2026 Senior Notes (but excluding accrued and unpaid interest to the redemption date) through 21 September 2024, computed using a discount rate equal to a defined US Treasury security rate plus 100 basis points, over (ii) the principal amount of such 2026 Senior Notes on such redemption date, and accrued and unpaid interest, if any, to (but not including) the redemption date.

The Company may redeem up to 35% of the aggregate principal amount of the 2026 Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107% of the principal amount of the 2026 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2026 Senior Notes remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company evaluated the fair value of redemption option being insignificant on the initial recognition and at 31 December 2023 given the low possibility of such redemption.

Restrictive covenants and issuance costs

The 2026 Senior Notes contain restrictive covenants including, among others, limitations on liens, consolidation, investment, merger and sale of the Group's assets, maintenance of a fixed charge coverage ratio, and limitations on asset sales or use of proceeds.

The debt issuance costs of US\$4,999,000 associated with the 2026 Senior Notes, reflected as a reduction to the face value of the 2026 Senior Notes, are being amortized over the five-year contractual life of the 2026 Senior Notes under the effective interest method. As at 31 December 2023, the unamortized debt issuance cost and unamortized discount for the 2026 Senior Notes was US\$4,495,000, equivalent to RMB31,840,000 (2022: US\$5,931,000, equivalent to RMB41,304,000).

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FOR THE YEAR ENDED 31 DECEMBER 2023**

29 Deferred income tax

The Group has applied amendments to IAS 12 "Income Taxes" for its annual reporting period commencing 1 January 2023 to account for deferred income tax if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction gives rise to equal taxable and deductible temporary differences. Deferred tax assets and liabilities for deductible and taxable temporary differences associated with lease liabilities and right-of-use assets are thereby recognized respectively, with 2022 comparative figures being re-presented accordingly.

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
The balance comprises temporary differences attributable to:		
Deferred tax assets		
- Net operating loss carryforwards	175,801	239,851
- Lease liabilities	139,123	11,520
- Loss allowance for receivables, accrued interest expense and others	65,671	-
Total deferred tax assets	380,595	251,371
Set-off of deferred tax assets pursuant to set-off provisions	(362,979)	(251,371)
Net deferred tax assets	17,616	-
Deferred tax liabilities		
- Property, plant and equipment	204,455	200,918
- Right-of-use assets	138,716	11,144
- Others	37,424	39,309
Total deferred tax liabilities	380,595	251,371
Set-off of deferred tax liabilities pursuant to set-off provisions	(362,979)	(251,371)
Net deferred tax liabilities	17,616	-

The movements in deferred tax assets and liabilities on gross basis during the years ended 31 December 2023 and 2022 are as follows:

	Net operating loss carry- forwards RMB'000	Lease liabilities RMB'000	Loss allowance for receivables, accrued interest expense and others RMB'000	Total RMB'000
Deferred tax assets				
As at 1 January 2022	93,636	14,144	179,214	286,994
Recognized in the profit or loss	146,215	(2,624)	(179,214)	(35,623)
As at 31 December 2022	239,851	11,520	-	251,371
Recognized in the profit or loss	(64,050)	127,603	65,671	129,224
As at 31 December 2023	175,801	139,123	65,671	380,595
Deferred tax liabilities				
	Property, plant and equipment RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2022	232,753	15,952	38,289	286,994
Recognized in the profit or loss	(31,835)	(4,808)	1,020	(35,623)
As at 31 December 2022	200,918	11,144	39,309	251,371
Recognized in the profit or loss	3,537	127,572	(1,885)	129,224
As at 31 December 2023	204,455	138,716	37,424	380,595

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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29 Deferred income tax (Continued)

As at 31 December 2023, the Group had net tax losses carryforwards of approximately RMB1,704,192,000 (2022: RMB1,554,945,000) arising from its PRC subsidiaries. The carryforward period for net operating losses under the PRC CIT law is five years. The net operating loss carryforwards will expire in varying amounts between 2024 and 2028 if not utilized. As at 31 December 2023, the Group did not recognize deferred income tax assets in respect of cumulative tax losses from its PRC subsidiaries of approximately RMB1,000,988,000 (2022: RMB571,756,000).

As at 31 December 2023, the Group did not recognize deferred income tax assets in respect of cumulative tax losses from its Hong Kong entities of approximately RMB54,746,000 (2022: RMB45,751,000), as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entities. Such tax losses have no expiry date.

30 Note to consolidated statement of cash flows

(i) Cash generated from operations

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Loss before income tax	(109,250)	(1,539,171)
Adjustments for:		
Depreciation of property, plant and equipment	1,424,369	1,611,367
Depreciation of right-of-use assets	110,800	53,467
Amortization of intangible assets	1,806	5,905
Impairment on property, plant and equipment	36,107	2,234
Loss on disposal of non-current assets	107	162
Net impairment (reversals)/losses on financial assets	(321,974)	453,739
Finance costs, net	628,255	597,891
Gain on repurchase of senior notes	(32,827)	(167,068)
Net fair value loss on financial assets at FVPL	6,062	11,941
Net fair value gain on financial liabilities at FVPL	(1,637)	(2,796)
Gain on short-term investment	-	(985)
Net exchange differences	5,803	(16,589)
Changes in working capital:		
Property, plant and equipment	(1,872,666)	(148,520)
Prepayments for purchase of vehicles	29,209	(15,224)
Inventories	6,520	41,073
Trade receivables	418,520	94,803
Prepayments and other receivables	(131,661)	815,761
Restricted cash	(303)	38,724
Trade payables	(27,477)	(6,390)
Accrued expenses and other liabilities	309,967	(631,071)
Contract liabilities	5,650	15,739
Cash generated from operations	485,380	1,214,992

As the Group is in the businesses of car rentals and services as well as sales of used rental vehicles, payments for purchase of rental vehicles and proceeds from sales of vehicles are presented under operating activities in the consolidated statement of cash flows in accordance with IAS 7 "Cash Flow Statements".

EH1 CAR SERVICES LIMITED
(All amounts in RMB, unless otherwise stated)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

30 Note to consolidated statement of cash flows (Continued)

(ii) Net debt reconciliation

	Note	As at 31 December	
		2023	2022
		RMB'000	RMB'000
Cash and cash equivalents	22	543,126	611,465
Borrowings	28	(8,435,052)	(7,688,159)
Lease liabilities	15(i)	(556,491)	(46,080)
Net debt		(8,448,417)	(7,122,774)
Cash and cash equivalents	22	543,126	611,465
Gross debt – fixed interest rates		(8,576,863)	(7,155,434)
Gross debt – variable interest rates		(414,680)	(578,805)
Net debt		(8,448,417)	(7,122,774)

	Liabilities from financing activities			Cash and cash equivalents	Total
	Borrowings	Leases	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at 1 January 2022	(7,882,460)	(56,575)	(7,939,035)	512,374	(7,426,661)
Cash flows	489,995	44,730	534,725	82,502	617,227
Exchange differences	(428,329)	-	(428,329)	16,589	(411,740)
Other changes **	132,635	(34,235)	98,400	-	98,400
Net debt as at 31 December 2022	(7,688,159)	(46,080)	(7,734,239)	611,465	(7,122,774)
Cash flows	(602,274)	110,674	(491,600)	(55,068)	(546,668)
Exchange differences	(82,439)	-	(82,439)	(13,271)	(95,710)
Other changes **	(62,180)	(621,085)	(683,265)	-	(683,265)
Net debt as at 31 December 2023	(8,435,052)	(556,491)	(8,991,543)	543,126	(8,448,417)

** Other changes include non-cash movements, including amortization of debt issuance costs and premium/discounts as well as right-of-use assets obtained in exchange for lease obligations.

31 Commitments

(i) Capital commitment

Significant capital expenditure contracted but not recognized as liabilities as at 31 December 2023 and 2022 is as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Property, plant and equipment	157,770	1,802

(ii) Non-cancellable leases

The Group leases various offices and stores under non-cancellable leases expiring within three months to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group has recognized right-of-use assets for these leases, except for short-term (less than one year) and low-value leases, see Note 15 for further information.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

32 Related party transactions

(i) Parent entities

The Company is controlled by the immediate holding company, Teamsport Parent Limited (incorporated in the Cayman Islands), which owns 100% of the Company's shares. eHi Inc. (incorporated in the Cayman Islands, formerly named as Teamsport Topco Limited) is regarded as the ultimate holding company of the Company.

(ii) Related parties

Related party for the years ended 31 December 2023 and 2022 was as follow:

Name	Relationship
Trip.com International LLD and its subsidiaries ("Trip.com")	A significant shareholder of the Company's ultimate holding company

(iii) Transactions with related party

	Note	Year ended 31 December	
		2023	2022
		RMB'000	RMB'000
Commission charged by Trip.com	(a)	17,286	11,085

(a) Pursuant to the business cooperation agreement entered in January 2022, the Group pays 10% of income from car rentals or car services for successful car referrals through Trip.com platform as commissions to Trip.com. Trip.com collects car rental and car service fees from individual customers on behalf of the Group and settles the fees collected after deducting the related commission charge.

(iv) Outstanding balances arising from transactions with related party

The following balances are outstanding at the end of the reporting period in relation to transactions with related party:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Payables to Trip.com	-	2

(v) Key management personnel compensations

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Salaries, wages and bonuses	5,531	5,265
Pension costs — defined contribution plans	299	301
Other social security costs, housing benefits and other employee benefits	334	351
	6,164	5,917

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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33 Events occurring after the reporting period

In March 2024, a portion of the 2024 Senior Notes with principal amount of US\$336,890,000 (equivalent to RMB2,386,090,000) was cancelled upon (a) upfront principal repayment of US\$67,378,000; and (b) remaining US\$269,512,000 being multiplied by the exchange ratio of 105% amounting to a principal amount of US\$282,979,000 (the "Exchange 2027 Notes"). In this connection the Company issued additional new notes of US\$42,021,000 at the issuance price at 96.0% of par value, to be consolidated and form a single series with the Exchange 2027 Notes for an aggregate principal amount of US\$325,000,000 that will mature on 26 September 2027 (together, the "2027 Senior Notes"). The 2027 Senior Notes bear a fixed interest rate of 12.0% per annum, with interest payable semi-annually in arrears. The 2027 Senior Notes are traded on the market of the Singapore Exchange Securities Trading Limited.

After the above transactions, the 2024 Senior Notes in the principal amount of US\$44,610,000 (equivalent to RMB315,959,000) remained outstanding and will mature on 14 November 2024.

34 Summary of other potentially material accounting policies

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

34.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

34.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The function currency of the Company is US\$. The Company's primary subsidiaries are incorporated in the PRC and these subsidiaries consider RMB as their functional currency. As the major operations of the Group are within the PRC, the Group determines to present its financial statements in RMB (unless otherwise stated).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

34 Summary of other potentially material accounting policies (Continued)

34.2 Foreign currency translation (Continued)

(ii) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as FVOCI are recognized in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

34.3 Property, plant and equipment

All property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment charge. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

34 Summary of other potentially material accounting policies (Continued)

34.4 Intangible assets

(i) Licenses

See Note 16(i) for accounting policies for licenses.

(ii) Other intangible assets

Other intangible assets mainly include software and trademarks which are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. The Group amortizes them over their estimated useful lives (generally 3 to 5 years) using the straight-line method.

34.5 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

34.6 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains or losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34 Summary of other potentially material accounting policies (Continued)

34.6 Investments and other financial assets (Continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34 Summary of other potentially material accounting policies (Continued)

34.6 Investments and other financial assets (Continued)

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. See Note 3.1(ii) for further details.

34.7 Inventories

Inventories comprise used rental vehicles held for sale, fuels and spare parts, and are stated at the lower of cost and net realizable value. Cost of used rental vehicles held for sale is calculated on a specific identification basis as appropriate and includes other costs incurred in bringing the vehicles to their present location and condition. Costs of fuels and spare parts are based on purchase costs and are assigned to individual items on the basis of weighted average costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

34.8 Restricted cash

Restricted cash are not readily available for the Group's normal disbursements. Restricted cash are primarily related to cash deposits with banks, financial institutions and rental customers required as part of the Group's borrowings and rental arrangements, and deposits restricted by the court due to pending litigations, which are assessed by the Company that the possibilities of any related contingencies are relatively low.

34.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

34.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds.

34.11 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 180 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34 Summary of other potentially material accounting policies (Continued)

34.12 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Borrowing costs are expensed in the period in which they are incurred.

34.13 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34 Summary of other potentially material accounting policies (Continued)

34.13 Current and deferred income tax (Continued)

Deferred income tax (Continued)

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax basis of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

34.14 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leave are not recognized until the time of leave.

(iii) Pension obligations

The Group contributes on a monthly basis to various defined contribution plans organized by the relevant governmental authorities. The Group's liability in respect of these plans is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separated from those of the Group.

(iv) Bonus plans

The expected cost of bonuses is recognized as liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34 Summary of other potentially material accounting policies (Continued)

34.15 Provisions

Provisions for legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

34.16 Leases

(i) Leases as a lessee

The Group leases vehicles, offices and stores. Rental contracts are typically made for fixed periods of approximately 1 to 5 years but may have extension options.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

34 Summary of other potentially material accounting policies (Continued)

34.16 Leases (Continued)

(i) Leases as a lessee (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(ii) Leases as a lessor

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

34.17 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Questions about the terms of the Exchange Offer with Exit Consent should be directed to the Dealer Managers at their respective address and fax number set forth below. If you have questions regarding exchange procedures, please contact the Information, Exchange and Tabulation Agent at the address and telephone number set forth below.

All documents or materials related to the Exchange Offer with Exit Consent will be made available, subject to eligibility, on the Transaction Website. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee for assistance concerning the Exchange Offer with Exit Consent.

The Dealer Managers for the Exchange Offer with Exit Consent are:

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The Information, Exchange and Tabulation Agent for the Exchange Offer with Exit Consent is:

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